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## TESTIMONY

TAKEN BY

THE UNITED STATES PACIFIC RAILWAY COMMISSION,

APPOINTED

UNDER THE ACT OF CONGRESS APPROVED MARCH 3, 1887,  
ENTITLED "AN ACT AUTHORIZING AN INVESTIGATION  
OF THE BOOKS, ACCOUNTS, AND METHODS OF  
RAILROADS WHICH HAVE RECEIVED AID  
FROM THE UNITED STATES, AND  
FOR OTHER PURPOSES."

ROBERT E. PATTISON, OF PENNSYLVANIA, *Chairman*,  
E. ELLEY ANDERSON, OF NEW YORK,  
DAVID T. LITTLE, OF ILLINOIS,  
*Commissioners.*

### VOLUME VII.

REPORTED BY

CHARLES P. YOUNG, New York,  
SECRETARY AND STENOGRAPHER TO THE COMMISSION.

WASHINGTON:  
GOVERNMENT PRINTING OFFICE.  
1887.

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## TRAFFIC ARRANGEMENT WITH NORTHERN PACIFIC.

Q. Before the lease of the Oregon Short Line had you a traffic arrangement with the Northern Pacific, effected through the junction at Wallula?—A. Yes.

Q. Does that arrangement continue under the present system?—A. Yes.

## STEAMSHIP LINES.

Q. What other property does the Oregon Railway and Navigation Company represent besides this road?—A. The Ocean Steamship line between Portland and San Francisco; the Willamette River line, between Portland and Corvallis; the Columbia River line, between Portland and Astoria, 110 miles; the Middle Columbia River line, between Portland and The Dalles, 88 miles; and the Puget Sound line, between Tacoma and Victoria, 90 miles.

By Commissioner LITTLE :

Q. How far is it from Portland to Corvallis?—A. 97 miles.

Q. How many steamers in all are required for this traffic?—A. I am unable to say how many are required. There are twelve, I think, in active use.

Q. Do I understand that all this property, as well as the railroad property, is included in the lease to the Oregon Short line?—A. I have never seen the lease.

Q. You do not know?—A. No; I do not.

Commissioner LITTLE (addressing Mr. Bromley). Do you know, Mr. Bromley?

Mr. BROMLEY. I believe it is.

## INTERCHANGE OF TRAFFIC WITH OREGON SHORT LINE.

By Commissioner ANDERSON :

Q. What is the extent of the interchange of traffic between the Oregon Short Line and the Oregon Railway and Navigation Company, at present?—A. It would be necessary for me to refer to a report that is made showing that tonnage. I am unable to say, off hand, what it is.

Q. Can you furnish us with a copy of that report?—A. I can.

Q. Do you mean during to-day?—A. Yes.

By Commissioner LITTLE :

Q. When was the road completed through to Huntington and the connection made with the Oregon Short Line?—A. December 14, 1884.

By Commissioner ANDERSON :

Q. Can you describe generally the nature of that interchange of traffic?—A. The west-bound traffic consists of general merchandise; no particular commodity.

Q. Articles required for consumption along the line of the Oregon Railway and Navigation Company?—A. Articles required in Oregon and Washington Territory. East-bound, the traffic consists of wool, lumber, salmon, barley, live stock, and hops. Those are the principal articles of shipment; general merchandise is very light.

By Commissioner LITTLE :

Q. What important towns, if any, are there between here and Pocatello?—A. There are The Dalles, about 5,000 inhabitants; Pendleton,

1,500; Baker City, about the same; Boise City, about 3,000. Those are the only important towns.

#### CHARACTER OF EAST-BOUND MERCHANDISE.

Q. As to the east-bound merchandise that you refer to, how far east does the bulk of it go?—A. The salmon and wool are shipped, generally, to the Atlantic seaboard; barley, live stock, and hops are confined largely to Saint Louis, Chicago, Milwaukee, and points on the Missouri River.

Q. So that substantially all your traffic gives to the main line of the Union Pacific the benefit of nearly the entire haul?—A. Substantially; yes.

#### PROMABLE FUTURE DEVELOPMENT.

Q. What is your judgment as to the growth of this traffic in the near future?—A. That is a question that I do not know that I can answer intelligently without giving some considerable consideration to it. I think that the salmon traffic will decrease. I think the wool traffic will decrease; to what extent I am unable to say. I think the barley traffic will increase; although that traffic is subject to the conditions of the crop in the Eastern States. The lumber traffic will increase largely, and the hop traffic, I think, will increase.

Q. Do you export any wheat from here over the Union Pacific?—A. Yes, sir. Wheat all comes this way.

Q. From where does the wheat come?—A. Almost exclusively from points on the Oregon Railway and Navigation Company's line.

Q. The Oregon Railway and Navigation Company is all in Oregon, is it not?—A. Part of the system is in Washington Territory.

Q. All your wheat comes over that line?—A. Yes. Nothing of that character reaches the Union Pacific.

Q. How is it in regard to the future of traffic going the other way?—A. I think there is a promised increase.

Q. That is largely dependent upon population here, I judge, is it not?—A. Altogether.

Q. The question whether it increases or not depends simply, then, on the increase of population?—A. Yes.

#### DESCRIPTION OF COUNTRY TRIBUTARY TO OREGON SHORT LINK.

Commissioner LITTLE. I wish you would give a description of the country tributary to this Oregon Short Line as it now exists, and a description of its productive qualities—what sort of cereals or other products it produces.

The WITNESS. Do you desire that I should include the Oregon Railway and Navigation Company's line?

Commissioner LITTLE. Yes.

The WITNESS. The cereal that is grown along the line and that is naturally transported East consists almost exclusively of barley. The line from Umatilla to Huntington runs through a generally mountainous country, with the exception of Grand Ron and Powder River Valleys. Beyond Huntington the line traverses a sage-brush desert all the way from Huntington to Pocatello.

Q. What is the character of that sage-brush country; is it capable of producing anything?—A. It is capable of abundant production.

Q. *That you do not wish the Commission to understand that it is a worthless desert by any means?*—A. No; I would not have you under-



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makes the same rates to and from the East and Portland that are made to and from the East and San Francisco.

By Commissioner LITTLE:

Q. Assuming that they will do that, what effect will that have on the Union Pacific?—A. It will have a tendency to divide the business to a great extent.

Q. Will that apply to all the different classes of business that you have referred to?—A. Yes; with perhaps the single exception of lumber.

Q. How many through freight trains do you run on your road?—A. We have one each way daily.

#### COMPETITION BY THE NORTHERN PACIFIC.

By Commissioner ANDERSON:

Q. In regard to competition by the Northern Pacific, how does that affect you, and through what extent of country?—A. That affects us, I might say, from Portland and, in fact, from all points on the Oregon Railway and Navigation line.

Q. All points also on the other side of the junction?—A. Not beyond Huntington, but all points confined to the line of the Oregon Railway and Navigation Company's system.

Q. What period does this traffic arrangement cover?—A. My recollection is that it covers a period of 99 years.

Q. Does that apply to all kinds of traffic? Is it a general arrangement?—A. Yes.

Q. Is there any other matter of interest to the Union Pacific Company that occurs to you to explain to us?—A. No; nothing that I think of. Your visit here is a surprise to me and I have not given the subject of your inquiry special thought.

Commissioner LITTLE. We are anxious to know what the natural resources are of the country which is tributary to this line between here and Granger, with the view of determining something in relation to its future prosperity.

The Witness. I have given you the principal items. The Oregon Short Line, in itself, runs through a mountain region a portion of the way.

Q. Are there any large mines producing much traffic?—A. Not very, outside of Montana. What is commonly termed the Wood River country is the mining region tributary to the Oregon Short Line.

#### INDUCEMENTS TO IMMIGRATION.

Q. What inducements or facilities are these companies offering to immigration and settlement along the line; anything special?—A. I am unfamiliar with the working of the passenger department and do not know of any special efforts in that particular direction, more than is generally done in railway advertising.

Q. The country through which this road runs is sparsely settled, generally, is it not?—A. Very sparsely.

Q. Would it not be good policy on the part of the company to offer extra inducements to settlement, with the view of inducing traffic?—A. I do not know in what way they could do that.

Commissioner LITTLE. They might do it by offering special rates for a long time to come to those who would build up towns along the line of the road. That would be one way.

**THE WITNESS.** But under the interstate commerce law they could not do that.

**COMMISSIONER LITTLER.** They can do it when the entire traffic is within a particular State.

**THE WITNESS.** Very true; but the peculiarity of the country is such that the entire traffic could not possibly be confined to the limits of one State. The peculiarities of the State of Oregon are such that its settlement will be slow. There is a great deal of land that requires irrigation, a great deal that requires clearing of timber, and a great deal of it is remote from railroad facilities.

#### TOPOGRAPHY OF COUNTRY TRIBUTARY TO OREGON SHORT LINE.

**Q.** What is the general character of the country with reference to undulations between this point and Granger, tributary to the Oregon Short Line?—**A.** I might say that it is mountainous for a distance of 100 miles from Portland; then, passing over a section of the country for about 80 miles, it is almost wholly a sandy desert. We strike for a distance of 60 miles, a tolerably productive country; then we have a distance of 75 miles that is entirely mountainous. At that distance—say, 305 miles from Portland, we strike the Grand Run Valley, which is limited in extent to, perhaps, 20 by 35 miles. Then we cross another range of mountains, a distance of some 30 or 40 miles, until we strike Boulder River Valley. That is of practically the same size as the Grand Run Valley, excepting that it requires considerable irrigation to make it productive. Beyond that, or after you get 30 miles from Portland, you run through a mountainous country until you strike the Oregon Short Line.

**Q.** Give us a description of this lava-bed country over which the Oregon Short Line runs for so long a distance, and state whether that region is capable of agricultural production.—**A.** Between Huntington and Mountain Home, in Idaho—a distance of 150 miles—the country could be made productive, provided it could be irrigated. The elevation of the land is considerably above the Snake River, and it is, therefore, difficult to get water on it. Between Mountain Home and Pocatello the land is practically worthless, because there is little or no soil above the lava rock. That is, I think, as fair a general description as I could give.

#### FUTURE OF LAVA-BED COUNTRY.

**Q.** The future of that region is not very promising, then, is it?—**A.** No, sir; it cannot be called promising.

**Q.** Does that lava-bed region produce grass, or is it uninhabited by cattle?—**A.** It produces to a limited extent only. The proof of that statement lies in the fact that the supplies of hay are all furnished over the line of our road.

**Q.** Do you know what kind of grasses are indigenous to the soil through this region of country?—**A.** What is called "bunch" grass.

**Q.** Do you know whether timothy or blue grass flourish when planted?—**A.** Only in the Grand Run Valley, that I know of.

**Q.** Where is that valley, exactly?—**A.** That begins 305 miles east of Portland, and extends 30 miles further on.

The Commission then adjourned, to meet in New York city on Tuesday, September 20, 1887.

10 WALL STREET, NEW YORK, Tuesday, September 20, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

The chairman laid before the Commission affidavits of John J. Haley and William Hood, taken on behalf of the Central Pacific Railway Company, after the closing of the sessions of the Commission in San Francisco.

For affidavit of John J. Haley, see page 3596.

For affidavit of William Hood, see page 3594.

Mr. A. A. Cohen, on behalf of the Central Pacific Railway Company, presented affidavits similarly taken of the following named persons: Leland Stanford, E. H. Miller, jr., A. N. Towne, N. T. Smith, John P. Jackson, Arthur Brown, Richard Gray, E. C. Wright, W. H. Mills, F. S. Dooty, A. E. Davis, L. M. Clement.

These affidavits will be found in the record as follows:

	Page.
Leland Stanford .....	3607
E. H. Miller, jr. ....	3661
A. N. Towne.....	3584
N. T. Smith.....	3592
John P. Jackson.....	3627
Arthur Brown.....	3601
Richard Gray.....	3573
E. C. Wright.....	3605
W. H. Mills.....	3687
F. S. Dooty.....	3626
A. E. Davis.....	3620
L. M. Clement.....	3607

CHARLES CROCKER, being duly sworn and examined, testifies as follows:

By Commissioner ANDERSON:

Question. How long have you resided in California?—Answer. I have lived there 37 years, and a little over.

Q. Where did you first reside?—A. I first went to the mines near Hanktown.

Q. Subsequently you resided in Sacramento?—A. Yes; I moved here in 1851.

Q. How long did your residence in Sacramento continue?—A. It commenced in 1851, and continued up to 1874.

Q. You then removed to San Francisco?—A. Yes.

Q. And has that been your residence ever since?—A. Yes; with the exception of about two years that I claimed residence here, lived here.

ACQUAINTANCE AND RELATIONSHIP WITH HUNTINGTON AND HOPKINS.

Q. What was your business in Sacramento?—A. I was in trade, merchandising there.

Q. When did your acquaintance with Mr. Huntington and Mr. Hopkins begin?—A. It is hard for me to remember that. It was some time before the railroad was commenced.

Q. Some time before Mr. Stanford was elected governor in 1861?—A. Oh, yes; several years.

Q. Were your relations with those gentlemen business or financial relations?—A. No; merely friendship.

Q. What was your line of business in Sacramento?—A. In the dry goods business.

Q. Mr. Hopkins was in the hardware business?—A. Yes.

Q. Did Mr. Stanford then reside in Sacramento?—A. He resided there when I knew him. He resided near the mines first.

#### INITIAL PROCEEDINGS FOR BUILDING CENTRAL PACIFIC ROAD.

Q. You have been associated, one way or another, with the enterprise of the construction of the Central Pacific Railway ever since its inception, I believe?—A. Yes, sir; we have been co-stockholders.

Q. Going back to the initial proceedings, after the company was first organized, do you remember the first contract that was taken for building the road from Sacramento City east for the first few miles of the road—say the first 18 miles?—A. The first contract was 18 miles.

Q. Do you remember whether, at the time that contract was taken, you were or were not a director of the road?—A. I was not.

#### WHETHER WITNESS WAS A DIRECTOR AT BEGINNING.

Q. Do you remember the fact that you had been a director before the contract was taken and that you resigned?—A. I would not be positive about that, whether it was before or whether it was after the road was built, that I became a director.

Q. After the 18 miles were built?—A. No, after the road was entirely completed. I was not a director while the road was being built.

Commissioner ANDERSON. It appears from the records that you were a director at the time of the initial proceedings.

The WITNESS. Very well; if you know it then you need not ask me.

Commissioner ANDERSON. I want to get it on the record.

The WITNESS. I do not remember distinctly about it.

Q. Do you remember who became a director in your place; do you not remember that your brother took your place in the board?—A. No; I do not remember with certainty. The minutes of the board will tell all that better than I can tell it.

Q. Your brother was E. B. Crocker?—A. Yes, sir.

#### THE FIRST CONTRACT.

Q. What knowledge did you have at the time that contract was voted to you in the proceedings of the board that such a contract was coming up—was to be voted for?—A. It was advertised for. I think it was advertised, and I put in a bid for it. It is a good while ago now, and I do not remember all the incidents.

Q. Do you not remember anything about the terms of that contract?—A. As near as I can recollect it was \$250,000 in cash, \$50,000 in stock, and \$100,000 in bonds. That is about the way I recollect it. I may be mistaken, however.

Mr. COHEN. It would save you a great deal of time to remember that all these facts you are inquiring about we fully admit.

Commissioner ANDERSON. The examination will not be long.

Q. That was for the construction of 18 miles of road?—A. From Sacramento to Roseville; yes, 18 miles of road as near I can recollect.

Q. You say there were bids called for. Do you remember whether there were any other bids or propositions made?—A. I cannot say positively as to that. It is a good while ago, and I do not remember all the circumstances.

Q. Do you remember the character of the country over which that 18 miles of road extended?—A. Yes.

## DESCRIPTION OF FIRST 18 MILES OF ROAD.

**Q.** Please describe it generally.—**A.** Well, it was through the city streets out to the American River; then there was the crossing of the American River, which was quite expensive in those early days. Then for a while it was light work, with some cutting of rock, but mostly earth-work. Then there were several bridges, one, particularly, a pretty costly bridge, that crossed within about 2 miles of Roseville.

**Q.** Was it Arcade Creek?—**A.** No; it was within 2 miles of Roseville.

**Q.** Your contract included the bridge across the American River, did it not?—**A.** Yes, the complete structure.

## TITLE OF MR. CROCKER'S FIRM, AND WHO WERE INTERESTED.

**Q.** What was the name of your firm; was it Crocker & Co.?—**A.** I do not remember whether it was Charles Crocker & Co. then, or whether that came afterwards. In that contract it may have been Charles Crocker & Co.

**Q.** When your firm was Charles Crocker & Co. whom did the "Co." represent?—**A.** It did not represent anybody. It was put there for the purpose of my associating others with me; and I sought to associate others with me, and could find nobody that would take the risks.

**Q.** Did anybody besides yourself have any interest in that contract?—**A.** No, sir.

**Q.** Did Mr. Huntington?—**A.** Not that I know of; he did not have any from me.

**Q.** Did Mr. Hopkins?—**A.** No.

**Q.** Or Mr. Stanford?—**A.** No.

**Q.** Did they have any interest in the subsequent contracts which your firm obtained for building the road from station 31 to the eastern line of the State?—**A.** No, sir; they did not; I was all the time trying to get others to come in with me, and could not.

**Q.** You say that neither of these gentlemen had any interest in that subsequent contract?—**A.** No, sir; none whatever.

## THE FIRST 18 MILES.

**Q.** How long were you engaged in building the 18 miles?—**A.** I could not remember. I think it was about a year, but then I am not certain as to that.

**Q.** Was that entire construction completed before the passage of the act of 1864 granting the subsidy?—**A.** Yes, sir. You mean the law of 1864 which gave us the right to mortgage the road in advance of the Government bonds?

**Commissioner ANDERSON.** Yes.

**The WITNESS.** Yes, it was. I recollect that distinctly. How many miles did you ask about—18?

**Commissioner ANDERSON.** Yes.

**The WITNESS.** Oh, yes. It was before that. That might have been pending in Congress, but I do not think it was passed until the 18 miles were completed.

**Mr. CONYER.** What act are you speaking of now?

**Commissioner ANDERSON.** The second act—the act of 1864.

## SUB-CONTRACTORS.

Q. What other contractors were engaged at this time in building sections of road—at the time you were building the 18 miles?—A. There were contractors under me. I let some little contracts.

Q. To whom did you let any portion of your work?—A. I let the bridge to I. M. Hubbard.

Q. The bridge across the American River?—A. Yes; and I let a rock-cut out near Roseville to some one whom I do not remember.

Q. Besides your 18 miles, were there not some small sections of the work awarded to other contractors, who did their construction about the same time that you did yours, beyond the 18 miles?—A. There was nothing awarded until the 18 miles were finished and in running order.

## BUILDING TO NEWCASTLE. WITNESS TO BE ALLOWED A CONTRACT FOR ONLY 2 MILES.

Q. Then what happened as to the future construction?—A. As near as I can recollect, they concluded to build up to Newcastle, some 31 miles.

Q. From Sacramento?—A. Yes; and they advertised for bids. They informed me that I could not have more than 2 miles of it. There was a great hue and cry there that I was a favored contractor, and they informed me that I could have but 2 miles of it.

Q. Who informed you?—A. The directors.

Q. Can you not specify the names?—A. The directors generally.

Q. Who were the active directors?—A. Governor Stanford, Mr. Hopkins, and my brother.

Q. And Mr. Huntington?—A. Mr. Huntington, I think, was here. I do not distinctly remember whether he had left for New York then or not, but if he was there, he was with them in it. As I understood, it was agreed upon between them that I should not have more than these 2 miles.

Q. This information came to you from the gentlemen whose names you have given?—A. Yes.

## OTHER CONTRACTORS, AND THEIR FAILURE.

Q. What other contractors obtained any portion of the work?—A. There was a man by the name of S. D. Smith; and his firm was S. D. Smith & Co.

Q. Was there a man by the name of Collins?—A. There was a man by the name of Bates. Then Chittendon Knox had some, and a man by the name of Collins.

Q. What happened after that in regard to construction?—A. I think Mr. Collins failed in his. I am not certain whether it was Mr. Collins or some other man, but anyhow he failed in carrying it out, and then they got to bidding against each other for laborers, and put up the price of labor. There was a scarcity of labor on the coast at that time, and they bid against each other, and that was the reason they could not complete their construction.

Q. Do you remember what the contract with them was for?

The WITNESS. Do you mean by the mile?

Commissioner ANDERSON. No. Do you remember the whole amount of each contract?

A. No; they were so much for rock, and so much for cement, and so much for masonry.

## AS TO THE ACT OF 1864.

Q. Was it during the period of the construction of these small sections that the act of 1864 became operative?—A. I cannot say as to that. I was not very familiar with the legislative part of the business. I was wrapped up in the construction. All that fixes it in my mind is that the 18 miles were constructed so that I rode over the work with one of the Senators, and he told me about this bill being pending—that is, the work above the 18 miles.

Q. After the bill was passed, in 1864-'65, you became aware of the fact that the company had obtained the right to mortgage its property in advance of the Government subsidy?—A. Yes.

## CHARLES CROCKER &amp; CO. PROCEEDED WITH THE WORK.

Q. What was the next contract that Charles Crocker & Co. obtained from the Central Pacific?—A. I think there was no contract in writing. I think that the board passed a resolution directing me to go on with the work at the prices at which I had taken the two upper sections. They were the heaviest sections up to Newcastle, including Newcastle. There may have been a contract, but I could not positively swear as to that, although I think it was a resolution and afterwards a contract. In the mean time I had become thoroughly warmed up to the building of this road; my whole heart was in it; I was willing to do anything to push it forward, and I took great risks in doing it.

## AS TO THE TERMS.

Q. The terms you refer to as applicable to the two sections were payments at a specified rate for earth excavation?—A. Yes.

Q. Also for rock excavation?—A. Yes.

Q. Also for cement?—A. Yes.

Q. Also for masonry?—A. Yes. They went right on on the same terms—the contracts for the last two sections.

Q. Do you remember that there was also a price fixed for what is called grubbing and clearing the ground?—A. I do not remember now, but I presume there was. There naturally would be.

Q. Did you furnish the rails, or did you prepare the bed for the laying of the rails?—A. Yes, but I did not furnish the ties.

Q. You furnished none of the equipment?—A. No, sir.

Q. As matter of fact, you did continue the work and you constructed the road from the termination of the work on these small sections to the eastern line of the State?—A. Yes.

Q. Do you remember when that point was reached and the road completed to the eastern line of the State?—A. I could not positively say as to that, with any accuracy, in the absence of any reference.

## FEASIBILITY OF LETTING CHAS. CROCKER &amp; CO. PROCEED.

Q. Do you recall the fact that, before that resolution was passed with regard to that large section of work done by you, there was a formal report made as to the desirability of giving it to you rather than to continue the policy of awarding it to a number of contractors?—A. I do not remember distinctly about any resolution being passed. I was not a member of the board. But I remember that there was a good deal of talk about the difficulty that was experienced in controlling labor. The



experience that we had on the 13 miles that were between Roseville and Newcastle convinced me that if the contract was let out to everybody that would bid on one or two sections, and it was divided up in that way, the labor would become unmanageable, and that it would run up the price so that it would hamper the building of the road, and there would be less chance of success. That was talked over, and I joined in the discussion among the board of directors, although I was not a member of the board. It was decided that I should go on immediately and see what I could do. I did go on until we got tied up in suits and I had to stop. I could not get any money. They had got all the money I had and all I could borrow. That was the time when I would have been very glad to take a clean shirt and lose all I had, and quit.

#### RESOLUTION UNDER WHICH THEY PROCEEDED.

Commissioner ANDERSON. I am now on your large contract; the construction which was made by you from section 31 to the east line of the State. It appears that on the 1st of May, 1865, a committee, consisting of Leland Stanford, Mark Hopkins, and E. H. Miller, jr., was appointed to examine into and report on the question of letting the contract for the construction of the railroad and telegraph line east of Newcastle. That committee was appointed and reported on the 4th of June, 1865; and on that day a resolution was passed as follows:

*Resolved and ordered*, That Charles Crocker & Co. be allowed and paid for all work done and material furnished, or which hereafter may be done or furnished, until the further order of the board of directors, for the construction of the railroad of the company from section 33 eastward—

The WITNESS. Section 43!

Commissioner ANDERSON. Section 43; it so appears on this

subject and according to the terms, conditions, and stipulations set forth in the contract with the said Charles Crocker dated September 15, 1863, except so far as the same may be rectified or changed by this order, at the following rates or prices, and in accordance with the following classifications:

Payments to be made according to monthly estimates, five-eighths in gold coin, and the remaining three-eighths in stock of the company, at the rate of \$1 of capital stock for each \$1 of said three-eighths of said estimate, with the privilege of paying said three-eighths in gold coin in lieu of said stock, at the election of said company, to be made at the time of each payment.

Q. Does that recall to your mind anything more definite as to what the terms of your contract were?—A. No; that is the first time, I think, that I ever heard that resolution. I have an indistinct recollection, however, that it was not a contract that I went on under from Newcastle; that it was a resolution of the board authorizing me to go on on the terms that I had been working on.

Mr. COHEN. Where did you take that from?

Commissioner ANDERSON. It is taken from your books.

Mr. COHEN. I think the word bonds is written in mistake for stock. I think it is a mistake in the copy.

The WITNESS. I did not have any bonds except on the 16-mile contract.

#### AS TO MONTHLY ESTIMATES.

Q. That resolution calls for monthly estimates. Do you remember who had charge of making those monthly estimates?—A. The chief engineer.

Q. Whose chief engineer?—A. The company's.

Q. Did you have an engineer?—A. No, sir.

Q. Who was the engineer in charge of that business?—A. At that time, Mr. Montague.

Q. What other engineer had charge of the making of the estimates?—A. I do not know; he had assistants; I cannot remember their names. For instance, the chief engineer has his regular corps of assistants, and these assistants set the grade-stakes, set the "cut-and-fill" stakes, and all that sort of thing. Whether they made up the estimates or not I cannot tell you, but I think they furnished the material from which the chief engineer made up the estimates.

#### AS TO CROSS-SECTIONS.

Q. The initial step was to survey the ground before the work commenced, by cross-sections?—A. Yes.

Q. And then the estimates were made as the work progressed?—A. My monthly estimates were made on the work actually accomplished, and they had to measure what I had done.

Q. They had to measure and subtract the second set of cross-sections from the first set of cross-sections to ascertain what work had been done?—A. Well, I am not an engineer, and I do not know how that was.

#### CALL FOR CROSS-SECTIONS.

Commissioner ANDERSON (addressing Mr. Cohen). We made a call on your company for the original cross-sections, and I do not know whether they have been furnished or not.

Mr. COHEN. Mr. Hood has given a deposition on that subject. There was a number of trunks full of them. Some of them, I believe, were lost. I do not know whether the others have been sent to New York or not.

#### PRICES FOR EXCAVATION.

Q. Do you remember the fact that the payments you were to receive varied very much with reference to different classes of earth excavation, that there was the loose earth, and second-class earth, etc., so that there were five prices for earth excavation?—A. I do not remember anything of the kind.

Q. Do you remember that there were different prices for rock excavation, varying from \$2 to, I think, as high as \$10 a yard?—A. Yes; and I know that some of it was not half paid for when they paid \$10 a yard for it. I remember that very well.

Q. But you do not remember that there was any difference with reference to the different classes of earth excavation?—A. No; I do not. It seems to me that you must be mistaken about that, but I cannot swear that you are.

Q. That the prices for earth excavation varied from 40 and 50 cents up to \$1.50 a yard?—A. Well, what I call cement they may have called earth; I do not know. But there was a different price for earth that was cemented and hard and had to be blasted.

#### PROPORTION OF HIGH-PRICED EXCAVATION.

Q. If I should recall it to your mind would you remember that the high-priced excavation was very much larger in number of yards entered on your estimate from which you received your payments than the ordinary earth?—A. I do not remember about it.

Q. Did you revise those estimates at all before they were presented to the company?—A. I used to look at them; yes. But I did not pretend to revise them, in figures. I did not know anything about it. I could not have measured a cut any more than I could have down. I was not an engineer and had no knowledge of those things.

Q. How long were you engaged on the work from Newcastle to the east boundary of the State?—A. The east line of the State is down near Old Camp 24. We built some road across the mountains before the mountain portion was finished. The men were driven out of the mountain portion by the storms and could not be kept there any longer; could not do any work. The snow would fill up just as fast as they could dig it out, so I moved them down on the Truckee River. We hauled locomotives over (and when I say "we" I mean myself), and we hauled iron and cars and all that sort of thing and built 60 miles.

#### LOCOMOTIVES HAULED ON SLEIGHS.

By Mr. COHEN:

Q. How did you haul your locomotives, by wagons?—A. No, we hauled them over on sleighs. I think we hauled some of them over on logs, because we could not get a sleigh big enough. We crossed the snow-line before the gap in the mountains was finished, and we used to take passengers at Truckee and bring them to Genoa, where the road terminated, then they would get on stages and go over the mountain, and then get on the railroad again and go to Reno. That was before the mountain portion was connected.

#### BEFORE THE CONTRACT AND FINANCE COMPANY COMMENCED WORK.

Q. Was it before the Contract and Finance Company commenced their work?—A. Yes; I believe it was. It was before the contract was let to them, though they took the contract and they paid me for what I had done.

By Commissioner ANDERSON:

Q. Your recollection is that your work was substantially completed at the time the Contract and Finance Company took their contract in October, 1867?—A. No; I do not think it was. I think they took the contract before I had finished mine. In fact I do not know when the contract was let to them. What was the date of the contract to them?

Commissioner ANDERSON. December, 1867.

The WITNESS. Well, we finished the gap in the mountains there in the spring of 1868; we finished the road in 1869. I know that we built 501 miles in a short time—in nine months and twenty days. We finished the gap across the mountains in the early spring of 1868.

#### WHO KEPT THE BOOKS; AND WHERE?

Q. Who kept your books at this time—the books for this construction?

The WITNESS. Which construction?

Commissioner ANDERSON. From section 43 (or whatever it was) to the east line of the State of California?—A. I had a man by the name of Smith that kept them for a part of the time, and then W. E. Brown came in.

Q. What Smith—John Smith?—A. I think his name was Ralph Smith, if I remember rightly.

Q. Is he alive?—A. I cannot tell you; I have not seen him for a number of years.

Q. Where were those books kept?—A. In my office.

Q. In Sacramento?—A. Yes.

Q. Who assisted Mr. Smith in this work?—A. Well, I did. I used to do some of the work.

Q. Were those large books—large folios?—A. Yes.

Q. And the usual set—day-book and ledger?—A. There was what was called a blotter, then a journal and a ledger.

#### WHAT BECAME OF THE BOOKS?

Q. What became of the books after the work was completed?—A. I do not know. They were no use to me after I closed them up. I never inquired anything about them, and I do not know what became of them. I presume they are there among the débris.

Q. Why do you presume they are among the débris?—A. Well, I do not know why they should not be there. That is all I know about it. I had nothing to do with them after I got through with them.

Q. Have you not heard from any source whatever that those books were inquired for and could not be found?

The WITNESS. Charles Crocker & Co.'s books?

Commissioner ANDERSON. Yes.

A. No; I never knew that anybody cared to see them.

Mr. COHEN. We have not heard that they were asked for.

The WITNESS. I never knew that anybody had any interest in them.

Q. Have you not heard that both Mr. Wm. E. Brown and Mr. John Miller have stated that the books of Charles Crocker & Co. were together with the books of the Contract and Finance Company in the rooms occupied by the Contract and Finance Company, and that both the books of Charles Crocker & Co. and the books of the Contract and Finance Company prior to 1873 have gone astray and cannot be found?—A. No; I never heard anything about Charles Crocker & Co.'s books being sought for and inquired after. I do not know who has any business with them. If anybody asked me about them I would tell them that it was none of their business, unless it was your respectable board here.

#### WITNESS DOES NOT KNOW.

Q. I will ask you now where are your books?—A. I do not know any more than the man in the moon.

Q. When did you last see those books?—A. I cannot tell you that. I do not think I have seen them since they were closed up, shortly after the completion of my contract.

Q. You say that the Contract and Finance Company made some payments to you for some portion of your work which they finished. Those payments would require entry in your books, would they not?—A. Well, I said so, and I thought so at the time I said it, only a few minutes ago, but since you have spoken of the organization of the Contract and Finance Company it has refreshed my memory, and I remember that Wm. E. Brown kept a separate account of the work from the State House, and that he used to go with me in paying off the men, and that he paid off my men as well as the Contract and Finance Company's men. At first I thought that I did that work, but I see now that I did not. There was a separate account kept. William E. Brown was the secre-

tary of the Contract and Finance Company, and there was a separate account kept of the work done beyond the State line.

Q. You say you have had no occasion to see these books since that work closed?—A. Yes.

Q. Is that your best recollection?—A. Yes.

Q. From 1868 until the present time you have never seen those books at all.—A. I will not say that I have never seen them, but I will say that I have never examined them.

Commissioner ANDERSON. I am talking about seeing them. I am talking about the disposition of those books, because they cannot be found.

Mr. COHEN. I do not think that is a fair statement. They have never been inquired for.

Commissioner ANDERSON. I beg your pardon. You have forgotten the evidence. The evidence was very close in the examination of Mr. John Miller and Mr. Brown as to the books of Charles Crocker & Co. Those two gentlemen stated that they had seen them with the books of the Contract and Finance Company.

Mr. COHEN. This strikes me as a new proposition.

#### CALL FOR THE BOOKS OF CHARLES CROCKER & CO.

The CHAIRMAN. Then we will make a formal call now on Mr. Cohen for the books of Charles Crocker & Co., if there is any misunderstanding.

Mr. COHEN. I have never heard of their being asked for until this moment, as far as my recollection serves me.

The CHAIRMAN. Will you produce the books of Charles Crocker & Co.?

Mr. COHEN. Where?

The CHAIRMAN. Here.

Mr. COHEN. I cannot very well if they are in California.

The CHAIRMAN. We call for them, and give you time to produce them within the next sixty days.

Mr. COHEN. I have no authority to take the books or records of the Central Pacific Company.

Commissioner ANDERSON. These are the books of Charles Crocker & Co.

The WITNESS. I do not know what right you have to examine my books.

Mr. ANDERSON. It is for you to say.

The WITNESS. Well, I do not know where they are. I do not know that I have any objection to your examining them; but, at the same time, I do not know what right you have to do so.

Commissioner ANDERSON. The main question is whether they exist or not.

The WITNESS. I cannot say as to that. I cannot say whether they exist or not. I really have not seen them—have not had occasion to see them since they were closed, after the contract was finished.

Commissioner ANDERSON. I will say that certain presumptions arise from the fact that the books of the Contract and Finance Company have disappeared and cannot be found. The same claim is made as to the books of Charles Crocker & Co.

The WITNESS. Yes, I know.

Commissioner ANDERSON. Now, without saying whether there is any merit in it or not, we do say that we desire to ascertain whether or not

the books are in existence, without saying whether we shall examine the entries in them or not.

The WITNESS. I cannot see why they should not be in existence except that I wanted to find the Contract and Finance Company's books once, and tried to find them, and could not.

Commissioner ANDERSON. We ask you now to find the books of Charles Crocker & Co., or else satisfy us of their existence, so that we may test the question of whether we shall ask for their production or not.

The WITNESS. At least, they are not here, unless somebody has brought them here without my knowledge.

Commissioner ANDERSON. Our only desire is to know where they are.

The WITNESS. I do not know where they are. If I can find them when I get to California I will send them to you.

Mr. COHEN. I do not know about that. We will see about that.

The WITNESS. Provided the lawyers of the company do not object. I have no objections, so far as I am concerned.

Commissioner ANDERSON. It is your affair.

#### COMPENSATION FOR WORK DONE FROM NEWCASTLE TO EAST LINE OF STATE.

Q. Do you remember anything about the amounts you received for the work done by you from Newcastle to the east line of the State?—A. No, sir; I cannot tell you about that.

Q. Have you any recollection of how much it was per mile for any portion of the work?—A. No, sir; it was by the yard.

Q. I mean how much it came to per mile?—A. No, I have not.

Q. Do you remember that there were some miles of that work for which you received as high as \$300,000 per mile?—A. I do not.

Q. Or \$400,000 per mile?—A. I do not remember. Very likely there are miles of the road that cost fully that.

Q. I am only asking whether you recall what you did receive?—A. I do not recall; I cannot recall so far back.

Q. Do you remember that you received a large amount of stock in addition to the cash payments?—A. Yes.

Q. Do you remember how much stock in all you received?—A. No, I do not.

Q. Do you remember whether it was in excess of \$10,000,000?—A. Oh, I cannot remember those things so long as that. It is a long time ago, and I had no occasion to treasure it up. There is nothing now here to recall it to my mind.

Q. You do remember that the amount of stock received by Charles Crocker & Co. was a very large amount of stock?—A. It necessarily would be.

#### AS TO DISPOSITION OF STOCK.

Q. Do you remember what disposition was made of that stock by you?—A. I do not remember now exactly.

Q. Do you remember that it was passed over by you to the Contract and Finance Company?—A. I think it was all put in together. I do not know, though, for certain; I think it was.

Q. What, exactly, do you mean by its all being put in together?—A. I was a stockholder in the Contract and Finance Company. The stock was not considered worth anything. I did not consider it worth much.

of anything at the time the road was finished, and I think we put the stock all in together, but I am not certain about it.

By Commissioner LITTLE:

Q. You mean into the Contract and Finance Company?—A. Yes.

By Commissioner ANDERSON:

Q. When you say "we," whom do you mean?—A. The other stockholders of the Contract and Finance Company and myself.

Q. Who were the others?—A. I do not remember. There were a good many of them.

Q. You remember that Mr. Huntington was one?—A. I never saw his name on the books.

WERE STANFORD, HUNTINGTON, HOPKINS, AND CROCKER DESIGNATED TO HOLD ALL THE STOCK?

Q. I do not say that you did; but there were certain persons who, you remember, were designated to hold the stock. Do you not remember that you and Mr. Stanford and Mr. Huntington and Mr. Hopkins were designated to hold all the stock?—A. I am not certain of it. I know that they held most of it; but I am not certain that they held all of it.

Q. As far as your recollection is concerned, do you remember that there were any other stockholders who held an interest in that stock except those four and E. B. Crocker?—A. Well, I really think—and yet I cannot swear it is so, but I rather think that W. E. Brown had some of that stock, and that Mr. Strobridge had some of it; I am not certain of it.

Commissioner ANDERSON. They have both been examined, and Mr. Brown said he was a representative of some of the others.

The WITNESS. Then, if you found those particulars from the books and other sources, why do you bother me about it?

Commissioner ANDERSON. I will show you in a minute.

The WITNESS. I cannot understand, if you found out all this information, why you bother me about it. I tell you that I have not the means here of refreshing my memory, and I defy you or any other man to remember such things as those after what has been done since then.

Commissioner ANDERSON. We will go back to the disposition of the Central Pacific stock which you received. You say it was all turned in to the Contract and Finance Company—the stock you received?—A. I do not say so. I say I think it was. If you have been down there and have had access to the books, why do you ask me? The books are in your possession now, I understand.

Commissioner ANDERSON. No, sir; the books cannot be found.

The WITNESS. What books?

Commissioner ANDERSON. The books of the Contract and Finance Company.

Mr. COHEN. Every fact you wanted has been given.

Commissioner ANDERSON. I know; but you know that the conclusion which I want to reach necessitates this examination. Let us go on in an orderly way.

#### CONTRACT AND FINANCE STOCK.

Q. You spoke of all of you putting your stock together and turning it into the Contract and Finance Company. Had any other gentlemen

any of the Contract and Finance Company's stock, or was it not all turned over to you, on this contract?—A. They had considerable of it, as I remember. I subscribed for quite a large quantity of stock before the road was commenced.

Q. How much in all?—A. Well, enough to control it, all of them together.

Q. Was there over a million and a half that had been issued before you began your contract from station 31?—A. I cannot say as to that. The books will show the whole thing.

Commissioner ANDERSON. I merely asked whether you had not become the holder of the bulk of the stock that had been issued at the time you completed this contract to the east line of the State?

The WITNESS. I think the Contract and Finance Company was.

**BULK OF CENTRAL PACIFIC STOCK ISSUED TO CROCKER & CO. FOR CONSTRUCTION.**

Q. Before the Contract and Finance Company commenced, had not the bulk of the stock been issued to Charles Crocker & Co. for construction?—A. As near as I can recollect, that is so.

Commissioner ANDERSON. Now, that stock, amounting to many millions of dollars, was passed by you to the Contract and Finance Company, as I understand it.

The WITNESS. Well what do you call "dollars"?

Commissioner ANDERSON. I mean the par value of the stock. That quantity of stock was passed over by you to the Contract and Finance Company?

The WITNESS. I think it was.

Commissioner ANDERSON. And in that company the gentlemen you have named were the stockholders, and as such became interested in the stock which was passed over to the Contract and Finance Company?

The WITNESS. Of course, if they were the stockholders they got the stock.

**WAS THE STOCK PASSED OVER TO CONTRACT AND FINANCE COMPANY.**

Commissioner ANDERSON. Now I want to know why, if you were the only person interested in the contract for this 138 miles of road, and Mr. Huntington and Mr. Stauffer and Mr. Hopkins had no interest at all, you passed over all the stock which you had received in payment to a company in which they were joint stockholders with you, holding equal shares of stock.

The WITNESS. Well, in the first place, I did not count the stock worth anything much only to control the road. In the next place, it was stormy times—I mean in the money sense. I was heavily in debt. The Contract and Finance Company was heavily in debt.

Commissioner ANDERSON. The Contract and Finance Company had not yet commenced operations; it had just been formed.

The WITNESS. But the stock was not put into that company until the road was finished, I think. I do not remember when it was done.

Mr. COHEN. It was done a year after the road was finished.

The WITNESS. Well, it was done before, I know, because I had no inducement to do it. As near as I can recollect, the inducements for me were to get up a strong team, and unite our debts and unite everything, to succeed. I was afraid of being crushed out and I came very near it.



There was one time in my history, as I have said before, when I would have taken a clean shirt and quit operations, and I had commenced that railroad a rich man.

#### WHEN THAT WAS DONE.

Commissioner ANDERSON. What I want to get at is when you passed this large quantity of stock over to the Contract and Finance Company?

The WITNESS. I do not recollect.

Q. You do not know whether it was at the beginning of their work?—

A. I know it was not at the beginning.

Q. Do you know whether it was after the completion of the road, in 1869?—A. I cannot tell you exactly the time. My remembrance is it was after the Contract and Finance Company had found out that they were heavily in debt, and the railroad company was in debt, and I was in debt. There was a general weeping all along the line.

Q. Do you know when those tears were shed—at what period; was it in May, 1869, when the road was finished?—A. I did not say that there were tears shed. You know that I meant that in a figurative sense.

Commissioner ANDERSON. So did I.

#### GREAT REJOICING ON COMPLETION OF ROAD.

Q. Do you know whether it was a fact that in 1869, when the road was completed, there was great distress—or was it an occasion of much rejoicing?—A. It was an occasion of much rejoicing. The people were rejoiced to know that the road was finished, and they did not care a continental whether I owed a million or ten millions, or that Mr. Stanford owed it. They had got the road, and they began "cussing" us immediately afterwards.

#### EARNINGS OF CENTRAL PACIFIC UP TO MAY, 1869.

Q. Is it a fact that, up to May, 1869, the Central Pacific's account of earnings showed that it had actually earned up to that period, on its net income account, from two to three million dollars?

The WITNESS. Before the road was finished?

Commissioner ANDERSON. No, up to May, 1869—that its net earnings, over and above all liabilities, were from two to three million dollars?

The WITNESS. I do not remember that.

Commissioner ANDERSON. The reports of the company show that.

The WITNESS. Then talk to the company. I was not a member of the company then.

Commissioner ANDERSON. But I say if it be true that your net earnings show that net gain—

The WITNESS (interposing). But does not the same account show the interest amounts that we had to pay?

Commissioner ANDERSON. But I am speaking of everything—after paying interest charges, and all operating expenses.

The WITNESS. I do not think the company earned them.

Commissioner ANDERSON. Would you like to look at the interest account, which is here?

The WITNESS. No; if you know it, that is sufficient.

## WERE SUITS BROUGHT TO RECOVER ON STOCK?

**Q.** Is it not true that within a year after the completion of the road suits were brought against Mr. Stanford, and maybe against yourself (of that I am not positive), in order to recover on stock of the road—to recover large amounts of money which it was claimed that that stock fairly represented and that the holders were entitled to receive—on the ground that immense sums of money had been made and misapplied by the directors of the road? Such suits were brought, were they not?—**A.** I guess so; but do you know whether they ever proved anything of the kind?

**Commissioner ANDERSON.** I did not ask whether they did or not.

**The WITNESS.** There have been a great many of that kind of suits brought, and there have been a great many charges brought against the builders of the Central Pacific Railroad and the Union Pacific Railroad. They have been charged with everything you can imagine. Why? Because they built that road, and because they had connection with the Government of the United States in building it. Every politician, every little fellow that wanted to get to be a cross-roads politician, was engaged in hooting at the road, and they commenced such suits, but that does not prove that the company had the money that they charged it had.

## AS TO SETTLEMENT OF SUCH SUITS.

**Q.** Now, as matter of fact, is it not true that all those suits were settled, and that the company paid, in order to settle the suits and acquire the stock, from \$250 a share to as high as \$1,700 a share?—**A.** No, sir; it is not true. The company never paid anything.

**Q.** Or that such payments were made by the individual directors against whom the suits were brought?

**The WITNESS.** Understand, I do not want to evade a direct answer to your question; but if I answer it directly, a false impression would be put. About the time of the bringing of that suit we had inaugurated a Southern Pacific Railroad. We were going to build that. We had bonds to sell to the amount of \$25,000,000 or \$30,000,000 perhaps—a great amount at any rate—I have forgotten now how many there were on the market. The fact of any such suit being brought, and the newspapers all ready to publish everything that they could against the defendants in that suit and for the plaintiffs, injured the sale of those bonds. I wanted to fight the suits right out, notwithstanding that it would damage the sale of those bonds; but my associates thought it was better to pay these fellows something than to have this continued excitement and these continual charges and countercharges going through the press, to the injury of the sale of twenty-five or thirty million dollars of bonds—I have forgotten how many there were, but fully \$25,000,000. I recollect that Mr. Huntington said that  $\frac{1}{2}$  per cent. or 1 per cent. of the price of those bonds would more than settle this suit, and that it was better to do it than to suffer a loss of 2 or 3 per cent. on the sale of those bonds; and that was the governing principle that settled those suits. If I had had my way they would not have been settled. I think it was a great mistake to settle them.

**Mr. COHEN.** I have said to Mr. Crocker that he was a little mixed about his dates. It was other bonds that were to be sold about that time, such as the San Joaquin.

**Q.** Do you remember how many of those suits there were—the Lamont suit and the Robinson suit?—**A.** The Robinson suit was long afterwards.

## THE ROBINSON AND LAMBARO SUITS.

Q. It was on the same general ground, was it not?—A. Yes; the claim was that there were two kinds of stock—that one was much more valuable than another kind, in the estimation of the newspaper press; and the fellows that wanted to make something for nothing. There were lots of those. The first lot that was issued was, I believe, \$5,500,000, or \$8,000,000, I am not certain which. That was not sufficient to build the road to the summit of the Sierra Nevada or to the State line. The law of the State required, I believe, that the stock should equal the bonds that should be issued on the road; and it was raised to \$20,000,000. Then afterwards, when it was concluded that we could build on to Salt Lake, it was raised to \$100,000,000, in order to cover it. Now, those parties that held this old stock (most of them never paid a cent for it) thought they had something that was worth ten or fifteen times as much in the \$100,000,000 of stock, and so they brought these suits. They claimed, too, and set up in the papers that I changed my old original stock and got ten for one. It was not true. I took share for share; so did Mr. Stanford; so did Mr. Huntington; so did all—everybody except these fellows that had not done anything for their stock. Robinson was a hanger-on about Congress. We had given Judah a few shares to help him along.

Q. That was not all of the suits, was it?—A. The Lombard suit was the same, and so was the Braunau suit. Braunau never gave a dollar for his stock.

Q. You remember that the complaint charged the paying, by the directors to themselves, of exorbitant prices for construction, and misapplying the donations given by different counties in the State? You recollect all those allegations, do you not?—A. Yes; and I recollect that some newspapers said that these fellows had made \$200,000,000 of cash in building the road. The total amount was about \$70,000,000 that passed through their hands for building the road, I believe. Those things are unworthy of this Commission going into and inquiring about. They were blackmail suits. For instance, I saw some reports of Strong's evidence. He sold his stock to Lombard; and he says Lombard never paid him for it; and I know a widow that he got stock from in the same way, and he never gave her a cent. That is the kind of men they were.

## AS TO VALUE OF STOCK IN 1869-70.

Q. The object of the question is to test your statement, that in 1869 and 1870 you did not consider the Central Pacific stock worth anything at all?—A. I did not say "anything at all." I say any money. You could not sell it. It was only for the control of the road that I considered it of any value.

## WHAT WAS PAID FOR STOCK IN SETTLEMENT OF SUITS.

Q. Yet, as a matter of fact, in all these suits brought from 1870 to 1876—the Braunau suit, the Lombard suit, the Robinson suit, and the San Joaquin suit—is it not true that the directors paid from \$250 to \$1,700 a share in settlement of those suits?—A. I do not think they ever paid any such amount of money. I do not know, though. I never paid any such amount of money. What they did I cannot say.

Q. What is the highest you paid?—A. I am talking about one period of time and you are talking about another.

Q. What time are you talking about?—A. I am talking about the time when this stock was turned into the Contract and Finance Company, which was long previous to the commencement of those suits. Do you recollect your asking me that question?

Commissioner ANDERSON. I do, and that Mr. Cohen said it was in 1870.

The WITNESS. Well, these suits were brought after that.

Q. When was the Brannan suit brought?—A. I do not remember, but my impression is that it was brought after the completion of the road.

Q. 1870 was after the completion of the road?

Mr. COHEN. The Lombard suit was brought in 1870.

Commissioner ANDERSON. About the same time.

Mr. COHEN. Mr. Crocker is a little mixed about his dates, and about his facts. He made some remarks here about the causes that induced these suits, some remarks about the newspaper men, which, of course, are only in jest. [Laughter.] We look upon the newspapers as our immediate friends. We expect justice from the Government through the newspapers.

#### WHY THE SUITS WERE SETTLED.

The WITNESS. In fairness, you ought to remember that I said that the suits were settled for the purpose of avoiding the scandal, and to assist in the disposition of the bonds we had to sell for the building of other roads. It was not because the stock was worth it.

Q. But is it not true that at the time you made the settlement of the Brannan and Lombard suits you did know that the stock of the Central Pacific Company was a valuable asset, that it promised to do a large business, and that within three years afterwards it paid dividends on its stock?

#### SALE OF STOCK BY WITNESS IN 1871.

A. I remember this, that in 1871 I sold all my stock for 12 cents on the dollar, and that I was very glad to sell it, and that that stock carried with it my interest in the Southern Pacific Railway Company, and in several other companies that I did not have the stock of.

By Mr. COHEN:

Q. At what date do you fix that sale?—A. That was in April, 1871, I think.

By Mr. ANDERSON:

Q. To whom did you sell it?—A. I sold it to Mr. Stanford, Mr. Huntington, and Mr. Hopkins.

Q. How long did they keep it?—A. I do not know.

Q. Did not they sell it back to you?—A. Oh, yes. I went off to Europe for my health. I was very much broken down, and just when I came back—I do not know—

#### THE STOCK NOT PAID FOR, BUT RETURNED.

Mr. COHEN. Go on and tell the whole story. They did not pay you for it.

The WITNESS. They did not pay me for it.

Mr. COHEN. And they gave you back the stock?

The WITNESS. I asked them for payment, and told them I had come home recuperated, and wanted to go into business. I asked Mr. Stanford

for money there. He would not or did not pay me. I met Mr. Huntington, and I told him I must have that money; that I was able to go into business now, and wanted it. "Well," said he, "Charley, we have not got it. We cannot get it." It was right in the flurry, then, of 1873—the Jay Cooke flurry. They could not get money. I had \$60,000 in the bank in California, and I tried to get it here to buy some Wells, Fargo & Company stock, and I could not get it. They would not send it by telegraph, because they had not got it to spare. I took that stock back and tore up the papers.

Q. How long were you in Europe?—A. About two years.

#### THE CONTRACT OF SALE IN WRITING.

Q. Was that contract between you and Mr. Stanford in writing?—A. Yes.

Q. Have you a copy of it?—A. I do not know whether I have or not.

Q. Did it not embrace other matter besides the Central Pacific stock?—A. It embraced this other property that I told you of.

Q. Was each security scheduled, or was there a lump price?—A. There was a lump of everything connected with railroads on my part. I sold, on a basis of 12 cents on the dollar, the shares of the Central Pacific, saying nothing about the others.

Q. Do you swear that that is so stated in the contract—that it is so stated definitely—that 12 cents a share is stated in the contract, or is that an estimate that you make from the number of dollars that you received?—A. I cannot say that it was stated in the contract to be 12 cents a share. I think we figured it up and then stated the amount.

Mr. COHEN. You mean 12 per cent., not 12 cents a share.

The WITNESS. Yes.

Commissioner ANDERSON. We would like to have that contract, if you can find it, to test the accuracy of your memory as to the price.

By Commissioner LITTLE:

Q. I understand you to say that when you canceled the contract it was surrendered. Is that so?—A. I think so.

Q. Then you would not have it?—A. I would not. I cannot swear that it was surrendered, but I know this, that Mr. Huntington said, "Let us tear up the old contract and take your stock back, and you come right in with us and go ahead in all these enterprises that have been started in the mean time." He said, "We will just consider you have had two years' leave of absence, and when I want leave of absence I will take it."

#### AS TO DIVIDENDS.

By Commissioner ANDERSON:

Q. Had you received the first dividends on your stock before you passed it over?—A. Oh, no; there were no dividends then. If there had been I would not have sold for any 12 cents.

Q. When was the first dividend paid on this stock?—A. I cannot tell you. The books will show.

Commissioner ANDERSON. The books show that it was in 1873.

The WITNESS. Then that is correct.

Q. When you got the stock back had there been a dividend paid to Mr. Stanford and these others who held it?

The WITNESS. Before I got it back?

Commissioner ANDERSON. Yes; before they gave it back to you.

The WITNESS. No, sir; I do not think there was.

Mr. COHEN. Mr. Crocker took this stock back just as he sold it, and surrendered the notes that had been given.

Commissioner ANDERSON. I understand that; but we want to get some explanation of values—to ascertain whether the stock was a dividend-paying stock at the time it was returned.

The WITNESS. No; it was not. I took it back in October, 1873, I think. [To Mr. Cohen.] You recollect when I telegraphed to you?

Mr. COHEN. Some time in 1873. But whatever rights the stock had, you got just the same as if you had never sold it.

#### THE STOCK HAD NOT PASSED OUT OF WITNESS' POSSESSION.

The WITNESS. Oh, yes. In fact it had not passed out of my possession, but was in the bank of California in San Francisco.

Q. Did not the contract that you made with Stanford & Co. contain an option under which you were entitled, within a given period, to cancel it and take your securities back?—A. No; it was an absolute sale.

Q. Without any payment whatever, and without any transfer of the securities?—A. Yes; there was nothing paid out at all.

By Commissioner LITTLE:

Q. Do I understand that it was placed in the bank of California, in order, to be given to the purchasers when they should pay the notes?—A. It was placed in my strong box in the vault of the bank, and when they paid for it I was to give them the stock. I retained it.

Q. Then you retained the possession of it notwithstanding the sale?—A. Yes.

#### NOTES GIVEN FOR THE STOCK.

Q. How did they evidence payments for this stock—by notes?—A. Yes; they gave me their notes.

Q. Where were those notes?—A. I think I gave them into the hands of the bank of California, in an envelope indorsed, "Whenever there is payment made on the inclosed notes a receipt may be given in my name and —." I cannot remember exactly the indorsement.

By Commissioner ANDERSON:

Q. You did not take them with you to Europe?—A. No.

Q. Nor did you bring them to New York?—A. No.

By Commissioner LITTLE:

Q. Both the notes and securities were in California?—A. Yes; I have forgotten now whether or not I left both with Ralston, the cashier. I think very likely I did, and with written instructions on the envelopes—large envelopes, you know—that when any amount was paid a certain amount of stock should be delivered.

#### AS TO PREPARATION AND CUSTODY OF CONTRACT.

By Commissioner ANDERSON:

Q. As to the contracts: Did you not also leave the contracts there with Mr. Ralston?—A. No; I do not think I left the contracts with him.

Q. What do you think became of the contracts?—A. I think I left them with W. B. Brown.

Q. You think they were delivered?—A. It is pretty hard for me to remember all these little incidents. I think very likely the contract was tied up with the stock and the whole thing placed in the bank there together.

Q. Who drew the contract, do you remember?—A. I drew it.

Q. Mr. Cohen did not draw it?

Mr. COHEN. Mr. Storrs drew it, did he not?

The WITNESS. No, sir; I drew it myself. I think it will be found in my handwriting originally; and then it was copied by Mr. Huntington's clerk, or may be I copied it.

Q. Did you sign it?—A. Yes.

Q. And hand it to the parties in interest?—A. They took a copy and I took a copy. There were duplicates. There were two copies—I do not know but there were three. My brother was in it.

#### THE SALE A BONA FIDE TRANSACTION, THOUGH NO MONEY PAID.

Q. Was this anything more than an arrangement that was to go into effect in case you should become very sick abroad; was it a seriously consummated transaction?—A. It was entirely consummated. It was a bona fide, true transaction, and I did not regard myself as interested in the railroad one dollar.

Q. And yet no money whatever was paid to you?—A. No; it was a very foolish thing to do, but that is just the way I did it.

Q. The securities were left in escrow until it was paid off?—A. Yes; and I recollect, when I talked to Mr. Stanford about it, he said he thought it was a big price, and I said, "Why, governor, you did not pay me a cent. I trusted entirely to you."

Q. At the time when this transaction was entered into, did you examine the reports of the company to see what its earnings were?—A. I do not remember any particular examination. I did not make any examination for the sake of sale. The fact was my brother had been taken with softening of the brain, and my physician told me, "Mr. Crocker, if you go on another year with the work you are doing you will go after your brother." Well, what was money in consideration of such a state of affairs?

#### CONSIDERATIONS OF HEALTH INVOLVED.

Q. Then you made this arrangement largely in consequence of these representations and the condition of your brother's health?—A. Not my brother's health—my own health. He was already afflicted and I could see what a wreck he was.

Q. Do you remember that about this time Mr. D. O. Mills made a proposition to acquire an interest in this enterprise?—A. He made a proposition while I was in Europe.

Q. Do you remember what he offered for 80 per cent. of the stock and some other property in San Francisco?

Mr. COHEN. He did not offer anything. It was offered to him.

The WITNESS. I was not present at that trade. I only know what I heard.

Mr. COHEN. Mr. Crocker was then out of the concern.

The WITNESS. I do not know anything about it of my own knowledge; it is only hearsay.

#### \* STATIONS 31 TO 138. WHAT WAS COST OF CONSTRUCTION?

Q. Have you any recollection of the cost of construction to Crocker & Co. of the road from station 31 to station 138?—A. No. If you know

how much the company paid I can tell you that Crocker & Co. did not have any money when they got through.

Commissioner ANDERSON. That is exceedingly vague, because they might have used the money in other adventures—in other matters of business.

The WITNESS. That was the only business they had; and a pretty heavy old business it was. You built a railroad through those Sierra Nevada Mountains, and you will find that money will melt away very fast, especially in war times.

Q. All that you remember is that you had no money left at the end?—A. Yes; that is what I remember; we had no money left.

Q. You had all the stock that you had received?—A. Well, I would not say that I had not used some, because the stock may be in some contracts. I cannot say now. I think I did use some stock in some subcontracts.

#### FINANCIAL CONDITION OF WITNESS WHEN HE UNDERTOOK TO BUILD CENTRAL PACIFIC ROAD.

Q. You said a little while ago that when you commenced this road you were a rich man. Please be a little more precise in explaining what you mean by that.—A. I had a splendid business and had some money and was happy, and I left that and went into this turmoil and these everlasting investigations and all that is mean.

Commissioner ANDERSON. You have come out pretty well!

The WITNESS. Yes; so far as money is concerned, but money is not everything in this world.

Q. When you say you were a rich man, do you mean that you were worth \$200,000 when you commenced?—A. I think I was.

Q. Very much more than that?—A. I can not tell. I did not take an inventory of my assets, but I collected all my debts as fast as I could collect them and paid the money into this railroad.

Q. Did you consider yourself at that time a millionaire?—A. No; I did not.

#### THE CONSTRUCTION COST CROCKER & CO. ALL THEY GOT.

Q. Can you not give any figures as to the cost to Charles Crocker & Co., of the construction of the road from section 31 to section 138?—A. No; I can not, only generally, as I did before. I replied that when I got through I did not have any money. I do not know how much it cost more than to say that if you have examined you know just exactly what it cost the company.

Q. I want to know what it cost Charles Crocker & Co.?—A. I tell you I cost all they got.

Q. Do you know what you paid per yard for removing the earth?—A. We did not pay by the yard—we hired the men.

Q. What rates of wages did you pay the men?—A. All the way from \$35 per month up to \$250 or \$350.

Q. According to the grade of employment?—A. Yes.

#### EMPLOYMENT OF CHINESE.

Q. Do you remember that you employed a large number of Chinese?—A. Yes; a big lot of them.

Q. Do you remember what their wages were?—A. They varied; when we first commenced to employ Chinese we paid \$1 a day—\$26 a



month. Then it was increased to \$30. Then it was increased to \$35, and I think it held at \$35, excepting when we would take out skilled men for skilled work, and we would give them a little more. We took blacksmiths; and at one time when we had a strike among our Irish brothers on masonry, we made masons out of the Chinamen. I recollect that Mr. Strobbridge said once, "Make masons out of Chinamen!" and I said, "Did they not build the Chinese wall, the biggest piece of masonry in the world?" [Laughter.] We made masons out of the Chinese, and after they had been at it a few days the Irishmen came back and wanted to go to work. The Chinamen made good blacksmiths also; we had several of them at that work.

Q. In addition to their wages did you board them?—A. They boarded themselves.

Q. How about the white labor?—A. We boarded the white men.

#### PROPORTION OF WHITE MEN TO CHINESE.

Q. What was the proportion in number of white men to that of Chinese?—A. It varied at different stages of the work. I recollect that I had a great deal of trouble to get Mr. Strobbridge to try Chinamen. At first, I recollect that four or five of the Irishmen, on pay day, got talking together, and I said to Mr. Strobbridge, "There is some little trouble ahead." When I saw this trouble impending a committee come over to us to ask for an increase of wages. I told Mr. Strobbridge then to go over to Auburn and get some Chinamen and put them to work. I said, "There is no particular hurry. You can get Chinamen." The result was that the Irishmen begged us not to have any Chinamen come, and they resumed their work. It was four or five months after that before I could get Mr. Strobbridge to take Chinamen. Finally he took in 50 Chinamen; and a while after that he took in 50 more. Then they did so well that he took 50 more, and he got more and more until finally we got all we could use, until, at one time, I think, we had ten or twelve thousand. When we had 12,000 Chinamen we had more white men than we had before. We had carpenters and blacksmiths and teamsters, and all that sort of thing. They were white men.

Q. Are you able to give the average number of hands you employed for that work during the two years it was in progress?—A. There were more than two years.

Commissioner ANDERSON. I am not speaking in regard to the time when the Contract and Finance Company had charge of it, but during the construction from section 31 to the east line of the State.

The WITNESS. Commencing at Newcastle, we hired all the white men we could get, and just above Auburn we put the first Chinamen to work, and then we increased them very rapidly, and in six months, I think, we had 2,000 or 3,000. Then, after the first winter, they increased until, when we got into that rock work on the summit, we had as high as 10,000 or 12,000.

#### BILLS FOR EXTRA WORK.

Q. Do you remember the fact that after the completion of your contract or while the contract was going on, you had a number of large bills for extra work?—A. Yes.

Q. What was the extra work? What was its character?—A. It was shoveling snow, and all that sort of thing. I can not particularize, I know that we shoveled snow there 60 feet deep, and pitched it over six or seven times.

Q. Do you remember who prepared these bills for extra work?—A. Mr. Strawbridge kept an account of the number of men employed, and the bills were allowed for the number of men employed.

Q. They were presented to the board of the Central Pacific and they were allowed in the usual way?—A. Yes.

Q. Did you have any conversation with the directors about the allowance of those bills?—A. I have no doubt I did. I do not remember say conversation particularly. I know this, that while they were urging me to push the work I would say, "Here is this snow in the way;" and I would ask, "Who will pay for removing it?" And they would say, "We will pay for it." Of course I was not going to pay for it. I was not going to get any pay except for the removal of the rock. I know there was a 60-foot ravine that we cleared of snow and pitched it over and over and over before we could get to the rock. The engineers would not allow the track to go on snow or ice.

#### FORMATION OF CONTRACT AND FINANCE COMPANY.

Q. Do you remember the formation of the Contract and Finance Company, and how it came about?—A. Yes, I remember something about it, may miss some details.

Commissioner ANDERSON. Give us what you remember.

The WITNESS. The directors told me that after we got to the State has they did not think it best for me to go on any farther; that they wanted more capital; they wanted to engage heavy men in it. They wanted me to organize the company. I did. I got some friends of mine to organize this company; then I sought for stockholders to come in and take stock. I could not get any one to do it. I took the presidency of the company. I subscribed for the stock.

Q. How many shares?—A. I have forgotten how many, but a large number.

Q. Was it not a fifth of the whole issue?—A. Well, I guess it was more than that.

#### AMOUNT OF ITS CAPITAL STOCK.

Q. What was the whole issue of capital stock—\$5,000,000?—A. \$5,000,000.

Q. Did you not take 10,000 shares, Mr. Stanford, 10,000; Mr. Hopkins, 10,000; Mr. Huntington, 10,000, and Mr. E. B. Crocker, 10,000?—A. Mr. Huntington and Mr. Stanford did not take any at first, as I remember. I took some stock. I think I afterwards divided some of my stock with them, when I found we could get no one to go in, and they had to put their shoulders to the wheel. I think I put my stock back and gave them all an even show.

Q. So that you all had even interest?—A. I believe so, as near as I can recollect now.

#### DID WITNESS THEN BECOME A DIRECTOR OF CENTRAL PACIFIC?

Q. Did you not at this time re-enter the board of the Central Pacific Company?

The WITNESS. When that company was organized?

Commissioner ANDERSON. Yes.

The WITNESS. I do not recollect when it was. If I was not under oath, and was not going to have my evidence printed, I should say that

Q. Where did you look for them?—A. I looked for them at their office; that is to say, I did not look personally; I had a man to look for me.

Q. Who was the man?—A. I think it was my secretary.

Q. What is his name?—A. No; I do not think I had a secretary then, because I had not gone back to work. It was immediately after taking back my interest in the road.

Q. You do not remember who made the search?—A. No, I do not. I know that I went back there as second vice-president in control, just the same as though I had not been out, and that I went into an investigation about some matters, and that I wanted to see something—to verify something—in those books, and I asked for them. Whom I asked I can not recollect. It was some one that was there assisting me. It might have been one of the Hopkins; I could not say, though.

Q. Would you not naturally have asked Mr. Brown, who was president of the Contract and Finance Company, where his books were?—A. Mr. Brown was in Europe, unfortunately.

Q. Was there no one else at the office of the Contract and Finance Company?—A. Yes, sir; Mr. Miller was there.

Q. Did you ask Mr. Miller?—A. I did not go down into his office; I probably sent down. I don't remember going down into his office to ask him; but I remember that, in order to verify something, I wanted to see those books. That was the first information that I had that they were missing and could not be found.

Q. What investigations did you make?—A. I told them that I wanted to see them.

Q. Told whom?—A. I told the parties there; I do not remember whether I had any interview with Mr. Miller or not—John Miller; you are getting me confused, gentlemen. You know I am not in condition—Commissioner ANDERSON. I do not desire to confuse you at all.

The WITNESS. I know that; but I am confused, nevertheless.

#### FAILURE TO FIND BOOKS A GREAT MISFORTUNE.

Commissioner ANDERSON. Let me say that the failure to find these books is, to say the least, a great misfortune and an extraordinary fact, and if you can give any light as to the motives that led to the destruction or withdrawal of those books, or their loss, we shall feel much obliged. Let me say also that William E. Brown has testified that he prepared a new set of books for Mr. John Miller to keep, and that that new set of books, containing entries which must have been taken from the old set, have been produced and examined by us; so that those old books were extant at the time these new books were prepared. [Addressing Mr. Cohen.] Do you remember the date of the entries in the new set of books?

Mr. COHEN. Some time in 1873.

Commissioner ANDERSON. It is either 1873 or 1874.

Mr. COHEN. 1873, I think.

The WITNESS. New books were opened in 1873?

Commissioner ANDERSON. Yes, new books, by Mr. John Miller; which we have now, and have examined.

The WITNESS. I do not know; I was not there when they were opened.

#### DISAPPEARANCE OF THE BOOKS OF THE CONTRACT AND FINANCE COMPANY.

Q. Do you know anything about the books of the Contract and Finance Company?—A. I do not.

## WORKING IN ADVANCE.

By Commissioner LITTLE :

Q. While on that subject, I will ask you how far through the Humboldt Desert does this road run—how many miles of it are in that Humboldt Valley?—A. From the Truckee River at Wadsworth, I would call it all Humboldt, though there are 20 or 30 miles there that are desert before you get to the sink of the Humboldt. I should think it was about 300 miles, pretty near that, but the time-table will show the exact distance. We built 501 miles in nine months and twenty days, commencing at Wadsworth, which is the lower crossing of Truckee River. I recollect that it was on the 11th day of July we crossed the Truckee River, and we had this work away ahead. We made an excursion out there—the chief engineer and Mr. Strobridge and myself. My brother went along also. We decided that we must commence that work two hundred and fifty miles in advance of the track in order to have it ready when the track got there, so that we would not be detained, and would go right through. We hauled the material and provisions for the men, and the men themselves, all over there. They got the ground ready. When the last spike was driven in the bridge at the mouth of the Humboldt, at the cañon, the road was ready, and they went on. That was done at a great expenditure of money. I paid large amounts for the hauling of materials and everything out there; that hauling aided largely to the expenditure. It was all for speed—to get the work done. It is an small job to get 501 miles of railroad built in nine months and twenty days when the country supplies nothing and everything has to come from behind.

WITNESS WAS PRESIDENT OF CONTRACT AND FINANCE COMPANY DURING CONSTRUCTION.

Q. Did you remain president of the Contract and Finance Company during the whole period of construction?—A. Yes; I think I did. I do not know that I was the first president, though.

Q. Who was the first president?—A. I do not remember now.

Mr. COCKER. Mr. Mark Hopkins.

The WITNESS. I do not remember; but I superintended the construction. I was president when the real work of construction commenced.

Q. Who was the secretary of the company under you?—A. W. E. Brown.

Q. Where were the books of the company kept?—A. In his office.

Q. In Sacramento?—A. Yes.

Q. When did you cease to be president?—A. I ceased to be president when I became a member of the board of directors of the Central Pacific; but I am not certain about that.

Q. How long were the offices of the Contract and Finance Company kept at Sacramento?—A. They were kept there until just after my return from Europe, which was in July, 1873.

AS TO MISSING BOOKS OF CONTRACT AND FINANCE COMPANY.

Q. When did you first hear that the books of that company had been lost?—A. I could not tell you when I first heard of it. I can remember the time when I first tried to find them.

Q. When was that?—A. That was in December. Let me see. That number is November or December, 1873.

The WITNESS. I recollect that there were notes held by the Contract and Finance Company against the Central Pacific Company, and they were for a large amount, but how large an amount I cannot say.

By Mr. COHEN :

Q. At what time was this?—A. After the completion of the road.

Mr. COHEN. After the completion of the road, or after their work on other contracts?

The WITNESS. I cannot tell you. They might have been for other work. I cannot say, though, about that. I cannot remember so far back. I know this: that the Contract and Finance Company held these notes; that they took these bonds in payment, but whether the notes were given for a debt owing for the construction of the road or not I cannot say.

Q. What other debt would such an amount as \$6,000,000 be given for?—A. I cannot say. I do not recollect of any work that they did that would amount to as much as that; but still they might have done it, and I not recollect it.

AS TO DIVISION OF SURPLUS ASSETS AMONG STOCKHOLDERS OF CONTRACT AND FINANCE COMPANY.

Q. Do you remember the fact that within one, two, or three years after the completion of the road the Contract and Finance Company made a division among its stockholders of its surplus assets?—A. No, I do not recollect. I have no doubt they did. They would if they had any to divide.

Q. Do you not remember that you yourself received a large amount of stock of the Central Pacific Company from the Contract and Finance Company as your share?—A. Yes.

Q. Do you remember what the amount of it was?—A. No; I do not.

Q. Do you not remember that it was about \$13,000,000?—A. Somewhere in that neighborhood.

Q. And that a similar amount was delivered to Mr. Stanford, Mr. Hopkins, and Mr. Huntington?—A. I could not tell you what they got; I know about what I got.

Q. You know that you had "evened up" your interests at that time; you had similar amounts of stock in the Contract and Finance Company?

Mr. COHEN. What time are you speaking of?

Commissioner ANDERSON. The time of the division of the Central Pacific stock. Mr. Stanford himself has stated that they each got \$13,000,000.

The WITNESS. Then what do you want me to corroborate him for; is he not reliable?

Mr. COHEN. I object to it, because I know that Mr. Stanford is mistaken.

Commissioner ANDERSON. I am not a witness in this case. Mr. Stanford has sworn to it, and I want this witness to say whether or not Mr. Stanford is correct.

THE WITNESS GOT \$13,000,000.

The WITNESS. I do not know what Mr. Stanford has sworn to, but I know that I got \$13,000,000. I am not certain that I had got \$13,000,000 at that time. I know that when I went to Europe I got \$13,000,000 when I made that sale.

Q. When was it that you went to Europe?—A. In 1871—July or August.

Q. Now, did you get anything else from the Contract and Finance Company besides the stock?—A. Not that I remember at that time; I do not remember of anything just now.

Q. Have you any books that will show what you did receive from the Contract and Finance Company?—A. No; I did not keep any private books. When I closed up a thing I would put it away.

#### OTHER DIVIDENDS.

Q. Have you at any time received any dividend or interest from the Contract and Finance Company other than this stock?

Commissioner LITTLE. In payment for construction on the Central Pacific?

Commissioner ANDERSON. As a payment of dividends in the Contract and Finance Company—as a division of profits?—A. I do not recollect now having received it. I may have received some, but I do not recollect.

#### LAND-GRANT BONDS.

Q. Do you remember receiving any land-grant bonds from the Contract and Finance Company?—A. I think I got some land-grant bonds.

Q. Do you remember about the amount?—A. No; I do not.

Q. Do you remember whether you received any other bonds or stocks on any other roads—branch roads?—A. Really, I feel kind of "off my feet," I may say—I am confused; my mind is confused. The fact is I ought not to be here to testify. I am not in fit condition. My physician said to me that I ought not to come and urged me, peremptorily, not to come; but I told him that I wanted to come, I did not want to have an investigation by anybody; and I am here against his protest.

#### THE S. H. H. AND C. BOOKS.

Q. I will ask you whether you remember that the Contract and Finance Company had on hand a large amount of property at the time it closed its books, and that a large amount of property was passed over to the books known as the S. H. H. and C. books, the amount being \$1,500,000—you remember those books?—A. Yes; I remember those books, but I do not remember as to the property.

Q. You remember that Messrs. S. H. H. and C. received from the Contract and Finance Company \$13,500,000?—A. No; I do not. I know that there is a large amount of imaginary capital in that concern, but as to its assets it had not as many as the books show. I cannot explain it; I am not book-keeper enough to do it; but I know very well that when I came to see the cash balances due me there and when I asked for the money there was not anything to pay it with. There were no

#### PROFITS ON THE CONSTRUCTION CONTRACT.

Q. I will ask you the question in a simple way. I will ask you to state for this Commission the profits you made through the Contract and Finance Company on the construction contract which that company made with the Central Pacific—not in dollars, but in kind—what did you receive?—A. I received stock.

Q. You received \$13,000,000, or thereabouts, in stock?

Mr. COHEN. Not from that contract.

The WITNESS. I cannot say that I received it from that. When I sold out to these gentlemen I had in the neighborhood of \$13,000,000.

By Mr. COHEN:

Q. Of stock, you mean?—A. Of stock; yes.

Q. That was sold at 12 cents on the dollar?—A. Yes.

Commissioner ANDERSON. That is not the question now. The question is what he got from the Contract and Finance Company.

#### DOES NOT REMEMBER EXACT FIGURES.

The WITNESS. In these large amounts I could not remember the exact figures. I know that when I sold out I had over \$12,000,000 of stock, but I do not think it was \$13,000,000. I recollect on another occasion that I had \$13,000,000 of stock, but I do not think it was at the time I sold out.

By Commissioner ANDERSON:

Q. Let us try to get it at the time you sold out. What did you sell besides \$13,000,000 of stock?—A. I sold my interest in the Central and Southern Pacific, and in all the work that was going on.

Q. Did you sell any bonds?—A. No; I did not sell any bonds.

Q. Did you have any bonds?—A. Yes; I had some bonds.

#### INTEREST ON BONDS PAID WITNESS'S EXPENSES IN EUROPE.

Q. How many bonds did you have?—A. The interest on them was what paid my expenses in Europe.

Q. How many bonds were there? You ought to recollect a matter that would help you in that way.—A. No; I do not recollect.

Q. You do not recollect how many land-grant bonds you had?—A. No.

By Commissioner LITTLE:

Q. Was it not several hundred thousand?—A. No.

By Commissioner ANDERSON:

Q. Was it not several millions?—A. No.

Q. Did you not have your fifth or fourth that was presented by the Central Pacific to the Contract and Finance Company in payment of those notes?—A. I had my share of them, whatever it was—whatever amount of stock I held was.

Q. Do you remember how many bonds were paid by the Central Pacific Company to the Contract and Finance Company in satisfaction of those notes?—A. No; I do not. You have got the books of the Central Pacific. Why do you not verify all that from those? My memory cannot go back to give you those details; and if my memory does not give it right you may cast aspersions upon me.

Commissioner ANDERSON. There is no desire to do that.

The WITNESS. I know there is not, but it may be done.

Q. The question was how much you made out of that transaction?—A. I can not tell you.

Q. How much stock and how much bonds?—A. I made all I could but I do not remember how much it was.

## WITNESS'S CONNECTION WITH WESTERN PACIFIC.

Q. What connection had you with the Western Pacific—did you build it, or part of it?—A. I do not recollect about it. I do not think I built any of it. [After consultation with Mr. Cohen.] I have not said that the bonds were given to the Contract and Finance Company for building the main line of the road.

Commissioner ANDERSON. You said the bonds were in payment of the notes, and that you did not know why the notes were given.

The WITNESS. They were in payment of the notes.

Mr. COHEN. That was not the contract for the main line.

The WITNESS. I do not say that it was.

Commissioner ANDERSON. I think you are mistaken about that. The reports of our accountant will show.

Mr. COHEN. Those notes came from the building of the Oregon Branch, if I am not mistaken.

Commissioner ANDERSON. I think you are mistaken.

The WITNESS. What difference does it make? The United States have got the road and they have paid for it.

Commissioner ANDERSON. Have the United States got the road?

The WITNESS. The people have.

Mr. COHEN. They have got all they called for, and more too.

Q. Do you not remember that in 1867 a contract was made between the Western Pacific road and Messrs. Stanford, Hopkins, yourself, and Mr. E. B. Crocker for the construction of that Western Pacific, you four buying out McLaughlin, a former contractor?—A. I know that we bought McLaughlin out, but that has nothing to do with the building of the road.

## S. H. H. AND C. OWNERS OF WESTERN PACIFIC STOCK.

Q. Did you not become owners of the stock that the Western Pacific issued, and were you not afterwards parties to the consolidation by which you exchanged stock of the Western Pacific for stock of the Central Pacific?—A. I have no doubt we were. I do not remember anything about that consolidation, but I know that we bought McLaughlin out.

Q. Is it not a fact that all the stock of the Central Pacific that came into the possession of you four gentlemen in that way was also passed into the Contract and Finance Company, so that, substantially, all the Central Pacific stock that you four gentlemen held was placed in the hands of the Contract and Finance Company?—A. I do not remember.

## WITNESS'S CONNECTION WITH CENTRAL PACIFIC.

Q. What connection have you had with the Central Pacific?—A. I was a director, and I was superintendent until we employed Mr. Towne.

Q. Up to what date was that?—A. I was superintendent up to some time in 1869, when I think Mr. Towne appeared to the company's books to tell that.

Q. Then since 1869 you have been a director?—A. Since 1869.

Mr. COHEN. Not all the time since 1869.

The WITNESS. I was in Europe after that.



Q. You resumed your position when you returned from Europe?—A. I did. I was re-elected director and second vice-president, and have been such ever since.

THE WESTERN DEVELOPMENT COMPANY.

Q. Are you familiar with the various constructions that have been made since that date? I refer to the California and Oregon, and the work done by the Western Development Company.—A. I do not think the Western Development ever built any of the California and Oregon.

Q. No; but it built some other roads which were leased to the Central Pacific. I ask you if you are familiar with all that construction?—A. I am familiar with the road. I was not familiar with the construction while I was in Europe.

Q. I am referring now to the different construction contracts between the Central Pacific and the Western Development Company and the Pacific Improvement Company afterwards. Were you a member of the board, and did you vote for those contracts?—A. I never voted for any contract that I was interested in in the board of directors in my life, that I know of. My recollection now is that the contract for building the San Joaquin Branch was let to Mr. Strobridge. I am not certain about it, but I think there was a contract let to him.

WITNESS A STOCKHOLDER IN THE WESTERN DEVELOPMENT COMPANY.

Q. Were you a stockholder in the Western Development Company?—A. Yes.

Q. What was the total capital of that company?—A. \$5,000,000, I believe.

Q. How much stock did you hold?—A. I held—

Commissioner ANDERSON (interposing). 10,000 shares. Is that right?

The WITNESS. I presume so. I do not remember though, really.

Q. Either a fifth or a fourth of the whole capital, was it not?—A. No; I think not.

Mr. COHEN. That company was divided into ninths.

The WITNESS. I think that Mr. Colton had some of it.

Mr. COHEN. He had one-ninth.

Commissioner ANDERSON. And the other parts were divided among these four.

WITNESS'S STOCK IN PACIFIC IMPROVEMENT COMPANY.

Q. How was it about the Pacific Improvement Company; how much stock did that company have?—A. Five millions, I think; five or ten.

Q. How much of that did you own?—A. I think about a quarter. I would not be positive about that, though. I am really very much confused now, and my mind is not clear.

Mr. COHEN. Do you want to quit now?

The WITNESS. Yes.

Commissioner ANDERSON. We will take a recess at 1 o'clock.

The WITNESS. These are very important matters. Did you not learn this in California from the books?

Commissioner ANDERSON. Of course. But you have just said that you have not voted for any contract in which you had an interest. I want to ask you whether you have not voted on all the contracts between the Central Pacific Company and the Western Development

Company, the Contract and Finance Company and the Pacific Improvement Company?

**CENTRAL PACIFIC NEVER HAD A CONTRACT WITH WESTERN DEVELOPMENT COMPANY.**

**The WITNESS.** The Central Pacific Company never had any contract, that I know of, with the Western Development Company, and the Contract and Finance Company contract was made while I was not a director, as I have testified before and as you found out in California. I do not think the Central Pacific Railway Company ever made a contract with the Pacific Improvement Company.

**Q.** Who is now constructing the California and Oregon from Delta to the north line of the State of California?—**A.** That is the Pacific Improvement Company. That is so.

**Commissioner ANDERSON.** You will probably find quite a number of errors in your statement about these companies not having made any contracts with the Central Pacific Company.

**The WITNESS.** Well, I tell you that my mind is not in a condition to testify correctly. I feel very much upset. My mind whirls; goes from one thing to another. I am thinking of what the doctor told me. I see he was nearer right than I was.

**Commissioner ANDERSON.** I think we had better take a recess until 5 o'clock.

**Mr. COHEN.** Mr. Crocker cannot be here after to-day, and I want to examine him for half an hour.

10 WALL STREET, NEW YORK,  
Tuesday, September 20, 1887.

*Afternoon session.*

**Mr. COHEN.** I have a communication which I have been desired to present to the Commission on behalf of the Central Pacific Railroad Company with reference to the expenses which have been incurred in preparing tables and statements containing information and for the expenses of transportation. I thought we had better put it in the form of a letter, so that you may consider it in executive session, in order that we may get a reply.

(The letter was placed on file.)

**CHARLES CROCKER,** being further examined, testified as follows:

**POLICY OF CENTRAL PACIFIC.**

**By Commissioner ANDERSON:**

**Question.** Will you state to us, generally, what, so far as you know, has been the policy of the Central Pacific Company since its completion in regard to the connections made by it with branch roads and with the Southern Pacific for the purpose of developing that enterprise—the enterprise of the Central Pacific?—**Answer.** Well, that is a pretty broad question. I do not know that I could frame an answer to that more than to say that the Central Pacific is anxious to have the country tributary to its road developed, and have brought to it for transportation all the products of the country adjacent. They have done nothing

in the way of money assistance that I now remember in encouraging those things, but we, as stockholders, have been engaged in building feeders.

#### ROADS CONNECTING WITH CENTRAL PACIFIC.

Q. Will you enumerate the principal roads with which connections have been made, either by leases or by other contracts?—A. I could not remember all those things.

Q. I will recall most of them to you. The San Pablo and Tulare; that was a connection made by lease, was it not?—A. Yes.

Q. That was the fact also with the Northern Railway?—A. Yes.

Q. And the Amador Branch, a part of the San Pablo and Tulare?—A. Yes. None of that money came from the Central Pacific, however.

Q. Those roads were organized with an independent organization, constructed by construction companies, by contracts made between the particular roads and the construction companies, and then leased to the Central Pacific. Was not that the method?—A. Yes.

By Mr. COHEN;

Q. In all cases?—A. As far as I recollect just now.

Q. The Amador Branch, the California Pacific, and the Southern Pacific in California?—A. I do not think the Amador Branch was leased.

By Commissioner ANDERSON:

Q. It was leased to the San Pablo and Tulare, and the San Pablo and Tulare to the Southern Pacific. Then the Southern Pacific in California, in Arizona, and in New Mexico. Was not that also constructed by the Western Development Company and the Pacific Improvement Company, and then a lease made of the constructed road to the Central Pacific, and was not that the state of affairs until the change by leasing the Central Pacific to the Southern Pacific in 1885?—A. I believe it was.

#### WITNESS A STOCKHOLDER IN CONNECTING COMPANIES, AND, IF PRESENT, VOTED ON LEASES.

Q. Were you not a stockholder in all those different companies that I have enumerated?—A. Yes.

Q. And did you not yourself, as a director of the Central Pacific, vote on the terms of all the leases of these various companies that were made to the Central Pacific?—A. I do not recollect whether I was present at all the meetings. If I had been I should have done so.

Q. And when you were present you did vote?—A. I presume I did; I never saw anything to object to in it.

Q. Did you not vote also on the contract made in October, 1886, for the construction of the California and Oregon by the Pacific Improvement Company, from Delta to the northern boundary of the State, the contract being made between the Central Pacific and the Pacific Improvement Company?—A. I do not recollect whether I was present at that or not. It was very soon after my injury that that contract was made, and I was incapacitated for business for a long time after that injury. I cannot say that I was present. I do not remember now being present.

#### THE COLORADO RIVER BRIDGE.

Q. Do you remember whether you voted for the lease of the Colorado River Bridge to the Southern Pacific or to the Central Pacific?—A. I cannot recollect whether I did or not.

Mr. COHEN. Is it important to establish all these facts?

Commissioner ANDERSON. The record will show; but the witness has stated that he never voted for any contract or transaction between the Central Pacific and other companies in which he had an interest.

The WITNESS. That was to the best of my recollection.

Commissioner ANDERSON. I call these cases to your attention and will refer you to the record showing the vote.

Mr. COHEN. We will admit that every time he was present he voted on these things as they came up. He was mistaken in that statement he made on that matter.

#### ALL THOSE CONTRACTS PROFITABLE TO CENTRAL PACIFIC.

The WITNESS. Yes; wherever I stated that I was not present and I was present, I made a mistake, undoubtedly. My memory failed me. As a general thing I abstained from those matters; but, at the same time, I do not know why I should; it was all perfectly regular. All those contracts were profitable to the Central Pacific, especially the bridge contract, as the construction company which built the bridge never got half its money on that. It was burned up.

Mr. COHEN. They have been all through that.

The WITNESS. Then I do not know why they ask me about those things, when I have got a bad memory.

#### PROPERTY OF DIRECTORS VOTING ON CONTRACTS IN WHICH THEY WERE INTERESTED ON BOTH SIDES.

Commissioner ANDERSON. I will explain, so that you will understand the point. It is true that we have most of this information. But perhaps one of the gravest questions before us is on the propriety of the directors of the Central Pacific Company voting on contracts in which they had a pecuniary interest on both sides, as much with reference to the propriety of the act itself as with reference to the question of how much money they made. Therefore I call your attention to the fact that the inquiry now addressed to you turns on the question whether you did in fact vote on contracts made with companies in which you had a large interest as a stockholder when you were also interested in the Central Pacific as a stockholder and director of that company.

#### THE ROCKY MOUNTAIN COAL COMPANY.

Q. Now, I call your attention to another case—the case of the Rocky Mountain Coal Company; were you a stockholder in that company?—A. Yes, sir.

Q. Did you vote on the arrangements by which that company furnished coal to the Central Pacific?—A. I do not think there was any voting arrangement about it.

Q. You know, as matter of fact, that the Rocky Mountain Coal Company has for many years sold to the Central Pacific very large amounts of coal?—A. Yes; I know that, and sold it cheaper than they could get it anywhere else.

#### APPROVED OF EVERYTHING THAT BENEFITED CENTRAL PACIFIC.

Q. The question is whether you have, as a director, approved the arrangements made between the two companies by which the one became a seller and the other a purchaser—you being a stockholder in both?

companies?—A. Well, answering generally, on that proposition I will say that I approved of anything that benefited the Central Pacific Company.

Q. Even if it benefited you?—A. Because I always had a larger interest in that than I had in any other company.

Q. Directing your attention, specifically, to the Pacific Improvement Company, do you know what consideration the company voted for the construction which the Pacific Improvement Company made between Delta and the northern boundary of the State?—A. I do not.

#### COST OF CONSTRUCTION TO PACIFIC IMPROVEMENT COMPANY.

Commissioner ANDERSON. I state that it appears from your records that the price paid was \$4,500,000 of bonds of the Central Pacific issued under their last mortgage of October, 1886, and 80,000 shares of stock which at the time of the vote, in October, 1886, was worth about 40 cents. That being the consideration voted for that work, do you know what the cost of construction to the Pacific Improvement Company was?

Mr. COHEN. What did that include?

Commissioner ANDERSON. It included the construction from Delta to the northern boundary of the State—the rails and the equipment.

Mr. COHEN. And the acquisition of some other property?

Commissioner ANDERSON. No; there was a provision in it by which another company in Oregon agreed to make a connection, but what the Pacific Improvement Company agreed to do was what I have stated.

The WITNESS. I do not recollect. As I have said before, I was in a very precarious condition at that time, owing to my accident, and I have a very indistinct remembrance of that whole matter. I know that I left before it was finished up—before there was anything done about it—because I got sick by attending the discussions that were held.

Q. My question is now whether you know what that construction and all the work agreed to be done has cost the Pacific Improvement Company?—A. I do not know; and I do not think it is finished yet.

Q. If the facts establish that the cost to the Pacific Improvement Company has been less than \$3,500,000, and the value of the consideration to be paid should be over \$7,000,000, would you still consider that a proper contract for persons who were directors in both companies to approve of and vote for?—A. I do not think that there was any such discrepancy between the cost and the payments. But still, I would not, as an officer of the Central Pacific Railway Company, pay any such difference, if I knew there was going to such a difference.

#### WAS IT A PROPER CONTRACT?

Commissioner ANDERSON. Now, I will state, for your information, that Mr. Dooty, the president of the Pacific Improvement Company, has stated to us the entire cost of this road as being about the figure which I have stated, and that the cost, up to the date at which the information was furnished to us, was \$3,158,000, and some \$600,000 in bonds having been set aside, stated by Mr. Dooty to be more than sufficient to entirely complete what was to be done. The question I ask you is whether, in your judgment, that was a proper contract for directors of the Central Pacific to approve?

A. If they knew what was going to be the cost of the building of the road, I should not think it was; but those things are oftentimes ex-

merely hypothetical. It is guess-work. Sometimes a man takes a contract to build a house and he loses money in building it, and sometimes he makes a good deal. Those circumstances have to be taken into account. The man who lets the contract and the man who takes the contract exercise their best judgment.

Q. When the man who takes the contract is the same person as the man who votes for it, and he pays moneys that belong to the corporation in which he is a trustee, in your judgment, is not that open to very severe criticism?—A. Well, I guess the public will criticize that pretty closely.

#### COST OF THE COLORADO RIVER BRIDGE.

Q. Do you know what was the cost of the Colorado bridge when first built?—A. I do not remember.

Q. You have stated that the parties who built it did not get their money back.—A. That is what I understood. It was burned, and it was a long way short of paying for itself.

By Mr. COHEN:

Q. It was burned once and washed out once by the flood, was it not?—A. It was washed out once or twice, and burned out entirely, and there has been a good deal of difficulty about it. The bridge is across the river which is the dividing line between the State of California and Territory of Arizona; and there was some difficulty as to which company would own the bridge, or else the Contract Company would never have built the bridge and owned it.

#### THE OAKLAND WHARF EXTENSION.

Q. Do you remember a bill presented by the Contract and Finance Company, while you were president of that company, in October, 1870, for what was known as the Oakland wharf extension, the amount being \$692,000?—A. No; I do not. I had nothing to do with it, as I remember now.

Q. It appears from the minutes that you presented the bill to the Central Pacific Company.—A. Well, if I did, then I did. But I do not remember it.

Q. Do you remember whether you voted in favor of the payment of that sum?—A. I do not.

Mr. NORRIS (reading from a memorandum relating to the Central Pacific minutes). Page 52, October 20, 1876:

Bill of C. Crocker, of the Contract and Finance Company, dated September 30, for \$692,000, for work and material on Oakland wharf extension and on Alameda wharf extension.

This bill includes items for fencing the railroad line between Niles and Oakland, \$27,000, and 10 per cent. for superintendence, \$692,041.93.

On motion of Mr. Brown, the bill was audited and allowed, Mr. Crocker himself being present.

#### READING OF MEMORANDUM OBJECTED TO.

Mr. COHEN. I object to this. This is a garbled statement of what purports to be contained on the book of minutes. I undertake to say that there was no such entry on the book of minutes as read here. It is simply a condensed statement of one of your employes; it is not a copy.

Commissioner LITTLE. It does not purport to be a copy. Your attention is called to the fact that very often during your examination

that very document was resorted to, with the original books before us, and the entries in that paper which you hold in your hand were always found to be correct in substance.

Commissioner ANDERSON. We will enter on the record an exact copy from your records.

Mr. COHEN. I do not remember having had my attention called in California to this extract. If it had been, I should have compared it, and put it in in full from the record book, when we get it.

Commissioner ANDERSON. We will put it in in full.

Mr. COHEN. We take the responsibility of everything that appears on our minutes, but we do not want any portion of the minutes put in for any particular purpose.

Commissioner ANDERSON. We will substitute for the extract an exact copy at any time you furnish it to us.

Mr. COHEN. We have no chance of getting the books over here again.

Commissioner ANDERSON. No; but you can send us a copy.

#### DEFECTIVE MEMORY AGAINST COMPANY'S BOOKS.

The WITNESS. I want to say a word. With all due respect to your honorable Commission, I do not think it is fair to examine me, with my defective memory, as compared with your quotations from our books. The books are correct, and you are asking me questions on matters that I do not pretend to remember, and you are going to put me down as against those books, and the books against me. I do not think that is fair.

Commissioner ANDERSON. There is no desire to do that. Nobody is going to criticize you for making any mistakes. The point the Commission wishes to show, and which has been substantially conceded, is that you, in common with the other directors, approved the practice of giving contracts when you had interests on both sides.—A. Well, if the books show it, that is sufficient. I do not deny what is in the books.

Mr. COHEN. I understand, then, that the Commission enters into a stipulation with us that Mr. Crocker's defective memory may not be taken to contradict the books?

Commissioner LITTLE. We do not expect to contradict the books by his memory.

Mr. COHEN. I want that stipulation confirmed, so that the members of the press will understand it.

Commissioner ANDERSON. The Commission enters into no stipulation. The press will look out for itself.

#### ASHAMED OF NOTHING HE HAS DONE.

The WITNESS. I desire to say here that there is nothing I have done in connection with the building of the Central Pacific Railroad or any other railroad that I feel ashamed of or that I wish to recall. I feel proud of what I have done. It has resulted in good to the people generally and to me particularly. I did not give up twenty years of the best part of my life for nothing.

#### RELEASE OF CHARLES CROCKER FROM LIABILITIES TO CENTRAL PACIFIC.

Commissioner ANDERSON. I call your attention to an entry in the minutes of April 15, 1885, and ask you if you recall the circumstance

of a release of Charles Crocker from any liabilities that there might be against him in favor of the Central Pacific Railway Company?

The WITNESS. I do not recollect the date, but I remember that there was something of that kind going on for Mr. Huntington, and I thought it would be a good thing to have me absolved at the same time, and I got absolution.

Commissioner ANDERSON. But you gave yourself absolution. You voted in favor of it?

The WITNESS. Did I?

Commissioner ANDERSON. I ask you.

The WITNESS. I do not remember whether I did or not. I do not think I did. I think I kept silent. I am a modest man.

Commissioner ANDERSON. You were present when the releases were directed to be given by the board, were you not?

The WITNESS. Very likely.

Q. You entered no demurrer and made no protest?—A. No; I thought I ought to be released. I did not know really of any obligation, but at the same time if it was good for others it was good for me. That is the way I reasoned about it.

#### TAKING CAPACITY OF SUBSIDIZED PORTION OF CENTRAL PACIFIC.

Q. Can you give us your views as to what you consider to be the carrying capacity of that portion of the Central Pacific which is covered by the subsidy bonds?—A. I could not. In the first place I have been away from San Francisco two years, and nearly one year of that time I have been suffering from almost a fatal injury; and, in the next place, whatever I might say here in an off-hand way could be better verified from the earnings and expenses of the road as indicated by the books; that would show better than I can.

#### FORECLOSURE BY UNITED STATES DISASTROUS.

Q. What, in your judgment, would be the effect of a foreclosure of the United States lien so as to separate that portion of the Central Pacific between Ogden and Sacramento from the rest of the system; what, in your judgment, would the effect of that be on the security of the United States?—A. I think it would be disastrous.

Q. Can you not be a little more specific in explaining what the effect would be on its business?—A. I know if it was a good thing for us to build those connections without the subsidy it would be a good thing for the Government to maintain them. I do not think, in other words, that the Government can run that road any better than we have done it.

Q. What suggestions can you make, if any, as to your views of the policy that the Government should pursue in regard to the collection of its debt?—A. Well, if it wanted to be magnanimous and generous, write it off.

#### COURSE THE GOVERNMENT SHOULD PURSUE TO COLLECT ITS DEBT.

Q. Can you make a business answer as to the best policy to pursue so as to preserve the usefulness of the railroad as far as possible, and, at the same time, secure as much to the United States as can be secured?—A. I think that a subject that would require a good deal of study and investigation. If two or three men on the part of the Government, with an honest desire to do justice between the company and



the Government, should meet a committee of the board, they could come to some conclusion that would be worthy of attention; but, in an off-hand manner, in the investigation of this question, I do not think I am capable of giving you any outline of a settlement that I would be willing to stand to, or that the Government would be. I do not know enough about it. I never gave it any study. It is a question that requires a good deal of study. Whenever it is attempted by such men on the part of the Government and a committee from the board of directors with an honest desire to come to an honest conclusion, there will be some way found to do the best for all. But, at the same time, when I come to reflect on the condition of the country at the time the contract was made between the company and the Government for the building of that road, I think that if the Government wrote off its whole claim to-day it would come out away ahead of the manner in which it would have come out if the road had not been built.

#### LARGE VOUCHERS FOR EXPENSE ACCOUNT.

Q. Have you been aware from time to time of the existence of large vouchers which purported to be merely for expense account or legal expenses, and which did not, on their face, convey any information as to the parties to whom the moneys were given or the purposes to which they were applied?—A. I never saw any of those vouchers, but I have heard of them through the press and through the report of your proceedings.

Q. Have you heard of them from officers of the company—from Mr. Huntington and Mr. Stanford?—A. I think I have passed on some of them, as a member of the board, and voted for their allowance; I think I have. I do not remember particularly now. But if they had come up I would have voted for them when I was present.

#### APPLIED TO SOME GOOD PURPOSE.

Q. When you say you would have voted for them, you say that because you have knowledge of the purposes to which they were applied?—A. No, sir. I know they have been applied to some good purpose or they would not have been allowed.

Q. You say you would have allowed them yourself. Why would you allow them?—A. Because I have faith in the men who disbursed the money.

Q. Is that the full reason?—A. Entirely.

Q. You would have allowed them, then, without asking these gentlemen any questions as to the reasons why they had been paid or the objects to which they had been applied?—A. Yes.

Q. As matter of fact, have you asked for an explanation of the purposes to which these moneys have been applied?—A. No; I have not.

Q. Have you any knowledge whatsoever of the persons to whom those moneys have been paid, or the purposes to which they have been applied?—A. The men who signed the vouchers.

Q. The vouchers, in many cases, are signed simply by Mr. Stanford.—A. Then he got the money.

Q. My question is, have you any knowledge of the persons to whom the moneys were paid by the signer of the vouchers?—A. No; I have not.

#### OBJECTS TO WHICH MONEYS WERE APPLIED.

Q. Have you any knowledge of the objects to which these moneys were applied?—A. To benefit the company.

Q. In what way would it benefit the company?—A. That I do not know. There are a great many ways in which money has to be disbursed.

Commissioner ANDERSON. I am speaking of your knowledge now.

The WITNESS. I do not know anything about it. I never sought to know. I do not want to know. I have trust and faith in Governor Stanford and Mr. Huntington, and I do not believe they have misappropriated a single dollar, and I know, as far as myself is concerned, that I have never misappropriated a single dollar. In other words, I have always tried to get for the company a dollar and five cents for every dollar I have expended.

#### INFLUENCING LEGISLATION.

Q. Do you know whether any of the moneys I referred to were used for the purpose of influencing legislation?—A. I do not.

Commissioner ANDERSON (addressing Mr. Cohen). We will strike the answer out, if you wish, and let you raise any objection you desire.

Mr. COHEN. The question is answered. I should object to it under the ruling of the circuit court, but the question is now answered; yet it is a question that should not have been put.

Commissioner ANDERSON. That is matter of opinion.

Q. Please look at the letters, copies of which I show you, at pages 1619, 1620, 1621, and 1622 of a copy of the record in the Colton suit, and state whether you recognize those letters.

Mr. COHEN. I object to the question, and advise the witness not to make the examination and not to answer any question on the subject. In the first place, there is nothing here to prove that the papers shown to him are copies of the record in the Colton case, or that they are copies of the letters they purport to be.

#### THE COLTON LETTERS.

Commissioner ANDERSON. As far as that objection is concerned, we merely ask the witness whether these printed papers shown him refresh his recollection so that he can swear to the existence of such letters, if there be such.

The WITNESS. What letters do they purport to be?

Commissioner ANDERSON. They purport to be letters written by you to Mr. Colton. My question simply is whether you will read them and see whether you recollect writing such letters.

Mr. COHEN. I make the further objection that the production of these letters before this Commission is enjoined by order of the circuit court of the United States for the northern district of California.

Commissioner ANDERSON. The question is whether you remember writing them.

The WITNESS. I do not remember writing them, and I do not remember their being presented in the Colton case; but they sound very much like me. The Government of the United States is no more interested in these letters than in the Sharp case. They are most of them personal, and show what a good time I had at Los Angeles.

Q. Is there any further suggestion you desire to make to this Commission in regard to the subject-matter of this investigation?

The WITNESS. Any suggestion that I want to make!

Commissioner ANDERSON. Yes. You are a prominent director of the road and we are very desirous of receiving full suggestions from

the officers.—A. I have no doubt, if I had a little time to gather my thoughts together, I could make you a good many good suggestions; but, really, I have not thought over the matter, and did not suppose you would entertain a suggestion of mine anyhow. I have no doubt, if I had a little time, I could think of a good many things you ought to do.

#### DEFINITION OF THE ROCKY MOUNTAIN BASE-LINE.

Q. Do you remember a circumstance that occurred in regard to the definition of the base-line of the Rocky Mountains being the point from which you were entitled to receive \$49,000 per mile instead of \$10,000?

—A. Yes; I remember that very distinctly.

Q. Please tell us how that point came to be fixed?—A. Well, the law provided that from the western base of the mountains for 150 miles eastward the bonds should be three times as much (I think it was) as on the plains before reaching that point. The question came up, "Where is the base of the mountains?"

#### ARCADE CREEK THE BASE.

Q. That is, on the California side?—A. On the California side. I entered into the question, and I thought a good deal about it. We were very hard up, and we wanted to get the base down as near the river as we could, dealing justly with the Government, in view of that portion of the law which stated that 150 miles eastwardly covered the most expensive portion of the work. I do not know that I am quoting it exactly, but I think it is pretty much that way. The surveyors had made 150 miles from Arcade Creek reach the Truckee Meadows, where it was as level as this floor, and beyond there there was nothing very heavy. The heaviest work was all between Arcade Creek and the Truckee Meadows. Therefore that answered that portion of the law. I took Professor Whitney out on a little ride, and I had a profile of the road from Sacramento City to the Truckee Meadows with me, and beyond there even. I showed it to him. I had a copy of the law, and read that to him. "Now," said I "Professor, we want to have you decide or give your opinion of where this spot should be located." The profile showed a perceptible rise from Arcade Creek up. It was getting up faster and faster as we went along, and then got down; and when we got down to the Truckee Meadows, 150 miles from this point, on the Arcade Creek, it was almost level again, and the obstructions were trifling. It was smooth ground there. Here was all this heavy mountain work between. It answered the purpose of the law exactly. I did not ask him to do anything except that I wished him to decide where true justice would place the western base of the Sierra Nevada. "Well," he says, "the true base is the river, but," said he, "for the purpose of this bill, Arcade Creek is as fair a place as any." I think the president of the company addressed him a letter on that question and he answered it, I think, in writing. Then I took out General Houghton, the surveyor-general of the State of California, and I took him over the same course, showed him the whole thing, and talked to him in the same way. He said that undoubtedly, for the purposes of the bill, that was the true place to put the western base, and he answered the letter of the company in the same way.

By Mr. COHEN:

Q. There was a report made by the United States Surveyor-General appointed by President Lincoln, was there not?—A. I did not know

of that. I was told lately that there was, but I had nothing to do with that.

By Commissioner ANDERSON:

Q. What was the point that was located?—A. Arcade Creek.

Q. How many miles is that from Sacramento?—A. I should judge about 9 miles; somewhere along there.

#### NATURE OF COUNTRY EAST OF ARCADE CREEK.

Q. What is the nature of the country from 5 miles east of Arcade Creek?—A. Light work.

Q. Is it mountainous?—A. No; but there is a steady incline upwards.

Q. How soon after leaving Arcade Creek do you reach what you call a mountainous section of the country?—A. That being the base of the mountain, it commences right there.

Q. Well, is there any mountain for 5 miles east of Arcade Creek? You have stated that there was not.—A. There are not any big mountains. There are some little foot-hills. But you seem to forget, all the time, that it is a question of where this 150 miles should be; the hill required it to comprise the most difficult construction. And after you have got 150 miles from Arcade Creek, you have got to lighter work than there was there at Arcade Creek. The profiles will show to-day; and you can go over the country and see it for yourself.

Q. How far is Rockland from Arcade Creek?—A. I should think about 18 miles; but I cannot remember those distances.

Q. Is there a cut between Arcade Creek and Rockland?—A. Yes.

Q. Where?—A. Before you get to Roseville, and beyond Roseville.

#### THE PRESIDENT OF THE UNITED STATES FIXED THE BASE-LINE.

Q. How far is that from Arcade Creek?—A. About 6 miles—to this cut. There is a cut there of, I think, 15 or 16 feet. We considered it a big cut at the time we took it out. The President of the United States had power under that bill to place that base, and he did it, and I would like to know who is to question it.

Commissioner ANDERSON. That is not the point here.

The WITNESSES. Yes, it is. He was the supreme judge of where that was to be, and he was satisfied, and he placed it right there.

Q. I only ask you whether you consider that the section between Arcade Creek and Rockland could be described as the most mountainous and difficult of construction of the road?

The WITNESSES. That is not the point.

Commissioner ANDERSON. I ask you that question.

A. I tell you this, that from Arcade Creek 150 miles eastwardly comprises the most difficult construction there was on the Central Pacific Railroad.

Q. You may say the same thing from Sacramento City to the mouth of the river?—A. There is where the true base ought to have been, but we were a little modest and did not ask for it.

#### CENTRAL PACIFIC UNABLE TO PAY ITS DEBT TO GOVERNMENT.

By the CHAIRMAN:

Q. What is the ability of the Central Pacific Company to-day to pay its debt to the Government?—A. No ability whatever.

cheaply as any other [redacted] we threatened from that trade and tried to [redacted] know of the bill the [redacted] would have destroyed it, it was sent around the [redacted] could bring against the Government. The Government is pursuing with regard to [redacted] the particular act and had the transportation [redacted] them even though they pay others, we [redacted] that it would cost more money than we have, and was pretty well [redacted] better business for the road [redacted] difficulty in getting the Government's freight.

Q. What particular road [redacted] in aid of the [redacted] Pacific?—A. I am speaking [redacted] rather than the Central Pacific [redacted] around the Horn and [redacted] countries rather than go over [redacted] unfortunately, they were not [redacted]

## PLAN 4

The CHAIRMAN. I call your attention to the important questions in the act of [redacted] you have intimated that if [redacted] the board of directors of the Central Pacific can be arrived at.

The WITNESS. Not to hear, [redacted]

Q. This Commission is ready [redacted] the company may have to [redacted] subjects of the bill.

The WITNESS. Have you come [redacted] on that subject?

The CHAIRMAN. Yes; we have [redacted]

The WITNESS. Well, I have [redacted]

PROBABLE EFFECT OF AN ACT  
INTEREST IN

The CHAIRMAN. I have repeated [redacted] I ask you what would be the effect of authorizing the sale of all the [redacted] in the Central Pacific Railroad.

The WITNESS. What would be the [redacted]

Commissioner ANDERSON. Who [redacted] bring?

The WITNESS. I wish I were [redacted]

The CHAIRMAN. I ask you as a [redacted]

The WITNESS. Good gracious alive; [redacted] be the effect; it would create quite an [redacted]

Q. What would be the nature of the [redacted] all that sort of thing. Well, I cannot [redacted] Government should appoint three [redacted] good men from our board, there [redacted] which the Government would not lose [redacted] be benefited and taken out of politics, [redacted] the road out of politics.

scarcely had ever built the South Pacific road the Central Pacific would have been a good deal better off; but Tom Scott was there, and he was going to build the road, and it was better for us to build it than for him to build it, because we had a very great interest in the Central Pacific, which we were bound to protect, while Tom Scott was bound to scalp the Central Pacific.

Q. Has the construction of the Southern Pacific had the effect of increasing the earnings of the Central Pacific?—A. No; I think not.

Q. Does the construction of the Southern Pacific has had the effect of decreasing the earnings, and, therefore, decreasing the payments to the Government by the Central Pacific Company?—A. Undoubtedly; and there are seven or eight other roads that have been doing it too, and the Government has been helping them all. I assure you we did not help them.

Q. Was the interest in the construction of the Southern Pacific the same that held the Central Pacific?—A. Pretty much. There was a little difference, but not much.

Q. So that the interest controlling and building the Southern Pacific was an interest profiting by reason of the income derived from the diversion of traffic over the Southern Pacific, thus decreasing the net earnings of the Central Pacific?

The WITNESS. Now, that is rather a hard sort of question.

The CHAIRMAN. I only ask you for information.

#### SOUTHERN PACIFIC WAS BOUND TO BE BUILT ANY WAY.

The WITNESS. As I said before, the Southern Pacific Railroad Company was bound to be built. Tom Scott had a land grant from the Government and he was going to build it, and if we had folded up our arms and laid down and gone to sleep, he would have built it, and it would have been ten times more disastrous for the Central Pacific if he were to do it than if we were to do it. It was a foregone conclusion that the road was going to be built. The only question was, who should control it, friends of the Central Pacific or enemies of the Central Pacific? Now, it does not seem to me that any man of fair mind can doubt which it is best to have own it. We thought so. We did it to protect the Central Pacific. We had no ambition to build the Southern Pacific Railway.

Q. Has not the effect of the construction of the Southern Pacific been to impair the security of the Government in the Central Pacific?—A. The Congress of the United States did not think so or else they would not have encouraged the building of it.

The CHAIRMAN. I am asking you as to the effect of the building?

The WITNESS. Of course the building of every railroad built across the continent has injured the Central Pacific, and yet the Government helped them all, I believe. We did not do it, I assure you of that. If we could have stopped the building of them all we would have done it.

Mr. COYNE. It helped them all except the Canadian Pacific, you mean, and it encouraged that by giving it the Government business.

#### GOVERNMENT FREIGHT SENT AROUND THE HORN.

The WITNESS. Yes; really, this is a thing that you ought to know. I know it, and I am very sorry to say what I am about to say. But the railroad was built for the purpose of transporting Government troops, Government stores, Government implements of war, and all that sort of thing, and there was a provision that the Government should be served

literally, but figuratively speaking. We have been threatened from all sides, and have had to guard the approaches. I know of one bill that was proposed, but we beat it. That bill, if passed, would have destroyed the paying capacity of the road, which, in that event, would long ago have been sold at public sale; of course, in such a case, the Government's rights would have been all sacrificed. I cannot tell the particular acts that have been passed, but we have survived all of them, even the Thurman bill. I thought at the time that was passed that it would ruin us.

#### ACTS OF CONGRESS GRANTING LANDS TO COMPETING ROADS.

By Commissioner LITTLE :

Q. Do you regard the acts of Congress granting lands in aid of these competing lines as legislation hostile to the Central Pacific?—A. I do not think it was intended as hostile legislation.

Q. What was the practical effect of it?—A. The practical effect was to build the roads and cut down the earnings of the Central Pacific and the Union Pacific and thereby reduce the Government's interests. It hurt us, and hurt the Government. You must remember, when we fight for the road we fight for the Government. We do not get credit for that, however.

#### GRADE OF SACRAMENTO LEVEE.

By Mr. COHEN :

Q. What was the grade of the levee at Sacramento as compared with the present grade when you commenced to lay your tracks there?—A. We have raised it about—

Mr. COHEN (interposing). Nine feet, is it not?

The WITNESS. I think it was hardly that. I was going to say seven. I cannot remember exactly, but I was going to say seven feet.

Mr. COHEN. The grade of the city of Sacramento was raised to conform to that grade nine feet, was it not, some distance back from the levee? In other words, you had to make an embankment in order to keep your track above the high waters of the Sacramento River in the floods of each year, had you not?

The WITNESS. Yes.

Q. So that laying the track at the Sacramento was not laying it simply in a valley country?—A. Oh, no.

Q. You had to make your track above high-water mark until you got to a sufficient elevation to avoid the floods from the Sacramento River?—A. Most undoubtedly. We spent a good deal of money there on the levee to get it up to a height that would bring our trucks up above the flood.

Q. That was very expensive, was it not?—A. It was very expensive; and we have spent more or less money on it ever since.

Q. You had to guard the approaches to the American River so as to protect the abutments of that long, expensive bridge you built across that river, had you not?—A. Yes.

Q. All that work was contracted to be done and paid for out of the \$400,000 allowed you for the eighteen miles?—A. Yes, according to contract. I did not get \$400,000 in cash.

Q. I understand; \$250,000 in cash, \$100,000 in bonds, and \$50,000 in stock?—A. Yes; and the bonds could not have been sold for over \$75,000. They could not have been sold in California at any price, but they would not have brought over \$75,000 anywhere.

## AID-BONDS FROM THE BASE-LINES.

Q. With respect to the point at which the western base of the Sierra Nevada Mountains was fixed by President Lincoln, you got from that point aided bonds at the rate of \$48,000 a mile and issued your own bonds for the same amount?—A. Yes.

Q. Did not the proceeds of those bonds go into the construction of the road between that point and the State line?—A. I believe they did, as far as I remember.

Q. Did you know of any dividend being declared or paid out of the aided bonds or the first-mortgage bonds of the Central Pacific Railway.

The WITNESS. Dividends paid with the bonds?

Mr. COHEN. With the bonds or from the proceeds of the bonds?

The WITNESS. No, never. The bonds were all sold, every one of them, and the proceeds went into the treasury of the company.

## FINANCIAL CONDITION OF CHARLES CROCKER &amp; CO. AFTER COMPLETION OF CENTRAL PACIFIC.

Q. Can you state, from your memory, what was the financial condition of Charles Crocker & Co. after they had completed the building of the Central Pacific road from Sacramento to the State line—how much was the firm of Charles Crocker & Co. in debt?—A. I do not recollect. I know they owed, but I cannot recollect how much.

Q. For the purpose of refreshing your recollection, I will ask you whether, when you completed your track to the State line, you had not exhausted all the assets that you received from the Central Pacific Railroad Company excepting the stock, and whether you were not indebted to the extent of upwards of \$5,000,000?—A. I cannot say as to that; I do not recollect now. I know I owed a good deal of money.

Q. You owed a good deal of money, and you had the stock as an asset?—A. Yes.

## FINANCIAL CONDITION OF CONTRACT AND FINANCE COMPANY.

Q. Can you state what the financial condition of the Contract and Finance Company was at the time it had completed the track between the State line and Promontory Point?—A. I cannot tell you exactly, but I know it was in debt.

Q. It had exhausted all its cash assets and was in debt and had the stock that it received from the Central Pacific?—A. Yes; it had the stock, but it could not sell it.

Q. I understood you to say, in your direct examination, that there was no money over, and that the Contract and Finance Company had no money over when the road was finished.—A. Nothing but the stock; and that we did not consider very valuable. In fact, we felt pretty blue over the situation.

## CONNECTIONS MADE WITH CENTRAL PACIFIC.

Q. You were asked about connections made with the Central Pacific by the building of new lines in California. After the road was finished to Promontory Point the entire property of the Central Pacific consisted of a line of railroad from Sacramento to Promontory Point. That was all the property it had, was it not?—A. Well, we had a branch line from there to Ogden—to meet the Union Pacific.



Q. But you were not paid for it then?—A. No; not on the immediate completion of the road, but we took possession of the road very soon after completion, and we paid for it.

Q. After you complied with the resolution passed by Congress in 1869, that Ogden should be the common terminus of the two roads, then all the property the Central Pacific had was from Sacramento to Ogden?—A. Yes. That was before the consolidation with the Western Pacific.

Q. The only way you had of reaching San Francisco at that time, before the Western Pacific road was finished, was to send your passengers down the river on a steamboat and your freight in the same way?—A. Yes.

Q. Then, after the Western Pacific was finished, in the fall of 1869, you could send your passengers from Sacramento to San José, but you still had no means of reaching San Francisco?—A. No; but we had fifteen flat and had organized a company to build a road from Niles to Oakland.

Q. You built that road connecting with the Western Pacific?—A. Yes.

Q. And then you consolidated the Western Pacific with the Central Pacific, so as to form one continuous line from Ogden to San Francisco?—A. Yes; by the way of Stockton and Livermore Pass.

#### OAKLAND AND ALAMEDA FERRIES PURCHASED.

Q. Then you bought the Oakland and Alameda ferries, did you not?—A. Yes.

Q. After that purchase, the ferries and the railroad connected with them were consolidated with the Central Pacific?—A. Yes.

Q. At the time the road was finished to Ogden the Government refused to accept it because it was not completed?—A. I have no recollection of that. I know there was a commission appointed to decide when the road was finished. That was some time after. But I do not know whether the Government refused to accept it or not; I rather think they did not.

Q. Do you remember that Mr. Huntington deposited \$4,000,000 of the first mortgage bonds of the Central Pacific Railroad Company with the Secretary of the Treasury as a guarantee that the road would be completed in accordance with the requirements of law?—A. No; I do not.

#### ACCEPTANCE OF ROAD BY GOVERNMENT.

Q. Do you know when the road was finally accepted by the Government?—A. Yes.

Q. When was it?—A. I cannot remember the date.

Q. It was the 1st of October, 1874, was it not?—A. About that time. I recollect that I went with the commissioners and showed them the road along at different points, and they examined it very thoroughly and wrote out their report.

Q. Were you examined as a witness before the committee of eminent citizens appointed by Congress—I do not mean these eminent citizens, but another committee of eminent citizens—who examined the road?—A. I recollect a good many commissions and, especially, the "eminent citizens."

#### GOVERNMENT SLOW IN FURNISHING LAND PATENTS.

Q. Do you remember that the Government refused to issue your land patents and refused to deliver the balance of the aid bonds because of

road was not completed, and it had been in operation then some six months between Sacramento and Ogden?—A. I do not remember their refusing to issue bonds, but I know that they have always been very slow in the furnishing of patents for land. They are growling at one end of the line because we do not take out patents, and refusing at the other end of the line to give us patents. We have always been between two fires. The public, through the press, has been swearing at us, saying that we were not taking out patents, and we had papers in the Government departments for years trying to get patents for the land.

Q. When the Central Pacific was finished there was no money over, from the proceeds of the aided bonds or otherwise, that you could use to build any other road?—A. No; I do not remember any.

Commissioner LITTLE (jocularly). These interrogatories are very leading, and very objectionable in a court of justice.

Mr. COHEN. Yes; but I have not seen much justice around this Commission so far. I hope there will be none when you make your report. This is your witness, and I am cross-examining him.

Q. Did you not consider it for the interest of the Central Pacific Railway Company to build the San Joaquin Valley road for the purpose of connecting the southern part of the State with the main line of the Central Pacific?—A. Most assuredly.

#### CENTRAL PACIFIC HAD NO MEANS TO BUILD SOUTHERN EXTENSIONS.

Q. The Central Pacific, as a corporation, had no means to undertake that work, had it?—A. We had not at that time; no. I do not think they had at any time; in fact, I know they had not.

Q. You built that road and connected with the Central Pacific?—A. Yes.

Q. That has been for the benefit of the Central Pacific, has it not?—A. Yes.

Q. Have the net earnings of the Central Pacific been in any way depleted to keep up the ferries that you bought, or any other lines that you bought or constructed that have been consolidated with the Central Pacific?—A. No; they have been an advantage all the time; the ferry particularly. The ferry adds largely to the Central Pacific.

#### AS TO LAND-GRANT BONDS RECEIVED BY WITNESS.

Q. In the examination pursued by Mr. Anderson this morning, he asked you about some land-grant bonds that you received. From the way it was left, I think it would appear that you received those land-grant bonds as a dividend. Is that the fact, or is it not the fact that you took those bonds for moneys due to you and to the other stockholders by the Contract and Finance Company—the moneys that you deposited with the Contract and Finance Company?—A. I can not recollect about that. If it was declared as a dividend the books would show it.

Commissioner LITTLE. Do you claim that the Contract and Finance Company loaned the Central Pacific Company \$6,000,000 in money?

Mr. COHEN. No, sir; I do not say any such thing.

Commissioner LITTLE. What do you claim?

Mr. COHEN. The point of my question is this: The stockholders of the Contract and Finance Company did not subscribe for the capital stock. The money that the Contract and Finance Company had to develop its business was the money that these stockholders had borrowed and had put in there for their individual credit, and for which they received interest. In other words, they made deposits with the Contract

of compensation for carrying the mails. We had every reason to believe that we would be liberally paid for all the transportation that was given to us, and that we would get all there was. Congress, in its discussions, as I remember them, discussed that proposition—that the Government would thus get its pay fully. And it was proven by a report from the Treasury Department—that the Government had saved; and I believe one of the Senators, in his speech, read that report, to the effect that the Government had already received, in saving of transportation of the mails and of these Government supplies, sufficient to nearly pay the debt at that time, and it has been going on ever since.

#### COMPANY DISAPPOINTED AS TO GOVERNMENT FREIGHTS AND MAILS.

We supposed that we were going to get somewhere near what had been paid for very inferior service in carrying the mails; but, on the contrary, all those things were ignored, and the officers of Government only sought to depreciate the pay that they were to give us for everything we did. The result is that the Government did not get back as much as we expected it would get; but it got a great deal. If the road had not been built five or six years before the time we agreed to do it—which it was, at the sacrifice of millions of dollars in expense—the Government would not have saved what it did by the quick completion of the road. I think we finished it seven years ahead of the contract, and we did not receive any more for it than if we had taken the whole seven years to build it; and we could have saved a good many millions of dollars in the building of the road if we had waited for the full time to expire, not only in the cost of material and cost of labor, but the price of the bonds when we sold them. We sold the bonds for currency for less than par, and then sold the currency as low as 34 and 35 cents on the dollar, I think, at one time, to pay out the gold to our men.

#### PREMIUM ON GOLD.

Commissioner ANDERSON. You must be mistaken in your figures. Gold was never at such a premium as to reduce the price of currency 34 or 35.

The WITNESS. Yes, it was.

Commissioner ANDERSON. You did not get any Government bonds until after the war was over.

The WITNESS. We did not.

Commissioner ANDERSON. No. Ask Mr. Cohen.

Mr. COHEN. Not all. They got some bonds.

The WITNESS. We got bonds and sold them at a very great discount.

Mr. COHEN. When the act of 1864 was passed, which was the time that General Grant was repulsed from Cold Harbor, the rate of gold ran up to 290.

Commissioner ANDERSON. I do not think gold went to 290 in 1864; in 1863 it did.

Mr. COHEN. On the 1st of July, 1864, gold was at 290.

Commissioner ANDERSON. At any rate the first bonds were not issued until 1865.

Commissioner LITTLE. The war closed in April, 1865.

Mr. COHEN. On the 1st of July, 1864, the premium on gold was 290; on the 1st of August, of that year, it was 261, and on 1st of December it was 243.

Commissioner ANDERSON. But you must bear in mind that you did not get the bonds then?

The WITNESS. We ought to have had them. That was not our fault.

Mr. COHEN. When the act of 1864 was passed, the road was finished to Newcastle, a distance of 31 miles, and we could not get any bonds then because, under the act of 1862, we had to finish 40 miles and we had not the money. The moment the act of 1864 was passed we completed the other 9 miles and obtained the bonds for the first 40 miles. That was when gold was highest.

Commissioner ANDERSON. But you did not get your bonds then. You did not get them till January, 1865, and you could not sell them until you had them.

The WITNESS. Well, I guess you are right.

COMPANY HAD SUPPOSED THE GOVERNMENT WOULD DO AS IT AGREED.

By Mr. COHEN:

Q. When you were building the road over the mountains, did you understand that the earnings of the road were to be subject to any fixed charges other than the payment of the first mortgage bonds and the operating expenses? Was it not your idea that the transportation done for the Government would pay the interest on the aided bonds?—

A. My understanding was, in the very words of the act, that it was a contract, and that the Government would religiously live up to the contract, as we intended to, and as we did. There have been no violations of the contract on our side. We had every reason to suppose that the Government would do with us exactly as it agreed and not defer the payment of the bonds or the issuing of patents or put any impediment in our way. But unfortunately we were mistaken. I do not say that the Government collectively did it, but I say the officers of the Government did place everything in our way that they could. They sent their transportation over other routes, through foreign countries, rather than give it to us. That I say, and can prove. We had every reason to believe that the Government was going to favor itself and favor us in doing it, but we were disappointed.

SAVING TO GOVERNMENT IN TRANSPORTATION.

Q. Do you know what amount of transportation the Government has furnished to the Central Pacific Railway Company since the completion of the road?—A. No.

Q. Have you seen any statement made by the Central Pacific Railroad Company as to what the Government has saved in transportation of its freight and passengers, troops, and munitions of war, for sixteen years following the completion of the road?—A. I have seen such, but I do not remember it. I know it is a very large amount, but I do not treasure those things up. I have got lots of everyday things to remember.

Mr. COHEN. I would like to have it appear here that the amounts taken from the War Office and the Navy Department show a saving in fifteen years, from the building of the road up to the 1st of January, 1881, of \$100,000,000, and a saving in the carrying of the mails of \$30,000,000.

Commissioner ANDERSON. The statement will show for itself.

Mr. COHEN. In other words, the Government has saved by the building of the road, from 1869, \$130,000,000.

Commissioner ANDERSON. I am afraid you have not quoted the figures correctly.

Mr. COHEN. I quote from the reports made to the House Committee on Pacific Railroads by the different Departments.

Q. You have not made any calculation as to those figures?—A. No; though I have read them over.

#### EFFECT OF SOUTHERN PACIFIC ON CENTRAL PACIFIC.

Q. You were asked some questions about the effect of the building of the Southern Pacific road on the business of the Central Pacific. The building of the Southern Pacific interfered simply with the through business, not with the local business of the Central Pacific, did it not?—A. No; on the contrary, it added to the local business of the Central Pacific by bringing business to it.

Q. By its connection at Goshen with the Central Pacific?—A. Yes.

Q. So that the net earnings of the Central Pacific were not materially reduced by the building of the Southern Pacific, in the way in which it was run by yourself, Mr. Stanford, and Mr. Huntington?—A. It was injured in the through business only.

Q. But the local business was benefited by it?—A. Yes, sir; I neglected to mention the difference between the local and the through business.

#### DIVERSION OF BUSINESS FROM AIDED TO UNAIDED LINES.

Q. It is charged that the directors of the Central Pacific have diverted business from the aided lines to the unaided lines. Have you any knowledge of that being done, other than so far as was required by the necessities of the case?—A. Only where it shortened the run, and where it was a necessity. It diverted the mail to a shorter and quicker route.

Q. The Government did that, did it not—insisted on the mail being carried by the California Pacific, because the mileage was less?—A. I do not remember what the Government did, but I know that it was the thing to do, and it was done. The Government would be a very foolish if it did not insist upon it. I do not know whether it did or not. I know the passengers all insisted on going by the shortest line.

#### NO PROOF THAT CENTRAL PACIFIC DIRECTORS HAVE FAILED IN THEIR OBLIGATIONS TO GOVERNMENT.

Q. It is charged also that the board of directors of the Central Pacific have been ungrateful to their great benefactor, the United States Government, have failed in fulfilling their obligation to it. Have you any instance in your mind that you can mention where they have so failed?—A. No, sir; there are none. I know there are such general charges made, but I defy anybody to put his finger on a specific thing that has been done. As I have said oftentimes, it is easy to get up and talk generally about a man having done great things, but when you come to fetch them right down to some single thing specifically done, they can not show it. I have been traduced in that way lots of times, but when you come to examine it there is not anything you could put your finger on to fight them with, because they do not charge anything specifically, but make everything general. One correspondent said we had made \$200,000,000 in clear cash in building the road, but that carried its own condemnation on its face.

Q. If the Government had been as faithful as the company in performing its obligations there would have been no difficulty now about paying the debt, would there?—A. No.

Mr. COHEN. I had the good fortune once to appear before this Commission, and they asked me to make some suggestions. I suggested that they report to the President that the Central Pacific Railroad Company had in all respects performed its obligations toward the Government. Have you any suggestion to make that will improve on my statement in that respect?

The WITNESS. I have advocated in our board our making out a bill against the Government, presenting it, and demanding payment of it, and that we should have a bill introduced in Congress to pay us what they ought to pay for these violations of the contract.

#### CONSTRUCTION OF ROAD FROM SAN FRANCISCO TO SAN JOSE.

By Commissioner ANDERSON:

Q. In regard to the construction of the road from San Francisco to San José, do you remember the date when that was completed?—A. We had nothing to do with the building of that road.

Q. Was it not constructed before the Central Pacific was completed?—A. Yes, sir; I think it was.

The Commission then adjourned to Wednesday, September 21, 1887, at 10 A. M.

10 WALL STREET, NEW YORK,  
Wednesday, September 21, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

#### OBJECTION BY COUNSEL FOR CENTRAL PACIFIC.

Mr. COHEN. Let me ask the Commission whether it would be willing to strike from the record of yesterday that statement of what the minutes of the Central Pacific Company contain. I do not want that to go in as part of your report. If the minutes are to be annexed there should be a full copy, and not an extract taken from them which is not in the language of the minutes.

Commissioner LITTLE. We said to you that we would take a certified copy of the minutes in place of it.

Mr. COHEN. The minutes are not here.

Commissioner LITTLE. You can get them. You have plenty of time.

Mr. COHEN. We have already spent \$14,000 in complying with the wishes of this Commission.

Commissioner LITTLE. That is a small matter to you gentlemen.

Mr. COHEN. We have not any more time or money to expend in such matters.

Commissioner ANDERSON. We will give you the liberty of substituting the original. The extract as presented was taken by a gentleman who is prepared to swear to its accuracy.

Mr. COHEN. It is not in the language of the original.

Commissioner ANDERSON. We can do no more than to let you substitute the original. If you do not do that, the burden is with you.

Mr. COHEN. But we ought not to be put in the position of having it in the minutes.

Commissioner ANDERSON. It appears on the record that it is not a copy.

Mr. COHEN. If you will say that it is not in the language of the minutes, that may do, and it will not be binding on us.

Commissioner ANDERSON. You can always correct it, and if you do not take the trouble to do so, everybody in the United States will believe that it is correct.

Mr. COHEN. If it has the sanction of your name it will be so taken.

Commissioner ANDERSON. Then you must correct it.

Mr. COHEN. We ought not to be put in the position of having it purport to be taken from our books.

The CHAIRMAN. We will take your exception and enter it on the record.

#### THE HUNTINGTON VOUCHERS.

Commissioner ANDERSON (addressing Mr. Cohen). Has the Central Pacific Company forwarded to New York the vouchers, bearing Mr. Huntington's name, which the Commission called for at the examination in San Francisco?

Mr. COHEN. They have not. I have presented your request to Governor Stanford, and he said he would not send any of the vouchers from the office in San Francisco to New York; and he gave us a further reason that the company had already handed to the Commission a great many important vouchers which had not been returned. I will say further that I telegraphed to the chairman of this Commission from San Francisco to Philadelphia, to find out what had become of those missing vouchers, and nobody until the present time has been able to give me the requested information. Our time is short, and we desire to know what has become of those papers that were intrusted to you. That is the reason why Mr. Stanford did not want to send any more papers to New York.

COLLIS P. HUNTINGTON, being further examined, testified as follows:

By Commissioner ANDERSON:

#### REGARDING VOUCHERS THAT DO NOT GIVE DETAILS OF EXPENDITURES.

Question. You recall the fact that during your former examination a number of charges for miscellaneous expenses appearing on the books of the Central Pacific Company without any detailed statement of the persons to whom such moneys were paid or the purposes to which said moneys had been applied, were brought to your attention, and you were examined in reference to them. You stated, among other things, that it was your practice, at the end of each month, to forward to San Francisco a statement of the expenses, and that the entries on the books in California were made from such memoranda. You also, if I remember correctly, stated that you did not think the memoranda in San Francisco would develop any more detail than the mere statement that these moneys had been expended for legal expenses or on expense account. Do you remember that portion of your examination?—Answer. I remember the questions being asked. I do not think I said that the details would be spread upon the books there.

Commissioner ANDERSON. I have just said, in effect, that you have stated that they would not be spread on the books.

**THE WITNESS.** Yes; I should answer it, I think, in the same way now, if the question were asked me. I said "monthly, perhaps," not monthly. I sent when I had time. My view is, as I remember (it is some time back), that I sent it about monthly.

**Q.** Have you, since that examination, received by correspondence any information from the officers in San Francisco as to what, in fact, does appear on the face of those vouchers which bear your signature?—**A.** No; I have not.

**Q.** Have you refreshed your memory in any way so as to be able to give this Commission any further information as to the subject of those expenditures?—**A.** Well, I have been very busy about other matters and I could hardly expect, even if I did turn my mind in that direction (which I certainly have done occasionally), to remember the details of things that happened twenty years ago, or thereabouts.

**Commissioner ANDERSON.** Not unless you consulted correspondence or books.

**THE WITNESS.** Well, I have not consulted any particular correspondence. The matter has come to my mind, of course, quite frequently, but I have been a very busy man for the last fifty years, and in regard to these matters that were settled at the time I would hardly be able to remember, even if I made the greatest possible effort to do so.

**Commissioner ANDERSON.** Since your examination the Commission has seen the vouchers in San Francisco, extending over a period commencing in about 1872, and coming, more or less, down to date, and we find that in almost every month there are vouchers, bearing your signature, in which items varying from \$500 in magnitude to a very large sum of money (I do not wish to be understood as quoting accurately from memory), to, perhaps, \$75,000 or \$100,000, were simply entered as being expended for "legal expenses," or for "expense account," and the voucher bears your signature, or is identified as coming from you. Now, is there any further explanation you wish to give us to the purpose for which these moneys were expended, and which you considered justified you in giving them the sanction of your name as to their being correct expenditures? Is there any further explanation that you desire to make to this Commission?

#### EXPENDITURES ALL FOR PROPER PURPOSES.

**THE WITNESS.** I do not know that there is. They were all for proper purposes, or they would not have borne my signature. Of course the matters were fresh at the time, and whatever I wrote to my people was a statement of the facts as I had them in my mind then; but they have passed out of my recollection now, and I have never pretended to keep our books or to look into them very much. I have great confidence in my associates, or co-directors, and our employes, and I sent those matters to them; they were correct.

**Q.** Can you not give us some light as to the kind of use made of this money, so as to enable us to pass judgment as to what you call the correctness of the expenditures?—**A.** I do not know that I could. Of course there are a great many things that we have to pay money for that are perfectly legitimate and proper, in order to properly care for the interests that I was attending to. There was no money paid out but what was legally and morally right to pay out. Of that I have no doubt.

#### AS TO FEES TO MEMBERS OF CONGRESS.

**Q.** Would you designate as a proper expenditure the payment of a large fee to a member of Congress for some legal services of greater or



less magnitude, which was paid to such member while a measure in which the Central Pacific Company had an interest was pending in Congress?—A. Well, I would not think it was a proper thing to do if the matter on which he was to act was one that he had to vote on.

Q. You understand my question—that the counsel fee has no apparent reference to the subject of legislation, but is supposed to be paid for some other service entirely, only that the compensation to be made was made during the same session, and before the member's vote was actually cast, in regard to a measure in which the Central Pacific Company had an interest. Would you consider that that was a proper use of money?—A. Well, I should hesitate before I would use money in that way. Of course, when we want legal advice we generally go to the best men we think of.

#### LEGAL ASSISTANCE FROM MEMBERS OF CONGRESS.

Q. As matter of fact, has not the Central Pacific Company frequently had legal assistance both from members of Congress and from members of the State and Territorial legislatures?—A. I know very little of what has been done west of the Missouri River.

Commissioner ANDERSON. Then we will confine ourselves to what you know.

The WITNESS. I do not think there would be any objection to employing a man to attend to a case in court because he was a member of the Senate or of the House.

Q. Even though, at the time, there was a measure pending before the legislature in which the Central Pacific Company had a large pecuniary interest?—A. I should have no hesitation in employing the best man I could find, whether he was a member of Congress or not.

Q. In regard to other services of a kindred character—the preparation of a statement of a case or of facts and figures which, in your judgment, established propositions in which the Central Pacific Company had an interest, would you deem it improper to employ a member of Congress for the purpose of getting together such information, and paying a member of Congress compensation for such services?—A. I should want to think of that, if such a case should arise. I always like to get the best men to do any particular thing that I have to do. If the case should ever come up I should consider it very carefully and then I should act according to the best of my judgment.

#### EMPLOYING PERSONS RECOMMENDED BY MEMBERS OF CONGRESS.

Q. You would, in similar cases of the rendering of legal services or of services in the nature of getting together useful information, have no hesitation in employing persons recommended to you by members of Congress?—A. I do not think I should hesitate to employ the best man, even if he had been recommended by a member of Congress.

Q. Between the years 1872, 1873 and the present time, is it not true that it has often happened that there have been measures pending in Congress in reference to which it was extremely desirable that the status of the Central Pacific Company should be intelligently put forth and explained to Congress?—A. There is no doubt of that.

#### NECESSARY TO GET TOGETHER A GREAT MANY FACTS.

Q. It was necessary for you to get together a great many facts and figures, which required considerable patient research?—A. There is no doubt of that.

Q. How many persons do you suppose have been in the employ of the company during that time engaged in this harvesting of useful knowledge?—A. It is difficult to tell. Every day brought its work and we got persons to attend to it, and they attended to it.

Q. Who selected the persons who were to do this work?—A. General Franchot was in Washington for a number of years; and then Mr. Sherrill—very wise and very good men, both of them.

Q. Had they all the requisite knowledge of the qualifications of different persons, which necessarily implied a close acquaintance with the affairs of the Central Pacific Company—had these gentlemen sufficient personal knowledge to make that selection without assistance from you?—A. Well, I have spent a good many evenings with both of them, explaining to them what needed to be done.

#### SELECTION OF PERSONS TO GATHER INFORMATION.

Q. In these conversations on the general subject in which you were interested, which I presume was a matter of discussion between yourself and Mr. Franchot and Mr. Sherrill, you say these gentlemen, and not yourself, selected the persons to whom the duties of gathering together the required information were assigned?—A. It would be difficult to say just how far I did advise. I would give them an idea of what I thought would be useful to them in attending to the affairs that they were looking after.

Q. Did you ultimately become acquainted with, or aware of the names of, all the persons who were engaged in this work?—A. Oh, no.

Q. Did you become acquainted with the names of many such persons?—A. Well, more or less so, but I do not recall names at the moment.

#### CLASS OF PERSONS SELECTED.

Q. What class of persons was generally selected? Were they persons who had official connection with the Central Pacific Company or outsiders?—A. I think the honorable Commissioner could answer that himself; he must know that we should get suitable men to do the work that we had to do. We wanted to inform every member that had a vote in regard to what we wanted, and that it was useful to the public and was proper and right to do.

Commissioner ANDERSON. My question is as to whether the class of persons so employed consisted mainly of persons who had no official connection with the Central Pacific Company, or whether this class consisted of some of the officers of or persons in connection with the company itself?

The WITNESS. Many outside persons, no doubt.

#### PERSONS SO EMPLOYED ENGAGED FOR A SINGLE SESSION.

Q. Did the persons so employed generally remain in the discharge of these duties during several sessions, or only a single session?—A. I should think not for more than one session as a rule. There are a great many new members of Congress coming in at each session, and almost every man has some one constituent that can sit down and talk to him and explain matters, when I could not do it, and when perhaps General Franchot could not.

Q. Then one of the qualifications which you looked for in the persons selected by General Franchot and Mr. Sherrill was the qualification of

being able to talk successfully to the new members of Congress as they appeared?—A. That would naturally be so; and, therefore, I suppose it was so.

#### RELATIONS OF SUCH PERSONS TO MEMBERS OF CONGRESS.

Q. Do you not remember, as matter of fact, that it frequently occurred, in discussing the qualifications of persons whom it was proposed to employ, that the relations of such persons to members of Congress were the subject of discussion?—A. Without remembering the facts in the case, the subject itself would almost convince me that it was so; that if you wanted to go and explain to a member of Congress, you would want an able man and some one that he could talk to, and whom he would allow to talk to him.

Q. Is it usual for members of Congress to make any special difficulty about allowing intelligent citizens to talk to them?—A. Well, I have had men refuse to talk to me.

#### CHARACTERISTICS OF PERSONS CHOSEN FOR SUCH SERVICE.

Q. What form of inducement, then, in your discussion with Mr. Franchot or Mr. Sherrill would suggest itself as being likely to loosen the tongue of the member of Congress?—A. Without remembering what I did say, I should naturally say, "I cannot talk to him; he is a clever fellow, a little thin skinned, afraid, and we want some man that can sit down and explain to him. All he wants is to know that it is right. Now you want some constituent of his—his best man, if you will—to explain to him that this thing is in the public interest." I could not do it myself and probably Mr. Franchot could not do it. Intelligence on the part of the person and the fact that he had some acquaintance with a member of Congress, such as would arise from being one of his constituents or having been in more or less intimate relation with him, would be a circumstance that would commend a person having such qualifications to me, as showing that he would be a proper man to select, a wise and good man, to go and talk to his member of Congress. I would suppose that any man would be willing to go and talk to a friend about something that was not wrong, when he would not do it to every man he met on the street.

Q. In regard to the range of discussion that was to be permitted between the members of Congress and the apostles that you sent to them, was that generally confided to Mr. Franchot and Mr. Sherrill, or did you take a hand in that?—A. Probably it was done more or less by General Franchot, Mr. Sherrill, and myself.

Q. As a matter of fact, did they, from time to time, consult with you?—A. They did.

#### FUNDS USED IN EXPLAINING MATTERS TO CONGRESS.

Q. Do I understand the testimony heretofore given by you correctly—that the larger portion of the funds which appear on the vouchers over your signature were applied to legal expenses and expended through payments made by you through Mr. Franchot, Mr. Sherrill, and other such parties, for the purpose of explaining these matters to Congress in the way you have detailed to-day?—A. I would not be prepared to say that the majority was. We had many things to do. We had a great many things in the Departments to attend to. We have now hundreds of thousands of acres of land that we are trying to get patents for.

**Q.** Without limiting you to members of Congress, my question is whether the unexplained vouchers were for expenditures, the majority of which were incurred for purposes such as you have detailed this morning or kindred purposes in other Departments?—**A.** I could not divide and subdivide them at this distance of time from other transactions; but I have no doubt that they were paid out for legal and proper legitimate purposes, such as would be sanctioned by the strictest rules of morality.

**TO PREVENT CONGRESS AND THE DEPARTMENTS FROM COMMITTING ROBBERY.**

**Q.** But what I want to get at particularly is that no portion of these moneys was to be considered as covered by the ordinary expenditures of a railroad for purchases of property or materials. Those would be specific vouchers. So that as to all the unexplained vouchers we may assume that they were for moneys expended for imparting information to Congress or to the Departments, or for some purpose of that character?—**A.** That I cannot say. Most of the money was expended no doubt to prevent Congress and the Departments from robbing us of our property.

**PRIVILEGES OF COUNSEL.**

Commissioner ANDERSON (observing Mr. Cohen conferring with the witness). Mr. Cohen, we think this witness is abundantly able to take care of himself.

Mr. COHEN. It is my privilege to call his attention to anything that occurs to me.

Commissioner ANDERSON. It is your privilege to make objections.

Mr. COHEN. We do not think that that is all.

Commissioner ANDERSON. I beg that there may be no conferring. If you desire to make any objections to questions we shall be glad to have you do so.

Mr. COHEN. I propose to call the attention of the witness to matters connected with the history of this company.

The WITNESS. Mr. Cohen has called my attention to the fact that there were large vouchers for rails and locomotives, and large sums paid, for which Mr. Colton had vouchers.

Commissioner ANDERSON. I have no objection after I get through to Mr. Cohen's correcting and explaining anything he chooses.

Mr. COHEN. You have stated that to me ever since you commenced taking testimony, several weeks since, but when you get through you never give me a chance to examine a witness.

Commissioner ANDERSON. I do not agree with you in your statement of what happened, but you shall have an opportunity.

Mr. COHEN. I called Mr. Huntington's attention to something that he had forgotten.

Commissioner ANDERSON. I object to it, while the witness is being examined.

**ZEALOUS IN TAKING CARE OF PROPERTY.**

**Q.** Is there any special session of Congress that impresses itself vividly on your mind as having occasioned an unusual amount of the character to which you refer?—**A.** I do not remember a session. We have been very zealous in taking care of our ever since we commenced work.

Commissioner ANDERSON. I refer particularly to the contest at the time that Thomas A. Scott sought to obtain right of way and the first right of occupancy in connection with the Texas Pacific and Southern California.

The WITNESS. No; I do not think there is anything special; that is to say, anything that was very expensive. It did not need so many explanations. Mr. Scott wanted, in the first place, \$100,000,000 to build that road, and I used to go up myself before the committee and say that we would build it without any aid as fast as he could build it, and that the public should not find fault with the rates of fares and freight, and that generally put a quietus on the subsidy proposition. A further argument was that the Government had extended aid to one road and expected to get its money back, and that it should not help Scott to destroy the security it had.

Q. As a matter of fact, did not Mr. Scott make great efforts to get bills through Congress to assist his enterprise?—A. He did.

#### CONTENDING FOR TWO YEARS AGAINST SCOTT'S BILLS.

Q. And, as a matter of fact, were you not for two years contending against that legislation with all the vigor of which you were capable?—A. Yes. I used to telegraph my people every day to push the work on; that was the way to kill Mr. Scott's project.

Q. Did you not also write many letters on that subject in describing the arduous nature of your labors?—A. I should think so.

Q. Is it not true that at that time General Franchot had a number of persons in his employ for the purpose of furthering the interest of the Central Pacific and defending them?—A. As I remember, he had quite a good many.

Q. Can you give us the names of any of those persons in connection with the Scott legislation, or attempted legislation?—A. I do not think of any at the moment except Mr. Sherrill; he was with Mr. Franchot.

Commissioner ANDERSON. But you have stated that there were quite a good many.

The WITNESS. There were; I have no doubt of it, but I do not for the moment recall any names.

Q. When you say "quite a good many" do you mean forty or fifty persons?—A. I do not know how many, but I should say a good many.

Q. Do you remember whether you saw any of them, personally yourself?—A. No; I do not, and still I should have been very likely to see them. I used to go over occasionally. Mr. John Lloyd has been in our interest for a long time, and another gentleman was Mr. Board.

Q. During what years did this business relating to Mr. Scott's interest continue?—A. I cannot give the years. It ran along for two or three years, I should think; somewhere in the seventies, probably.

Q. Was it not in 1876 and 1877?—A. Probably.

#### THE COLTON LETTERS.

Q. To what persons connected with the road was your correspondence which related to this Washington business mostly addressed?—A. I should think to D. D. Colton.

Q. Do you keep letter-press copies of your letters?—A. Sometimes I do and sometimes not. I am very careless about such things.

Q. You are personally quite familiar with the Colton letters, I presume, having had occasion to see them in the course of some litigation?

A. Letters that I wrote I should be very apt to be familiar with. The newspapers have been publishing letters purporting to be mine ever since they were lost or stolen.

Q. Why do you think they were stolen?—A. Because they were in the safe in the office where they belonged (so my people told me) on Saturday, and on Monday they were gone. I do not know that they were stolen, but those were the facts. I call it "stealing" them.

Q. Were they written to Mr. Colton personally, or to the company?—A. They were written to him as a director. The party that took them away certainly had no business with them. They were taken away after Mr. Colton's death.

Q. Are they not in possession of Mr. Colton's administratrix, Mrs. Colton, to-day?—A. I do not know. Some parties came to me to sell me those letters.

Q. They had no market value for you, I suppose?—A. I told the parties that I had written them, and if they wanted to sell them they had better sell them to somebody who had not seen them.

**NOTHING WRONG ABOUT THE ORIGINALS UNLESS IT WAS THE GRAMMAR AND SPELLING.**

Q. Then you do know what was in them?—A. I do not know what was in those letters. There was nothing wrong in the original letters unless it was the grammar and the spelling. [Laughter.]

Q. Please look at the letter I now show you, at page 1705 of the Colton record, and state whether you recognize that letter?—A. I do not recognize that letter; but still I might have written it. It says that Mr. Scott had a short-hand writer and I had not. I do not remember ever having written any such thing.

Q. Read to the end of the letter and state whether, according to your best recollection, that letter was written by you or not? The letter begins on page 1703. The matter on page 1706 is what I desire you especially to read.—A. (After looking at the letter.) I do not recollect that. There are a good many things in here that do not seem to be like me, and some that do.

Q. Are there not references made there that nobody could have made except yourself?—A. I should think any could.

#### THE COLTON SUIT.

Q. Do you remember the fact of the bringing of the Colton suit?—A. Yes.

Q. Were you in California during a portion of the time?—A. I think so; and still I might have been. It spun out a long time.

Q. Were you aware of the fact that a number of letters purporting to have been written by you to Mr. Colton were put in evidence in that case?—A. I do not know, but I suppose they were.

Q. You heard it. Did you see the record?—A. No; I do not think I saw the record. They sent me over a lot of reading matter, but I treated that as I usually do such matters. I do not usually read such matter unless I can be benefited by it.

Q. Did you never, before to-day, see a copy of the volume I have just placed in your hands?—A. I never saw a copy of that book before.

#### NEVER READ THE LETTERS SINCE HE WROTE THEM.

Q. And you never saw the letter I have shown you, in the form I have presented it to you?—A. I have never read any of the letters since I

wrote them. Those that I wrote of course I read when I wrote them at least, something akin to reading them; but I have never read them since, I think.

Q. What is your best judgment—did you write the letters, a copy which I have shown you, or did you not?—A. Well, I would not want to say. I should say I was in great doubt.

Q. You think the balance is so exactly even that you can not tell whether you did or did not write it, but, upon the whole, you think you wrote it?—A. I have no further answer to make to that question than that which I have just given.

Q. Which would displease you most, if you had to swear—to say that you did write it or to swear that you did not?—A. I must answer that as I have answered your last question.

#### FELT LIKE APOLOGIZING TO THE HOG.

Q. If you are entirely neutral on the question whether you wrote a letter or not, let me ask you whether it would not be impossible for you ever to have written such a sentence as this, and whether you do know that such a thing was impossible to you—that you could not have done it and that you had not done it? I will read this sentence:

All the members in the House from California are doing first-rate except ———, and he is a damned hog any way you can fix him.

Did you ever write such a sentence as that to anybody?—A. Well, I should think that I did. I wrote about one fellow, and I have never passed a hog since that I have not felt as though I wanted to go on the other side of the way, as I had abused him. But I do not think that that was the language that I used, and I do not think that is a copy of the letter.

Q. But you do think that you used that language?—A. No; I do not think that I said that. I do not think that I used the word "damned."

Q. But I understand you to say you used such language about somebody?—A. I think in my letters I said that such a fellow was a "wild hog; I do not think I ever used a word so angular as "damned."

#### WOULD RATHER NOT ANSWER.

Q. Will you tell us to whom that letter refers, whether the word "wild" or "damned"?—A. Well, I should rather not.

Commissioner ANDERSON. If you object to answer, that poses another question; if you do not object to answer, we respectfully request the answer.

The WITNESS. I should rather not answer.

Commissioner ANDERSON (addressing Mr. Cohen). Are we to understand this as a claim of privilege?

Mr. COHEN. You are conducting this examination and I do not like to interfere with a gentleman of your great experience.

Commissioner ANDERSON (to the witness). Mr. Huntington, would like to be informed as to whether you put your refusal to answer on the ground taken by the United States circuit court or not, so that we may conduct ourselves accordingly. If you simply say you do not want to answer because it is unpleasant, that is one thing. If you say you do not want to answer because you claim that we have no right to insist on an answer, that is another. Will you not inform us on what ground you take?

The WITNESS. I guess I will put it on the latter ground.

Commissioner ANDERSON. The witness objects to answer and states, on his ground, that the Commission has no legal right to insist on an answer.

Mr. COHEN (addressing the witness). You have got it wrong. You mean to say "the former ground."

The WITNESS. I will put it on the former ground; yes.

The CHAIRMAN. We had better put the question direct, and let the witness say yes or no.

Commissioner ANDERSON. We would rather have the witness say on what ground he declines to answer.

#### ON THE GROUND THAT IT IS UNPLEASANT TO ANSWER.

The WITNESS. I would rather decline to answer on the ground that it is unpleasant.

The CHAIRMAN. You may make any explanation you please.

The WITNESS. The party to whom I suppose it refers lives in San Francisco, and I do not want to say anything that would be unpleasant to him. There is nothing that we are going to make or lose by it.

Commissioner ANDERSON. I will read another sentence from this letter and see whether you remember writing such a sentence or not:

Scott is working mostly among the commercial men. He switched Senator —, of —, and —, of —, this week, but you know they can be switched back, with proper arguments, when they are wanted.

Do you recollect ever writing such a sentence as that to any one?

A. No; I do not.

Q. Will you swear you never wrote such a sentence to Mr. Colton?—A. It is ten or twelve years ago, and I would not say that I did not write it, because, frequently, a member of Congress would say he would go for the bill, and then he would see Mr. Scott. Men I knew at the time would say they would vote for the bill, but I was satisfied that when I would sit down with them I could show them that it would cost the Government \$100,000,000, and that I could switch them back.

#### MEANING OF THE WORD "SWITCH."

Q. I refer particularly to the use of the word "switch," which hardly anybody but a railroad man would use to a member of Congress. Do you recollect that that has occurred in your correspondence?—A. I do not.

Q. I think you have just now used that word in describing the operation?—A. Well, it is a good word.

Q. What would be the meaning of the word "switched"?—A. Changed.

Q. Changed, simply?—A. That is the proper meaning of the word, I believe—to change from one track to another by a switch. That is a railroad expression.

Q. But you could not use an iron switch on a Senator. What kind of a switch would you refer to as being used in order to change him?—A. In that case I should very likely have told him that we would build the road as quickly as Scott would, and would not ask for any aid. Scott in his first bill asked for something like \$100,000,000 of Government aid. I think that I could explain to any man with whom I could sit down and talk that it was not a good thing to do. I think I could switch almost any fair man from that proposition.



## MEANING OF THE PHRASE "COMMERCIAL MEN."

Q. Do you think that you used, in any of your correspondence, this expression: "Scott is working among the commercial men"? Do you recollect such a phrase as that?—A. I do not remember it, but he got resolutions passed by boards of trade and chambers of commerce, and by commercial and political conventions generally.

Q. If you used that expression, that is the sense in which you referred to these persons as "commercial men"?—A. Yes.

Q. You do not think that you intended, if you ever used that expression, to refer to persons who represented that they could control votes in Congress?—A. That is what I hired men to go to Washington for—to influence members of Congress by giving them good and solid reasons to show that what I wanted done was in the interest of the people.

Q. I will now ask you to look at a letter, beginning at page 1703 of the Colton record, dated January 17, 1876, and see whether you remember writing that letter, or a similar letter, to Mr. Colton. It is at the foot of the page.—A. (After examining the letter.) I do not remember having written it.

## AS TO ORDERS FOR ENGINES.

Q. There is an allusion in the paper I have shown you to a Mr. Towne, as sending you an order for engines. There was a Mr. Towne, at that time (1876), connected with the Central Pacific, was there not?—A. Yes; he was general manager.

Q. Did you at any time receive an order from him for engines?—A. I do not recollect receiving the order for them, but I was getting orders from him very frequently.

Q. Can you explain how any letters purporting to contain your signature could contain references of this kind to Mr. Towne, except on the theory that it was a letter of your own?—A. I can not; except that if anybody was going to write a letter of course he would put some truth in it. He would not make it all lies, because it would not be to his interest.

## DOUBTS HAVING WRITTEN THE LETTER.

Q. Do you believe you wrote that letter which I have shown you, or not?—A. I should have doubts about having written it. I do not remember anything in it.

Commissioner ANDERSON. I will read the last clause and ask you the question whether you wrote it or not. The last clause is: "I believe; with \$200,000 I can pass our bill, but I take it that it is not worth that much to us." Did you ever write that sentence to Mr. Colton?

The WITNESS. I should say not.

Q. You deny, under oath, that you ever wrote that sentence?—A. I would not say positively, but I would say it is my best recollection and belief that that portion of it was made up.

Q. You do not remember it now?—A. I do not remember it. I do not know any reason why I should have written it. I can see how the Government could have paid five times that to have got that road built.

WITNESS HAS AN IMPRESSION THAT THE COLTON LETTERS ARE MUCH GARBLED.

Commissioner ANDERSON. The real question is whether you did write this or not. These letters, as you are doubtless aware, are letters per-

putting to have been written by you to Mr. Colton, and were put in evidence in the Colton suit.

The WITNESS. My impression is that they are very much garbled, but there are certain things in all of them probably that I did write and that very much in them is false.

Q. Has that always been your impression—that these letters are garbled?—A. I never saw those before.

Q. Is it this morning that you first formed that impression?—A. I have never seen those letters before.

Q. Have you never thought they were garbled before?—A. I did not think anything about it.

Q. Have you never had interest enough to examine them to see all that was written?—A. I do not remember anything about them, because, although I do not remember all that I have said, there are certain rules that have governed my life which allowed me to do some things and not to do others.

WILLING TO HAVE PUBLISHED ANYTHING HE EVER PUT IN A LETTER.

Q. I think your statement was that you had never put anything in a letter that you would not be willing to have published before the whole world. I wish to ask whether, if you did put in that letter the words "I believe, with \$200,000, I can pass our bill," it is your best judgment that you would be willing to have that published to the world as your statement?—A. Certainly, I would; with \$200,000 I could get a man from almost every Congressional district in the United States to go to Washington and show his member of Congress that a Southern Pacific road would protect our border, which, with all our Army, we had never been able to do, and that without any cost to the Government. General Sherman himself told me that by means of 2,000 men with that road he would rather agree to protect our border than with 50,000 men without the road.

Commissioner ANDERSON. I will read you the preceding sentence in connection with this proposed expenditure of \$200,000, in order that you may see whether that was the sense in which the words were used, if you did use them:

Need money to fix things so that I would know his bill would not pass.

The WITNESS. Of course, that is right in the direction I have spoken of.

WHAT WAS MEANT BY THE WORD "FIX."

Q. Will you tell me what is meant by the word "fix," as you there understand it?—A. To go and fix a man by convincing him that it was right. I understand the Connecticut dialect very well, and I used the word that expressed my idea. That is just what I meant. I would, with \$200,000, fix things. That is, I would plan so that the Government would make millions out of it, and that we would be benefited by it.

Q. Always assuming that if there is a sentence in the letter of August 2, which sentence you do not admit to be yours, you have a right to reject it, let me ask whether, when you allude to what Mr. Scott is doing on the road, you refer to this same class of work—that is to say, to argument and answering legitimate inquiries and supplying information of the character to which you refer—as the class of work you intended to do with the \$200,000? I refer you again to this sentence: "Scott is working mostly among the commercial men." Would

that, in your judgment (if used in that sentence), refer to work of that same character?—A. I should suppose so.

# 16½ PER CENT. OF THE APOSTLES "SHORT WEIGHT."

Q. I understand you as declaring under oath that that expression, if used by you, did not mean among men whose votes were purchasable?—A. Certainly not. It would be very strange, however, if out of three or four hundred men there was not more than one that was unworthy. Eighteen hundred years ago the best man that ever lived selected twelve men, and 16½ per cent. of them were "short weight." [Laughter.]

Commissioner ANDERSON. But this sentence does not refer to any work you were doing, but refers to what Mr. Scott is doing.

The WITNESS. I did not suppose by that that he was going to buy votes, but that he was going to bring certain influences to bear to pass his bill if he could. He was asking the Government for a large sum of money, but we did not ask for anything.

# DOES NOT SUPPOSE MR. SCOTT EVER BOUGHT A VOTE.

Q. Then you did not, during the course of all this work, ever believe or suspect that Mr. Scott used any unworthy methods of obtaining votes?—A. I do not suppose that he ever bought a vote. He might get friends (I would not say it was unworthily) by passes. He had railroads running all over the country. He might do that without ever mentioning a vote. He might, by doing a man a favor, get a return favor, thinking, of course, that it was in the public interest.

Q. I will ask you to look at this same record, at the letter, on pages 1710 and 1711 (No. 128), and see if you remember writing that letter.

A. (After examining the letter.) I do not remember having written that letter. There are some things in there that I should say I would have been very likely to write, others I have no recollection of ever having written.

Q. Well, is it your best impression, after reading that copy, that you wrote that letter?—A. My impression is that there are some things in there that I probably wrote, and some things that I did not.

# "THE H. R. COMMITTEE OF THE HOUSE WAS SET UP FOR SCOTT."

Commissioner ANDERSON. I will read the letter and beg you to correct me when I read portions that you reject.

NEW YORK, March 2, 1876.

DEAR FRIEND: Yours of February 24th, No. 128, is received. I have been in Washington most of the time since Congress met, and you say truly when you write that you think I have had a tough fight there this winter. The H. R. Com. of the House was set up for Scott, and it has been a very difficult matter to switch a majority of the committee away from him, but I think it has been done; but Scott is very able, and then he promises everything to everybody, which helps him for the day, and in this fight, and just what he may yet do I cannot say. There is no same legislation for the Texas and P. or the S. P. before the 44th Congress goes out, and as that promises so much, and has such a fearful long list of creditors to help him, that I have my fears that he will be able to pass his bill next winter, if matters come then as they are to-day. And I think it of so much importance that we should build a road parallel to ours with Government aid that we get our bill passed through the Senate this winter if possible. It is only get it through the Senate, and could then get half of the two Comities comes together next winter, I think there would be no more work in the fight. What do all you think of it? I am asking months Scott in Texas. He has got to have legislation in it or else he will go to his head ground or else it is lost to him.

The Southern Pacific bonds have been admitted to the stock board here. It was a hard thing to do, as they have a rule that no bonds shall be admitted except on completed roads. I think there is an even chance of selling some of the bonds this spring. It is such a large loan that we must be very careful in launching it, as its final success depends very much on the way the loan is put onto the market.

Yours, truly,

C. P. HUNTINGTON.

P. E.—These memorandums giving progress of the work on S. P. are very interesting to me. H.

#### DOES NOT REMEMBER WRITING THE LETTER.

Q. Now, as a matter of fact do you not remember writing in regard to those Southern Pacific bonds?—A. No; I do not. If I had written such a letter, it would naturally have been to Mr. Hopkins. When I wrote on financial matters it was generally to Mr. Hopkins.

Q. What portion of the letter I have read to you do you reject, or what portion does your memory discard?—A. There are some ideas in the letter that may be mine; but I do not remember such a letter.

Q. Do you think that this was one of your ideas—that the Railroad Committee of the House was set up for Mr. Scott?—A. Well, he had a great many friends. I do not mean by that that it was set up wickedly, but that he got his friends into it.

Q. Was it a special committee?—A. The Railroad Committee was a standing committee.

Q. It was the general railroad committee?—A. Yes.

Q. Had there been any changes made in that committee during that winter while the legislation was pending?—A. I should think probably not. It was not usual to make changes.

#### WHAT "SET UP" REFERRED TO.

Q. Whatever would have been referred to by these words "set up" would be something that you would refer to as being done by the speaker at the beginning of the session?—A. Yes; certain influences that were brought to bear—all correct in their way, but, instead of having a man from California or a man from the extreme South, having a man from Philadelphia or a man from that section—what I call a man of that "geography"—that is to say, a man whose geography was in favor of the Texas Pacific road.

Q. As to the next sentence, I will ask you whether your memory rejects that, as a part of your work or not. I call your attention to that because it contains this somewhat peculiar word "switch." "It has been a very difficult matter to switch a majority of the committee away from him, but I think it has been done."—A. My company's work there was with the committee, to show them the great wrong there would be in giving this large subsidy in money when a good responsible company would build the road without any money. It was very hard work, particularly when it was against their "geography," as I may say. I do not suppose any honest man (and I certainly think this Commission is honest) would think that anybody was bought with money. In Congress they have sometimes, I believe, 5,000 bills to look after, and the members cannot expect to analyze every bill. Parties interested in a particular bill have to go and explain it to the members, and it is very hard work; it takes a good many men a good many hours.

#### NO PERSONAL OBJECTION TO THE PRODUCTION OF LETTERS.

Q. I understood you to say a few moments since that you had no objection whatever to the production and publication of any letters which

you had written.—A. I have no personal objection. It seems that these letters have disturbed this Commission. Politicians are very thin-skinned, and there are always people who want to make the better appear the worse.

Commissioner ANDERSON. I like to have things explained.

#### LIGHT-WEIGHT POLITICIANS CRYING FROM THE HOUSE TOPS.

The WITNESS. I would be very glad to explain, and I will do so as far as I can. I will explain, if you like, what the difference is between having the Central Pacific road built so that a whole army can be transported comfortably across the continent in six days, and the condition of things before the road was built, when you could trace the line by the bleaching bones of the cattle that died for want of food and from drinking poisoned waters, and by the graves of murdered emigrants all the way from the Missouri River to the Sacramento. You could follow the whole line by those marks, and you could not get out of sight of a carcass. We went to work and built the road, and the Government said it would give us so much if we built it. We complied in every particular with the contract, and because some light-weight, narrow-minded politician thought he could make something by maligning us, he went upon the house-tops and cried aloud. I would like to explain many things to this people, and I hope to live long enough to do it. I spent twenty-five of the best years of my life in building this road across the high, dry, arid plains of the continent, and am abused for it by a portion of the press and by light-weight politicians who know little and care less about what we have done for the country.

#### AS TO THE INJUNCTION RESTRAINING PRODUCTION OF THE COLTON LETTERS.

Q. As far as these letters are concerned I return to the proposition. Did you say you had no objection to their production for the purposes of explanation? I would like to know whether you directed the issue of an injunction in San Francisco when the counsel for Mrs. Colton was about to place these letters in the hands of the Commission?—A. My attorneys there did what they thought was best. I think I did not know anything about it at that time.

Mr. COHEN. We accept all responsibility for that.

Commissioner ANDERSON. I am only asking my question. I want to know whether you knew anything about it or were consulted about it.

The WITNESS. My attorneys have authority to do what in their judgment they think proper to do. I do not think I knew anything about that specially.

Q. You did not know anything about it at the time?—A. I did not know of it at the time, but as I say they had power to do it.

#### AS TO CORRECTNESS OF PRINTED COPIES.

Commissioner ANDERSON. The position we are in is this: We are forced to ask you as to these letters from this paper. We cannot lay the original paper before you, your client having prevented Mr. Hayes by injunction letters in our hands. Now, to make this plain to you, either now or at your leisure, as you printed in the Colton case, purporting to

to Mr. Colton, and to state whether it is your best impression that these printed copies are correct copies or not.

**THE WITNESS.** Unless it is specially necessary I will say to the Commission that I work many hours a day, and I do not care anything about reading these letters. I have never read them, as I say, and never should read them unless there were a necessity that I should.

**Commissioner ANDERSON.** If you do not desire to read them—

**THE WITNESS (interposing).** I do not want to read them. I do not care anything about them.

**Commissioner ANDERSON.** If you do not care to read them I will read them to you and ask you some questions. It will only take more time to discuss the matter. If you are satisfied, or your counsel is satisfied that these printed letters are correct copies it will save a whole day's examination.

#### COULD NOT SAY THEY ARE CORRECT.

**THE WITNESS.** I am not, and therefore, if it should save a whole month's examination, I could not say they were correct.

**Commissioner ANDERSON.** It is a printed case, and doubtless your counsel has examined it.

**Mr. COHEN.** I would suggest that you go on with some other part of the examination, and I will think it over and talk to Mr. Huntington about it during the recess. You can take the letters up after recess.

**Commissioner ANDERSON.** That is satisfactory. You know perfectly well what the facts are, as to whether these are correct or not.

**THE WITNESS.** I have some matters to attend to at the recess and I can not read them then.

**Commissioner ANDERSON.** If you say you merely want to discuss what is right to do—whether to object to their being read at all, or if you say that you are satisfied that they are correct copies, it would save time.

**Mr. COHEN.** I thought it would save time.

**Commissioner ANDERSON.** It may. And if you say you want to have done for that purpose I will ask the chairman to allow that course to be taken.

**Mr. COHEN.** I think I would like to talk to the witness a little about them. I have not had any consultation with Mr. Huntington at all. He has just got back from Europe, and I have just come from California.

**Commissioner ANDERSON.** It will take a whole day to read them, and if Mr. Cohen will, in good faith, endeavor to save us the time it would be desirable.

**Mr. COHEN.** What is that last remark, "in good faith"?

**Commissioner ANDERSON.** Yes; it will take a whole day to read them, and if you really mean to save us time, that course would be very acceptable.

**Mr. COHEN.** We do not want to waste any time about it. We want to get through with it to-day; and I will talk with Mr. Huntington about it at recess.

**Commissioner ANDERSON.** We shall probably have twenty letters to examine him on after they are all conceded to be correct. I do not know but that we had better go ahead and read them.

**THE CHAIRMAN.** I think I would go ahead with the examination.

and coal on the lines of some of our roads. But on or off the rail, I hope the fuel question will be sharply looked after until you are satisfied that the minimum of the cost has been reached. I think I will talk with Gould in relation to coal, as you suggest, but I am not certain as I shall, for if we should ever get control of the U. P. I want to be as little mixed up with Gould as possible, as he is so much of a speculator that it is very difficult to tell just where his interest is, or whether he is working to put stock up or put it down. If you could get the title to what coal land you want at Evanston at a fair rate, and a fair rate for transporting it on the U. P., I should much rather prefer not having anything to do with any of them in this coal matter; as I should expect, if we did, that they would work the stock up and then sell it out; then raise the d— in some way by having the U. P. break its contract with the coal company so as to put the price down, or what they would be as likely to do, start a new Co. I know very little of the details of this coal matter, and nothing, as you may say, of the question of title, and it would seem to me to be important enough for you to come and attend to the case in Washington, but of that you will know best. If you want me to do anything about it write me fully and I will do what I can.

Yours, truly,

C. P. HUNTINGTON.

Do you remember writing a letter of that character to Mr. Colton, in regard to this coal?

WHAT IS "THE OBJECT OF RAKING UP THESE OLD PERSONAL MATTERS."

The WITNESS. I do not. I never had any idea of getting control of the Union Pacific. If it is not asking too much of the Commission I would ask the object of raking up these old personal matters.

Mr. COHEN. To control the next election.

Commissioner ANDERSON. We are directed by Congress to ask the questions, under the act.

The WITNESS. If it is for political purposes, of course, I have nothing to say; but really, for other purposes, is it of any moral or business interest to the country?

NOT FOR POLITICAL PURPOSES.

Commissioner ANDERSON. I will answer your question. It is not for political purposes. It is to ascertain whether you used money to influence legislation. That is why these letters are read.

The WITNESS. Is there anything in that letter that shows anything of that kind?

Commissioner ANDERSON. No; not in this particular letter.

The WITNESS. Then, as to that particular letter, I would ask the Commission of what use it is? Of course I ask this hesitatingly, because I wish to show all respect to the Commission.

Commissioner ANDERSON. Do you want that particular letter withdrawn?

The WITNESS. No; I do not care anything about it. But what object is there in raking it up, supposing it were true?

The CHAIRMAN. Pardon me, you have prevented the production of the original letters. We are now relying upon a court record, and we want to identify these letters as far as possible and practicable. That is the purpose of this examination. If you will produce the originals in your own handwriting it will save a great deal of time.

The WITNESS. With all due deference to the Chairman of the Commission, suppose you had the original of the letter, and suppose I had said something in it about Jay Gould, a man whom I respect very highly, is there anything there that Government money could be spent for? I think this investigation costs money. It certainly costs me

time, and time is money to me. I do not see why these old personal matters should be raked up, since it is for no political reason, unless it is to amuse this Commission.

Commissioner ANDERSON. I thought I had answered very clearly that the object of my questions is to ascertain whether you have used money to influence legislation.

INSTRUCTED HIM PEOPLE NEVER TO USE MONEY IN ANY IMMORAL OR ILLEGAL SENSE.

The WITNESS. I will say here, as I have said many times before, that we never have, in any way whatever. I have given instructions to my people never to use any money in any immoral or illegal sense, but to bring proper influences to bear to get votes, and only proper influences.

Q. Then I want you to explain the allusions which are made from time to time in these letters to the use of money in connection with members of the legislature. We will only waste time by discussing it.

A. It takes money to try cases in court, and when we are attacked in Congress we have to pay money for attorneys to protect our interests there.

Commissioner ANDERSON. If you want to decline to answer on the ground that we cannot force you to answer, that is one thing. If you do not decline, let us proceed.

The WITNESS. I will answer your questions to the best of my ability.

AS TO MEN THAT CAN BE CONVINCED.

Q. Then you had better let me proceed. We will get through sooner that way than by discussing the whole merits of the question. I read a letter dated December 1, 1874, which will be found on page 1611 of the Colton record:

NEW YORK, December 1st, 1874.

FRIEND COLTON: Your letters of November 20th, 21st, and 22nd are received. I agree with you as to the Blackton and Copperopolis bonds, and would give them, say, \$500,000, 5 per cent., guaranteed by the Central for the \$1,000,000, seven per cent. now out, and I would do this at once. I would like to know what is being done with the Cal. Pacific extension bonds. Has any of our people endeavored to do anything with — and — and — They are both men that can be convinced. I can endorse all you say of Mr. Noble's coal, but think I shall not do anything about the Rocky Mountain coal with Gould, but let it rest until you come over, as it is one of the many things that you understand better than I do. I will see — when he comes over and talk with him, and maybe he and we can work together, but if we can brush him out it would have a good effect, and then we could, or at least would try, to get some better timber to work with. It looks now as though I should telegraph Bradbury to close charter for two, and possibly three, of the White Star steamers as soon as I can get U. P. R. R. Co. to sign contract for running with steamers, which contract I will send you of to-morrow. I have thought it would be well for Captain Bradbury to go out to China in one of the steamers and fix matters there, and then come to S. F. I see nothing else so good as to load the steamers out with coal. I am doing all I can to educate the people on the S. P. securities, and it begins to look a little as though the bonds could be sold within ten to fifteen months at prices that we can afford to take, but to do that we have got to work the Central up, and I am doing what I can in that way. If we can get the Central up to par, I hope we shall be able to start the S. P. at 90 to 95. That would be a good price. You will not sell many in Cal., and it is therefore very important that the few you do sell should be sold at a high price. And in the meantime it would help us very much if we could fix up Cal. Pacific income and extensions on the basis that we talked of, even if we had to pay something to lawyers — and — As you all know the importance of getting out at the earliest day the new bonds on the S. P., I will say nothing of it here, except that I would have them like the present issue as far as the coupons and registers, so that it will take at least two months to get them engraved and printed. I hope you will send them on as soon as you can, so that I can get the engraving at work.

Yours, truly,

C. P. HUNTINGTON.



Do you recollect writing a letter of that character to Mr. Colton?—A. I do not. There are many things there that occurred some time; I do not know whether at the date of that letter or not. I should be disposed to think that in those letters there was some truth and some fiction.

Q. Do you remember as to the following sentence:

Have any of our people endeavored to do anything with — and — ? They are both men that can be convinced.

DOES NOT REMEMBER WHO THEY WERE.

Do you remember who those persons were?—A. I do not. I do not remember anything about it. But what we wanted was so clearly in the interest of the Government that where I was able to meet a member I could convince him that it was for the interest of the Government, unless his geographical position was such that he would hold to his local interest at the expense of the interests of the country.

LEGISLATION MORE DIFFICULT TO GET IF CONGRESS KNEW THE INTERESTS WERE WORKING TOGETHER.

Q. I will read you a letter of December 10, 1874, from page 1616 of the record in the Colton suit:

New York, December 10th, 1874.

FRIED COLTON: Your two letters of November 25th are received. The Texas Pacific bill, as amended by me, is on the way to Cal. As it is somewhat different in theory from your views as set forth in your letter, I will not reply to you in detail before you receive the bill. I agree with you that there will be no bill passed this session, granting such aid as is asked for. I think we must add section to the bill as sent out that will allow, or maybe compel, us to build a road to connect San Diego with our line. On account of this legislation, I think it important that the S. P. should be disconnected from the Central as much as it well can be. And, as you say, I think it should have a superintendent that does not connect with the C. P., although I think it would be difficult to get a man as good as Towne. I agree with you fully when you say our telegraph superintendent is no good. I sent you on the 25th copy of my letter to Scott. I have just received his reply. I will have copy of it made and sent to you; also my reply, before this goes, and will send them with this. This S. P. is an important matter and should be attended to at once. I am glad you are coming over soon.

Yours, truly,

C. F. HUNTINGTON.

Do you remember writing a letter of that character?—A. I do not.

Q. Is there anything in the allusions to the connection between the Central Pacific and the Southern Pacific that you recall?—A. Not at this time. I have always thought it was better to work the roads in harmony—better for the public and better for ourselves.

Q. The allusion here is that it would be more difficult to get legislation if people in Congress knew that the interests were working together than if they thought they were not represented by the same persons. Is that a familiar subject to you with reference to legislation?—A. I do not recall it now as being one.

LETTER TO THOMAS A. SCOTT.

Q. I will read you a letter dated December 8, 1874, addressed by you to the Hon. Thomas A. Scott (page 1616 of the Colton record):

DREXELHURST, 1874.

HONORABLE THOMAS A. SCOTT,

Pres. Texas and Pacific Ry. Co., Philadelphia, Pa.

DEAR SIR: Herewith I hand you two copies of the proposed bill for your road, with such alterations as I want enclosed therein. As it is a hard time for building railroads just now, and as we are all interested in the construction of this road, I trust that these alterations will meet your approval, and that such arrangements will be made as will secure the early completion of the road.

Truly, yours,

C. F. HUNTINGTON, Pres.

Do you remember writing that?—A. No.

Q. You do not remember writing that?—A. No; I do not. It is possible that I wrote a portion of that.

SCOTT TO HUNTINGTON: "YOUR SUGGESTIONS ARE TOTALLY INADMISSIBLE."

Q. I will read you a letter from Thomas A. Scott to yourself as vice-president (page 1617 of the Colton record):

TEXAS AND PACIFIC RAILWAY CO.,  
OFFICE OF THE PRESIDENT,  
Philadelphia, 9th December, 1874.

C. P. HUNTINGTON, Esq.,  
Vice-President, New York:

MY DEAR SIR: I have your letter of December 8th, and I am sorry you took the trouble you have in regard to our bill. We expect to build our road to San Diego as already pledged to the public to do. We had hoped that it would be to your interest to connect with us at San Geronimo Pass. Your suggestions are totally inadmissible, and I am rather surprised to have you make them after the many statements you have made to me in regard to this matter.

Very truly, yours,

THOMAS A. SCOTT, Pres.

Do you remember that letter and that Mr. Scott took that ground?—A. I do not. I do not see how it could have been so. San Geronimo is 170 miles, or thereabouts, from El Paso. It does not seem to connect very well.

HUNTINGTON TO SCOTT: "AM SOMEWHAT DISAPPOINTED IN YOUR REPLY."

Commissioner ANDERSON. I will now read a letter from page 1617. The whole subject may recur to you as you hear it. It is the answer that you wrote or appear to have written on December 10, 1874, to Colonel Scott:

DEAR SIR: I have the honor to acknowledge the receipt of your letter of the 9th inst., and am somewhat disappointed in your reply to my letter of the 8th inst. You say, "We expect to build our road to San Diego, as already pledged to the public to do." It did not neither does it now strike me that the public are who build the road; that it is built, as it seemed to me that the two companies working from different directions could build it in less time than one company could. My great interest, of course, is with the Central Pacific, which will not be benefited by the construction of this road; but the parties who control the Southern Pacific are very anxious to have this southern line completed at an early day. And so long as I am acting as the president of the company I shall do all that I can to carry out their wishes.

Yours, truly,

C. P. HUNTINGTON,  
President.

Honorable THOS. A. SCOTT,  
President Texas Ry. Company, Philadelphia, Penn.

Do you not recollect that correspondence with Mr. Scott?—A. No; it escaped my mind that we had ever had any correspondence by letter. I used to meet him in Washington very frequently and also here. We used to talk the matter over.

LETTER TO COLTON: SUGGESTION AS TO BRINGING COLONEL GRAY.

Q. I will read you a letter from page 1618 of the Colton record:

NEW YORK, 11th Dec.

FRED COLTON: It is my opinion that there will not be any loss possible either for the R. P. or the Texas P. R. R., and yet it is

the Cal. members both in the House and Senate are in favor of the change of line of the S. P. it can be done. Now, if you think we can get ———, I would suggest that you bring Colonel Gray over with you to explain the difference between the different lines, or the difference between the line first located and the one where the road ought to build. I send copy of letter just sent to Towne, that explains itself. Steamers still waiting on U. P.

Yours, truly,

C. P. HUNTINGTON.

#### DOES NOT REMEMBER IT.

Do you remember writing that letter to Mr. Colton?—A. No. That is entirely out of my mind.

Q. Was there any Colonel Gray that you knew or had anything to do with?—A. Yes. Colonel Gray was our consulting engineer on the Central Pacific; and he was the engineer-in-chief of the Southern Pacific.

Q. Do you remember suggesting that Colonel Gray be brought over to explain the difference in these locations to some members of Congress?—A. It has gone from my mind entirely, if it was ever there.

Q. Do you know who that blank can have referred to, when you say:

Now, if you think we can get ———, I would suggest that you bring Col. Gray over with you to explain the difference between the different lines.

A. No, I do not.

#### LETTER TO COLTON: ALLUSION TO "PASSES AND MONEY."

Q. I will read to you a letter dated March 3, 1875, page 1622, of the Colton record.

NEW YORK, March 3rd, 1875.

FRIEND COLTON: Yours of the 1st and 2nd inst. have just come to hand, also dispatch that you have received two dispatches from George E. Gray. What is up? Have received no letter from C. P. H. for three days. Have you sent passes and money? The money I had not sent for the reason I did not know you wanted it until to-day. The passes have gone as fast as they have come in from Dillon. I have just sent over for the last lot, and if they come will send them with this. I also send \$1,000, as requested. I noticed a bill passed the House some few days since, called up by Williams of Mich. I forget its title, but it called for reports, etc., etc., from the Pacific roads. Of course it was something ugly, or it would not have passed. Gould has control of the P. M. S. S. Company (or the stock) I think, and can control the company, and has been urging me to go into the board of directors, but I have refused, although there is many reasons why it would be well for some of us to be on that board. Scott's bill must not pass; but you understand that as well as I. What did Gray telegraph about? I would like to see Franchot, but I am fearful he makes a mistake in coming north so early.

Yours, truly,

C. P. HUNTINGTON.

#### DOES NOT RECALL IT.

Do you recall any of the matters contained in the letter I have just read? Please look at it and say?—A. No; I do not recall anything there.

Q. Please look at it and oblige me by telling me if you can explain that sentence: "Have received no letter from C. P. H. for three days." Is it intended to be a telegram in quotation marks? C. P. H. appear to be your initials. What I want to know is if there should be quotation marks embracing those words, "Have received no letter from C. P. H. for three days. Have you sent passes and money?"—A. I do not know anything about it.

Q. Do you know what money or what passes are alluded to in that letter?—A. I do not. I think I gave passes here myself. I do not understand that allusion.

## SCOTT GOES TO MEXICO—HUNTINGTON TO COLTON.

Q. I will read you a letter from page 1631 of the record in the Colton suit:

NEW YORK, December 25th, 1875.

FRIEND COLTON: Your telegram in relation to passenger coaches is received and is having attention. Tom Scott has gone, or is going very soon, over the Texas Pacific road and so on into Mexico, and I hear of several prominent parties going to Mexico with him. He has commenced to get up his Texas Pacific connected with some Mexican scheme, and I have no doubt but that he will be before Congress next winter in person; but we ought to be in condition to at least keep him this side of the Colorado River. I have been at work considerable of the time since you left getting up a pamphlet in relation to the S. P., giving many reasons why the bonds should be very good, and I think after you have read the book you will take some of the securities. Colton is putting the facts in a readable shape; I find him to be a very valuable man. Cannot you do something to bring up the gross earnings of the S. P.? They are very small for so much road as is being operated. I think that road should have a first-class superintendent. I send with this copy of B. S. Manufacturing Company letter in relation to certains for sleeping car.

Yours, truly,

C. P. HUNTINGTON.

## ESCAPED HIS MIND.

Do you recollect that letter and the allusion particularly to Mr. Scott and his scheme?—A. No, it has escaped my mind that he ever contemplated going into Mexico with a railroad.

## ALLUSION TO ARGUMENT BEFORE R. R. COMMITTEE.

Q. I will read you a letter from page 1639 of the Colton case:

NEW YORK, April 9th, 1876.

FRIEND COLTON: Yours of March 29th, No. 7, is received, with list of engines on the roads, drawings, etc. The engines ordered are too far advanced to make any change, but when I come to Cal. I will talk with Stevens and see the practical working of the machines. The 15 x 22 engines on the road were ordered by Mr. Crocker. The order came for fifty of them, and I bought and sent, I think, twenty. A few old machines are useful. As I wrote you, Bradbury cabled for 5,000 pounds sterling. I called on Dillon for their half; told him that I thought it important that he answer such calls early. He said he thought so. I think we have called three times since, and got the money to-day—a few minutes to day before 3 p. m. It looks as though they were a little short. I have sent a cable transfer to Bradbury. I hear of Tom Scott's being at work in the Southern States on his Texas Pacific. I think he expects to make one of his greatest efforts next winter, and hopes to be able to pass his bill. I shall send you argument before the R. R. Committee to all the Southern N. papers, as it connects more with their interest than with Tom Scott's.

Yours, etc.,

C. P. HUNTINGTON.

Q. Do you recollect that letter?—A. No.

Q. Do you recollect the argument?—A. I do not recollect about his going South.

Q. Do you recollect the argument of Colton, that you approved of and sent to the Southern newspapers?—A. It has escaped my mind entirely that he ever sent one.

Q. "I shall send you argument before the railroad committee to all the Southern newspapers;" I assume that that is a misprint for "your argument." You do not recall whether Mr. Colton made any argument?—A. No; I do not remember about his sending over any argument.

Q. Did you prepare an argument yourself before the railroad committee that was sent to the Southern newspapers?—A. They were all making arguments. I do not remember about any one in particular.

Q. I refer to one that was sent to the Southern newspapers for publication.—A. No; if he ever sent any it has gone from me entirely.

#### AS TO INDEPENDENCE NARROW GAUGE ROAD.

Q. I will read you a letter of April 22, 1875, page 1641, of the record in the Colton case:

New York, April 22nd, 1875.

FRIEND COLTON: Yours of the 9th inst., No. 18, is received. I have seen Dillon and read him that portion of your letter that referred to U. P. working on Sec. 31, and asked him to have the work stopped, but he said I had better continue. I have not seen him yet. There is much talk here about the Independence Narrow Gauge road. I hear of them in the market for rails and rolling stock. I was told to day that William Butler Duncan, Senator Jones and Stewart, T. W. Park, and Jay Gould were all in this narrow-gauge road. I have no reason to believe this is true except the rumor, and that is a better reason for its being false than of its being true. T. W. Park and Jones, on the part of the Panama road, and Gould for the P. M. have been much together of late. And at first quarreled (so said), but now, I am told, are very friendly, and I have no doubt have talked over the matter of a railroad from the Pacific coast to Salt Lake. And Gould has gone in with the Kaunua Pacific R. R. folks, and, I am inclined to think, now controls that company. I mention these matters of the railroad from Salt Lake to the Pacific, south of the C. P., because such a thing is rumored about, not because I think a road is soon to be built there.

Yours truly,

C. P. HUNTINGTON.

Do you remember that letter and those allusions to those gentlemen?—A. No; I had forgotten all about their ever having any connection with those lines, if I ever knew it.

#### GOVERNOR B. SAID SOME GOOD THINGS.

Q. I read from page 1653 of the Colton case, a letter of May 25, 1875:

New York, May 25th, 1875.

FRIEND COLTON: Yours of the 20th, No. 50, is received with N. P. clippings. I do not think Booth made many votes by his Grand Hotel speech. The Governor said—Gov. B—— some good things to the Chronicle interviewer; but I think it unfortunate that he should so closely connect the U. P. with the S. P., as that is the only weapon our enemies have to fight us with in Congress.

The rest of the letter refers to another matter of no special interest. I ask you whether you remember writing the sentence I have read to you?—A. No; I had forgotten about the governor ever having an interview with the Chronicle.

#### KEPT SOME PEOPLE'S LETTERS; OTHERS, DID NOT.

Q. Were you in the habit of keeping letters and referring to letters received by you by their number? Was that your custom?—A. With some parties, and with some not.

Q. With Mr. Colton?—A. I think I used to number the letters to him.

Q. And that he numbered his?—A. I am not so certain about that; I am inclined to think not.

Q. Do you know any person named Booth who made a speech at the Grand Hotel?—A. I do not. I know lots of men named Booth, but I do not connect any of them with any of my letters.

Q. Do you know Governor Booth?—A. Yes; I know him very well.

Q. Do you remember the fact that he made a speech at the Grand Hotel in the spring of 1875?

THE WITNESS. Where was that?

Commissioner ANDERSON. I am only endeavoring to ascertain whether this is an allusion of yours.

THE WITNESS. No; I do not remember. I never knew that he made a speech at any hotel.

#### AN ALLUSION TO ——— AS A "WILD HOG."

Q. I will read you from page 1061, letter of May 1, 1875:

NEW YORK, May 1st, 1875.

MYSTO COLTON: Yours of the 17th of April, No. 17, is received, and contents carefully noted. As to the road east of Spadra, I notice there has arrived in California, out of the last 8,000 tons of 56-pound iron rails bought, say, 4,800 tons, say 1,200 tons one foot and nearly so. So it would seem that you are not to have any delay on account of rails to lay the 50 miles of the Port Yuma line, and I think you should have done 50 miles graded, so that you can lay the track next winter; sooner than that we will not have the rails. I notice that you say of ——— he is a wild hog; don't let him come back to Washington, but as the House is to be largely Democratic, and if he is to be defeated likely it would be charged to us, hence, I should think it would be well to beat him with a Democrat; but I would defeat him anyway, and if he gets nomination, put up another Democrat and run against him, and in that way show a Republican. Beat him. I am glad Hobbie is coming over here. You know I don't pretend to know anything of the details of our freight business.

Yours truly,

C. P. HUNTINGTON.

#### DON'T REMEMBER HAVING WRITTEN SUCH A LETTER.

Is it your recollection that you wrote that letter?—A. No; I do not remember ever having written such a letter. I think I should have done such a thing if I had been there, perhaps; or would have tried to at least.

Q. Has it not some expressions in it that you recall as having used?—A. Not specially.

Commissioner ANDERSON. I am merely asking you with reference to the identification of the letter. Do you not remember this expression, "wild hog," as applied to a certain person referred to in the letter I have just read?

THE WITNESS. I do not remember using it there; but I did sometimes use it.

Q. You did use it?—A. That is an expression I have used.

Q. Will you inform us with reference to what person that expression was used?—A. If it could be of any benefit to any human being or to any interest in the country—any legitimate, honest interest or purpose—I should be awfully tempted. But I cannot think of any interest whatever that would be served by answering it.

#### A MAN WHOSE VIEWS RAN CONTRARY TO ALL HUMAN INTERESTS.

Q. I call your attention to the fact that the reference is to some person who was to be prevented from getting back to Congress. Was it someone whose views were hostile to the Central Pacific Railroad, and whom, for that reason, you did not want returned to Congress?—A. If I remember the person, and I believe I do, it was a man whose views ran contrary to all human interests. Anything that would hurt humanity anywhere he was against.

Mr. COHEN. I do not care anything about, or about any of the. They are read for gossip or scandal, just as I say, to influence the question as to who shall have the next custom-house or post-office. All this Commission was appointed for was to determine that question.

HUNTINGTON TO COLTON: SCOTT'S EFFORTS FOR TEXAS PACIFIC INQUIRY AS TO ARIZONA CHARTERS.

Commissioner ANDERSON. I will read from page 1603 a letter September 26, 1876:

New York, September 27th, 1876

FRANK COLTON: Yours of the 18th, with inclosure, as stated, is received. I must be very busy with all of your associates out of the city. I notice by McCarthy's letter to Mr. Crocker that the people of San Diego will join with us if he will agree to build east from their city, and I am inclined to think we had better do that, that would strengthen Wigginton very much to have his people ask him to fight the bill as we want it. Scott is making the strongest possible effort to pass his bill coming session of Congress. He gets every little gathering in the South to pass resolutions favoring the Texas Pacific bill; then those that the Texas Pacific own some legion, and, of course, they are all for it; then he is procuring a connection with the broken-down roads in the South, with the promise of money to help them all if his bill passes; and by some kind of a term he is settling up with all those that hold him personally, and that is to help him, as it makes his promises worth something with the broken-down fellows that he is agreeing to help. If we had a franchise to build one or two roads through Arizona (we controlling, but having it in the name of some party), then have some party in Washington to make a local fight and asking for a guarantee of their bonds by the U. S., and if that could not be obtained offering to build the road without any aid, it could be used against Scott in such a way that I do not believe any politician would dare vote for it. Can you have Safford call the legislators together and grant such charters as we want at a cost of say \$25,000? If I could get such a charter as I spoke to you of, it would be worth much money to me. If there is anything done it must be done quickly. I am very sorry that Sargent's feeling is hard toward us, but I shall endeavor to see him before Congress meets. I have bought the (much better at three and a half (currency) instead of 5 cents (gold) as was being paid by Mr. Crocker when I was in California. I think money is too cheap with you all in California, and that we can be beat in building railroads by the fact that place more value on a dollar than we do; and I think when one of us goes to a front in a car that weighs, say, 70 tons, it adds to the cost of every mile of road if we build thereafter more than \$100 per mile. I wish you would let me know if I ordered the officer's car that is now running on the S. P. Please let me know if the new transfer boat cost.

Yours, truly,

C. P. HUNTINGTON

Q. Do you remember writing such a letter as that to Mr. Colton?—No; I do not. Some of the ideas or some things that are suggested there, of course, have been in my mind, but there are some things that are new.

ALLUSION TO THE PEOPLE OF SAN DIEGO.

Q. Do you remember a man named McCarthy writing to Mr. Crocker that the people of San Diego would join with the Central Pacific people if you would agree to build east from their city?—A. No; I do not remember ever knowing a Mr. McCarthy living in San Diego.

Q. Did you know a man named Wigginton?—A. Yes; I know a man named Wigginton.

Q. Did he belong to San Diego or where?—A. No; he lived in the San Joaquin Valley, I think. I do not know just where. I am quite sure he lived in the San Joaquin Valley. That is north of San Diego.

Q. You say some of the ideas in this letter do strike you as having come from yourself?—A. No; not in the shape of a letter. I have

thought of those things, and I might have written them, but after bearing that read, I do not recall anything.

#### SUGGESTION AS TO CALLING THE ARIZONA LEGISLATURE TOGETHER.

Q. I will read this particular sentence to you and ask you whether you wrote that:

Cannot you have Safford call the legislature together and grant such charters as we want, at a cost of, say, \$25,000?

A. I do not remember writing it. I remember something of Mr. Colton writing to me that it would cost a good deal to get a bill drawn and call the legislature together to pass it. There is something running in my mind like this, that he did not believe the legislature of the Territory would pay the expense; possibly, if we should pay the expense of their coming together, a bill might be passed, as it was very much in the interest of the Territory. The people of the Territory were poor, and that seemed a large sum to them.

Q. To pay the expense of an extra session?—A. Yes. I do not remember writing about it, but possibly I did.

Q. As a matter of fact, Mr. Safford was governor of the Territory at the time, was he not?—A. I do not remember, but I think he was. I have known him for many years, and I think he would rather we should pay the expense of an extra session than that his people should do so.

#### THE ETHICS OF A SUGGESTION TO PAY THE "COST."

Q. Would that application of \$25,000 be within the domain of what we have described to us as part of the necessary, legitimate, and proper expenditure of money for the purpose of advancing the interests of the Central Pacific?—A. Yes. I would not see any harm in it.

Q. You would not see any harm in offering to pay the expenses of an extra session of the Territorial legislature?—I will not say to purchase a bill, but with the idea that a bill should be presented to them to pass, and passed, if they approved it?—A. While the expense of passing a bill so much in the interest of the people of the Territory should be paid by the Territory, yet rather than not have it we would be willing to pay the expense of an extra session to pass it. There certainly is nothing wrong in that.

Q. What do you include in their expenses—just the board bill of the members of the legislature, or their salaries?—A. Whatever the Territory was responsible for.

#### "EXPENSES" WOULD COVER WHATEVER THE TERRITORY WAS RESPONSIBLE FOR.

Q. That is, the salary of the members and any other expenses?—A. The idea was that whatever the Territory was responsible for the parties would pay. Just what that was I could not say.

Q. Whatever that was, if the company should offer to pay it, instead of putting it on the Territory, then, in order to have such legislation as the legislature passed, that, in your judgment would be a proper application of money?—A. There certainly would be no harm in it, and it would be clearly in the interest of the people.

#### MEMBER OF THE FORTY-FOURTH CONGRESS, AND EX-GOVERNOR.

Q. I will read you from pages 1676 and 1677 of the Colton record a letter of October 19, 1875:

New York, October 19th, 1875.

Friend Colburn: In your number 79 you mention that Mr. Hopkins has been over the line and examined the treaty work with Mr. Montague, etc. I was very glad to hear



Mr. CORNW. I do not care  
 my are read for gossip or  
 as to who shall have the  
 its Commission was appointed

WIGGINTON TO COLTON:  
 INQUIRY AS

Commissioner ANDERSON:  
 September 27, 1875:

FRIEND COLTON: Yours of the  
 must be very busy with all of your  
 letter to Mr. Crocker that the people  
 to build east from their city, and  
 that would strengthen Wigginton's  
 bill as we want it. Scott is making  
 coming session of Congress. His  
 relations favoring the Texas Pacific  
 region, and, of course, they are all  
 the broken-down roads in the South.  
 bill passes; and by some kind of  
 personally, and that is to help him.  
 broken-down fellows that he is agree  
 or two roads through Arizona (we  
 party), then have some party in W  
 guarantee of their bonds by the  
 build the road without any aid, it  
 not believe any politician would de  
 legislature together and grant such a  
 could get such a charter as I spoke  
 If there is anything done it must  
 feeling so hard toward us, but I  
 have bought the tunnel-bolts of the  
 as was being paid by Mr. Crocker w  
 with you all in California, and th  
 that place more value on a dollar fr  
 front in a car that weighs, say, 20 tons  
 we build thereafter more than \$100  
 ordered the officer's car that is now  
 the new transfer boat cost.

Yours, truly,

Q. Do you remember writing  
 No; I do not. Some of the id  
 there, of course, have been in  
 that are new.

#### ALLUSION TO T

Q. Do you remember a man  
 that the people of San Diego  
 if you would agree to build  
 member ever knowing a Mr.

Q. Did you know a man  
 named Wigginton.

Q. Did he belong to San  
 San Joaquin Valley, I thin  
 sure he lived in the San Jo

Q. You say some of the  
 come from yourself?—A.

process as to the production of the original letters it will save a great deal of examination.

The WITNESS. I shall have all my time occupied outside of this matter during this hour. I have several gentlemen to see and I may even be a little late in getting back.

• NO. 10 WALL STREET, NEW YORK,  
Wednesday, September 21, 1887.

*Afternoon session.*

C. P. HUNTINGTON, being further examined, testified as follows:

"OBNOXIOUS TO THE REPUBLICAN SIDE OF THE HOUSE."

By Commissioner ANDERSON:

Question. I now read a letter from page 1681 of the Colton record, dated New York, November 10, 1875:

NEW YORK, Nov. 10, 1875.

FREDERICK COLTON: Yours of October 23, 1875, No. 85, is before me. — is also here. I think — can do us some good if he can work under cover, but if he is to show to the surface as our agent I think it would be better that he should not come, as he is very obnoxious to very many on the Republican side of the House, and then there is so many things about our business that he does not know, and he has not the time to learn it before Congress comes and goes. It is very unfortunate that he came over to the directors' ear with Mr. Crocker. I received a letter to-day, from a party in Mass., that said that Gorham and Sargent were very much offended because — was rather had come over to look after our interests in Washington. I am, however, disposed to think — can do us some good, but not as our agent, but as an anti-slavery Democrat, and also as a Southern man with much influence in the South in doing the Southern people that the Texas and Pacific R. R. is in no way a Southern Pacific road, but a road if built by the Government would prevent the Southern from having a road to the Pacific for many years. But — must not be known as our man. I received a letter from H. M. Brown this morning that G. W. was for Randall or for Walker. I send copy with my reply.

Yours, etc.,

C. P. H.

Q. Do you remember a letter referring to those subjects, written by you to Mr. Colton?—A. I do not. There was a letter from somebody in Massachusetts, but I do not remember getting any letter from anybody in that State at that time.

Q. It refers to a party in Massachusetts who said that Gorham and Sargent were very much offended because this person who is referred to had been appointed to look after your interests in Washington. Do you remember the fact that somebody alluded to these gentlemen as being offended?—A. I do not. It has gone out of my mind entirely. I knew Gorham and Sargent very well.

Q. Who were Gorham and Sargent?—A. Sargent was our minister to Germany. He had a discussion with Bismarck and the folks over there about pork.

Q. Were they in Congress at that time?—A. I do not think Gorham was ever in Congress.

Q. Had he any official position under the Government?—A. He was Secretary of the Senate, I believe, at one time. I do not know whether he was at that time, or not.

## WHO CAME IN THE CAR WITH MR. CROCKER?

Q. Do you remember who came over with Mr. Crocker in a car, as to whom you thought it undesirable that he should have come that way?—A. I do not remember. Mr. Crocker almost always brings over some one. He is a very clever gentleman, and generally brings some friends.

Q. Do you know who is referred to in the blank in this letter?—A. I do not. Of course there were a good many people coming and going that I knew, but that particular trip I do not remember.

## WAS IT EX-SENATOR GWYN?

Q. Do you know whether during that session your company employed ex-Senator Gwyn to attend to and look after your interests?—A. He was there; but I do not remember the session.

Q. This was in November, 1875.—A. I would not say that he was not there. He was there one session of Congress.

Q. Does that refresh your memory now as to who came over in the car with Mr. Crocker? Do you remember whether he came over in the car with Mr. Crocker, and that you thought it undesirable?—A. I do not. I could not say that he ever came over in a car with Mr. Crocker.

## A CONFIDENTIAL AGENT.

Q. Did he act afterward as one of your confidential agents?—A. He did. He explained some of our matters, I think, to his Southern friends.

Q. Did he receive compensation for his services, as far as you know?—A. It would be very strange if he had not received compensation if he did anything for us.

Q. Who had charge of liquidating his account, you or General Franchot?—A. I think General Franchot. Dr. Gwyn was a very able and active man.

Q. Did you personally make any payment to him?—A. I do not think I did; still, I might have done so. He was a very good man to employ; he was honest and capable.

Q. Do you remember whether receipts were obtained from him through either General Franchot or yourself?—A. I do not; I should hardly think we would have taken receipts from the doctor.

Q. As a matter of fact, do you recollect ever having had his receipts in your possession—vouchers for money that had been paid to him?—A. I do not.

Q. Have you in your mind any recollection of the amount of money paid to him?—A. I have not.

Q. Even generally, whether the amounts were large or small?—A. I could not say. But I know Dr. Gwyn so well that I would like to say that whatever money was paid to him he did not use for any immoral or illegal purpose.

## A SUGGESTION THAT E. R. AND THE LAND COMMITTEES OF CONGRESS WOULD NOT FAVOR SUBSIDIES.

Q. I read you a letter dated December 17, 1875, from page 1690 of the Colton record:

NEW YORK, Dec. 17, 1875.

FRIEND COLTON: I expect to have a bill ready early next week so amending the Texas Pacific act as to allow the S. P. to build east of the Colorado River, or may will have some changes made in the bill you sent over. The vote in the House of

the day will do much good in helping Speaker Kerr in making up the R. R. and land committees in such a way that they will not be likely to report in favor of any subsidy. Of course the South were not all for Scott's bill before we commenced working there; but we have done good work, and I am getting Southern papers every day from the line of his travels that speak out against the Texas Pacific. See clippings inclosed. The Railroad Gazette, in publishing the proceedings at the St. Louis convention, made some mistakes which I have endeavored to correct, as you will notice by copy of letters sent to you. Nearly all the papers here have taken favorable notice of it. I send slips from World and Tribune. The editor's article in the R. R. Gazette I did not see until after its publication. I have looked over Gov. Davis's message; it seems to be well enough, although not just such a one as R. R. men as I expected.

Yours, truly,

C. P. HUNTINGTON.

Do you remember writing that letter?—A. I do not. Many of the things referred to are familiar to me, or were so.

Q. Do you remember the allusion to the Railroad Gazette, and the publication of the Saint Louis convention?—A. I do not. In fact I do not know what Gazette you refer to, or where it is published.

Q. Do you remember the fact that you were encouraged in regard to the constitution of the committees by the vote in the House?—A. I do not. Of course, in a case of that kind we should do what we could, and bring all proper influences to bear to get an anti-subsidy committee. That was in our interest; in the interest of the people. So I suppose there was no harm in that.

#### SCOTT MAKING TERRIBLE EFFORTS AND NUMEROUS PROMISES.

Q. I will read you a letter dated December 13, 1875, page 1699 of the record in the Colton case:

NEW YORK, Dec. 13, 1875.

FREDERICK COLTON: Your two letters of the 4th inst., Nos. 107 and 108, with inclosures, received. The resolutions I think are all right. You write you are drawing up bills to introduce in Congress. I am glad you are. I have been to work on one for some days and Mr. Storrs has it in hand now. When yours comes I will use the best one, or what is more likely though, use the best parts of both. I hope to have it introduced by Thursday, the 23rd. Scott is making a terrible effort, promising everything to everybody, and I promise nothing that I do not expect we shall fulfill, and the Southern being so very poor that many of them will hold to Scott in hopes he will do something for them. Vain hope. —, as you no doubt have seen, has gone off the railroad committee, but there is a good man in his place, —. His going off looks as though he did not care to help us or harm us much. If he did he could have stayed on the committee. I sent you to-day Senate bills No. 6 and 14. I could get control of Atlantic and P. E. R. at a very small cost, but do we want it as yet.

Yours truly,

C. P. HUNTINGTON.

Do you recall that letter to Mr. Colton?—A. I do not. I will say, however, as I did in regard to some of the others, that there are many things there that are familiar to me. I really regret that I can not give the Commission more information about my private affairs, and about the inside working of our company. I should be glad if I could give the Commission the most minute particulars of our company affairs.

Q. You have no impression as to whether you wrote that letter or not?—A. No.

#### WHAT ARE HIS SERVICES WORTH?

Q. I will read you a letter dated January 14, 1876, from page 1700 of the record:

NEW YORK, January 14, 1876.

FREDERICK COLTON: Yours of December 30 and the 1st inst., Nos. 120 and 121, also your ~~letter~~ — has had for his services \$20,000 S. P. bonds; then asking how

much more I think his services are worth for the future. That is a very difficult question to answer, as I do not know how many years — has been in our employ, or how far in the future we should want him. In view of the many things we now have before Congress, and also in this sinking fund that we wish to establish, in which we propose to put all the company's lands in Utah and Nevada, it is very important that his friends in Washington should be with us, and if that could be bought by paying — say \$10,000 to \$20,000 per year, I think we could afford to do it, but of course not until he had controlled his friends. They could hurt us very much on this land matter, although I would not propose to put the land in at any more than it is worth, say \$2.50 per acre. I would like to have you get a written proposition from — in which he would agree to control his friends for a fixed sum, then send it to me.

Between the business here and in Washington I am worked about up to my capacity.

Yours truly,

C. P. HUNTINGTON.

Do you remember anything relating to a payment of \$60,000 in Southern Pacific bonds for the services of any individual?—A. I do not. Somebody else must have given those bonds out, if they were given.

Q. Do you remember your attention being called to the fact that \$60,000 in Southern Pacific bonds had been given to any one for services?—A. I do not.

Q. Some one as to whom you did not know how many years he had been in the employ of the company?—A. I do not.

#### WILLIAM B. CARR'S RELATIONS WITH THE COMPANY.

Q. Were you acquainted at this time with William B. Carr?—A. Yes; I knew Mr. Carr.

Q. What relation did he hold to the company?—A. I think that he did business for us for a good many years. He had some contracts. I have known Mr. Carr since 1850, I think. He is a bright man.

Q. What kind of contracts did you say?—A. I think he had one or more contracts to construct some portion of the Western Pacific road.

Q. I am speaking of 1875-'76.—A. I think Mr. Carr was a general utility man. He never had any public position that I know of.

Q. He was not a freight agent or passenger agent, was he?—A. No; I think not. But we have to have men as important to us as freight and passenger agents, because when we have money we have to hire somebody to watch it or it will be stolen.

#### WHAT ARE A "GENERAL UTILITY" MAN'S SERVICES?

Q. When you say a "general utility" man, I want my attention directed to the class of services he would perform.—A. He would go out to get rights of way, as I remember, and, I presume, to look after legislation at Sacramento, and, I think, was often before the council in San Francisco.

Q. As a matter of fact did he not attend the legislature in California?—A. He used to go up very frequently and attend to matters there.

Q. Was he not generally known, in the inoffensive sense of the word, as a "lobbyist"?—A. No; I think not. I would not call him a "lobbyist." He used to attend to our business. But perhaps I do not understand the word "lobbyist." I take it, a "lobbyist" is a man who stays around the capitol and picks up any sort of work he can get. A man that goes there as the regular agent for some legitimate business and attends to that business and nothing else I do not call a lobbyist.

Q. I will take your definition of a lobbyist as one who attends the legislature in the interest of a great corporation, seeing members of the legislature, using argument with them, doing everything that he can to defend the company or to promote its interest. Was that Mr. Carr's business?—A. I should say that a man who did that was an agent of the company.

Q. Was that Mr. Carr's business?—A. He used to go there for that purpose, with others. There were a great many members, and they had to be educated more or less as to what we needed and as to whether or not it was in the interest of the people. If it was, I think they would be pretty likely to go for it; if not I should expect they would go against it.

ARE SUCH SERVICES WORTH \$10,000 TO \$20,000 PER ANNUM?

Q. Should you consider the services of such a man worth from \$10,000 to \$20,000 per annum?—A. I should think so; if he is as able a man as I think Mr. Carr is. I should not think from ten to twenty thousand would be out of the way.

Q. I read this sentence in the letter: "I would like to have you get a written proposition from ——— in which he would agree to control his friends for a fixed sum and then send it to me." Do you recollect writing and asking for that information, with reference to Mr. Carr?—A. I do not. I have no recollection of anything of the kind.

Q. Have you any knowledge as to what friends Mr. Carr has in Washington whom you deemed it desirable to control or influence in any way?—A. No. I think he had more or less influence with all the members from California.

Q. Had he himself been a member of Congress?—A. No; but I think he knew, personally, all the men from the Pacific coast.

Q. Had he a large acquaintance with members of Congress?—A. I think with all California members.

Q. Did his acquaintance also extend to Washington?—A. I suppose he would, with the California members.

"I BELIEVE WITH \$200,000 I CAN PASS OUR BILL."

Q. I will read you a letter dated January 17, 1876, page 1703 of the Cotton record:

NEW YORK, Jan. 17, 1876.

FRIEND COLTON: Yours of the 8th and 9th inst., Nos. 121, 124, and 125, are received. There's of much rain is good, even if it does wash our roads some. I have just received an order from Mr. Towne for 25 30 x 24 cylinder engines, which I shall buy. As I understand it, you buy this size because they will haul more cars than an 18 x 24, as I shall soon expect an order for a 24 x 30, because they will haul more than a 20 x 24. I wish to say for myself that while I much like Stevens' plan of arranging driving-wheels, etc., I am as much opposed to having any engines on the road with more than 18 x 24 cylinders, and of course other parts in proportion, and you will all come to this conclusion. I have received several letters and telegrams from Washington to-day, calling me there, as Scott will certainly pass his Texas Pacific bill if I do not come over; and I shall go over to-night; but I think he could not pass his bill if I should help him; but of course I cannot know this for certain, and just what effort to make against him is what troubles me. It cost money to fix things so that I would know that his bill would not pass. I believe with \$200,000 I can pass our bill; but I think that it is not worth that much to me.

Yours, truly,

C. P. HUNTINGTON.

That letter, or part of it, has been already read to you. What do I understand you to say in regard to the last sentence:

I believe with \$200,000 I can pass our bill, but I take it that it is not worth that much to me.

A. I have answered it once, but I will answer it again if you wish.

Commissioner ANDERSON. You might do so just in order to have it all together.

The WITNESS. I should say that with \$200,000 I could pass a bill that would protect our border for 1,500 miles between Mexico and the United States, where the cowboys have been raiding ever since the treaty of Guadalupe Hidalgo. I should say that with \$200,000 I could get such a bill passed, when the building of the road would not cost the Government one dollar, and would make land, then entirely worthless, of some value after the road was built. I should say that I could get men from as many districts in the United States as would be necessary to convince members of Congress that this road was in the interest of the people, and was a thing that they could not afford to vote against.

Q. What do I understand you to say as to whether that particular sentence was written by you or not?—A. I do not know whether it was or not.

#### A BILL IN WHICH NO AID WAS ASKED OF THE GOVERNMENT.

Q. You understand that the bill referred to here is a bill in opposition to the Scott bill?—A. It was the bill in which we asked no aid of the Government. We offered to build the road from San Diego substantially to the mouth of the Rio Grande, so far as protecting the country is concerned, as the road would be much of the way in sight of Mexico. We have made it possible for the Government to look over and protect the lives and property of our people along that border. Just why we should be abused for that, since it is in the public interest, I never saw and do not see now. In all our railroad building within the territory of the United States we have fulfilled our contracts to the letter, but the Government has not done that with us, but has treated us as we would expect to be treated only by highwaymen. For carrying the mails across the Sierra Nevada Mountains, where it costs more to build and operate a railroad than in any other part of the United States, where coal is \$6 per ton, and not very good at that, we get from the Government less than is paid on the Baltimore & Ohio road, where they get coal of much better quality at 30 cents a ton, because some demagogue rises in his place and proposes that it shall be so, thinking he will be returned to his place because he has done this injustice to a corporation.

#### FRIENDS OF THE TEXAS PACIFIC ALL WORKING HARD IN WASHINGTON.

Commissioner ANDERSON. I will read you a letter of January 29, 1876, page 1705:

NEW YORK, January 29, 1876.

FREDERICK COLTON: Your letters of the 19th and 20th, Nov. 187 and 187, are received. I notice and appreciate what you say about my being overworked. I am working rather hard this winter, but I think I can stand it for some time yet. Scott is making a terrible effort to pass his bill, and he has many advantages with his railroads running out from Washington in almost every direction, on which he gives free passes to every one which he thinks can help him over so little. The Texas Pacific seems to own almost every one in the country. I hear in very many of the large towns there are parties holding stock in his construction company, and they are all in Washington working for the T. P. bill. Then, on our side we have \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ in the Senate to help us. \_\_\_\_\_ is very bitter, so much so that he can hurt us but little. So you can see things are very lively with us; but I shall defeat them, or, I should rather say, Congress will, for I doubt if he could pass his bill if I should help him, yet I am making the best fight I can, and I think I

making very well. Scott is very able; he has a shorthand writer, and I have not had any, but the last time I agreed to pay half and so get a copy, but could not bring the notes of what you may call them with me as we did last winter. I will send you what was said at the last meeting as soon as they are printed. The committee asked us to have them printed for their use. Much of it was printed before we went before the com.—Scott's as well as my own. I returned from Washington this morning; shall go back next Monday night, but I dread it very much. Scott is working pretty amongst the commercial men. He switched Senator —, of —, and —, of —, this week, but you know they can be switched back with proper arguments when they are wanted; but Scott is asking for so much that he can promise largely to pay when he wins, and you know I keep on high ground. All the members in the House from Cal. are doing first rate except —, and he is a damned beg any way you can fix him. I wish you would write a letter to —, saying that I say he is doing first rate, and is very able, etc., and send no copy. I am working as I have before wrote you, I think, to get up a co. to build a road from Austin to El Paso. If I can get some men in it that I am working with, I will get much strength from the South for it. I have much to do to-day, and will write no more at this time.

Yours, truly,

C. P. HUNTINGTON.

P. S.—I will get you telegraph passes.

H.

Mr. COHEN. You do not want that to go on the record again, do you? We have had it twice, I believe.

Commissioner ANDERSON. I beg pardon; I think not. We will attend to the record.

Q. I merely ask you, Mr. Huntington, do you remember the material contained in that letter as having been written by you?—A. I do not remember having written the letter. There is much there that is not new, but there is some that is. I think that letter has been answered before. I will continue to answer it, if necessary. Of course I am at your service.

Q. I merely ask you if your judgment is that that letter is a copy of a letter written by you?—A. I should not think it was a copy. I should think probably something had been cut out of the letter and something added. People who steal letters would be likely to change them to suit themselves.

Q. I read to you now a letter dated December 22, 1875—

The WITNESS (interposing). My counsel suggests, and I would ask the Commission, whether it is not practicable for you to submit these questions in writing, so that I can write out my answers during the evening, when I have more time. I have no special objection to answering them here, but some of them seem to come up for the third time.

Commissioner ANDERSON. There are no others coming up more than now. I think we can get through this afternoon.

COMMITTEE NOT NECESSARILY A TEXAS PACIFIC BUT A "COMMERCIAL" ONE.

I will read you a letter dated December 22, 1875, from page 1699 of the record:

New York, Dec. 22, 1875.

FRANK COLEMAN: Your letters of the 11th inst., Nos. 111 and 112, are received; also your dispatch that you would send \$125,000 in gold. You need send more gold for the January interest. I notice the progress on the tunnels; they go slow. I hope the work on that next to the largest one in the Tehachis will be pushed. I am glad to hear that you are thinking of commencing it soon. What is the exact length of the San Fernando tunnel? I think — will return to California in January, but returned from Washington. — was unfortunate about the —, but I think there was not a man put on the committee that was on —, and I was deceived, and he was often with —, and K. was at —.



spent nearly one evening. The committee is not necessarily a Texas Pacific, but it is a commercial com., and I have not much fear but that they can be convinced that ours is the right bill for the country. If things could have been left as we fixed them last winter there would have been little difficulty in defeating Scott's bill; but their only argument is it is controlled by the Central. That does not amount to much beyond this: It allows members to vote for Scott's bill for one reason, and give the other; that it was to break up a great monopoly, &c. If these dam interviewers would keep out of the way it would be much easier travelling. I send a few clippings.

Yours, truly,

C. P. HUNTINGTON.

#### ATTENTION CALLED TO THE WORD "COMMERCIAL."

I read this letter to call your attention to the fact that the same word appears to have been used in it which was used in a letter read before, being the letter of January 29, 1876. I refer to the word "commercial." You explained the sentence in that letter, "Scott is working mostly among the commercial men," by saying that that referred to boards of trade and persons who had industrial interests throughout the country, and that it was by influencing them that he expected to get assistance to pass his bill. Now, the sentence in the letter that I have just read refers to the committee itself, and states that "the committee is not necessarily a Texas Pacific, but it is a commercial committee." Will you please explain that?

The WITNESS. If I wrote it at all (though I have no recollection of writing it) I think I should have said their geography might influence them. That is, it was on the line of that Pennsylvania interest. I always called Scott's interest in Washington the "Pennsylvania interest," and the Texas Pacific a tail to the Pennsylvania Railroad Company. Scott endeavored to get the committees so organized as that the local interests of their members would lie along the line of the Pennsylvania Railroad, or territory in which that road was interested, while I endeavored to get them farther north, or else from the Gulf States.

#### COULD CONVINCE MEMBERS THAT "OURS IS THE RIGHT BILL FOR THE COUNTRY."

Q. Would that explain the exact connection of the latter part of the sentence, "And I have not much fear but that they can be convinced that ours is the right bill for the country"?—A. I do not think there was a man in Congress, when you put it squarely before him, that would vote away eighty to one hundred millions when a good road could be built without any aid from the Government. In fact, I know when I sat down with a man myself I hardly ever failed to convince him that that was not the thing to do. He could understand, himself, that his particular person would not be likely to rest in his particular chair at the next session of Congress if he voted away \$80,000,000 when it was not necessary. Still it was very hard to "switch" people or prevent them voting against a subsidy that they thought would benefit their particular locality, as is proved by the voting of large sums to clear out trout-streams in the interior of the Republic.

#### DID NOT MEAN THAT THE COMMITTEE WAS PURCHASABLE.

Q. Do I understand you to say positively that if you did use this word you did not mean to assert that the committee, as formed, was purchasable; that it was a committee that could be bought?—A. Of course not.

Q. You did not mean that?—A. Of course not. I always told our people to keep on "high ground," as I expressed it, to fix them all as well as they could, but never to buy a vote. I was always firm on that point. Under no consideration would we ever give money for a vote, even if votes could be so obtained, because that is not right, and it was easy to demonstrate that our propositions were all in the interest of the public. It costs money to fix these things all the time.

**"COMMERCIAL" SHOULD HAVE BEEN "GEOGRAPHICAL."**

Q. You think the word "commercial," if used by you, was entirely an error, and should have been "geographical"?—A. I think so. The letters that I wrote to Mr. Colton I usually wrote after I got through my day's work. I used to go down early in the morning to the docks and look after the shipping of our goods. I would stay there until 10 o'clock, then go to my office and attend to business until 3, then go out and attend to purchasing, and get back to the office about dark, and write my letters. Of course if I had expected that so much of my time would have been taken up as has been for the last few years in explaining to Congress, I should have been more particular in my language, and should have kept data, so that I could give to this Commission and all other inquirers all the details of my business. But as the Government has said they would give us so much to build the road, we built the road exactly as we had agreed to. I never thought the Government would go back on its contract, especially when it was so much in their own favor. We worked night and day for years to accomplish this great work, and it never came into my mind that the Government of the United States would be following us around to see where we had put this dollar and that, so long as we fulfilled our contract with them. Still we have to rise and explain, and explain, and explain. What for, I do not know.

**IF THE WORD "COMMERCIAL" USED, IT WAS NOT USED IN AN OFFENSIVE OR SINISTER SENSE.**

Q. Do I understand you to say that you do not think you used the word "commercial," as applied to the Senate committee, at all in your letter?—A. I do not think I did in any letter. Still it is possible I did, but not in any offensive or sinister sense. I use words frequently that perhaps are not the best words, but they convey my idea. For instance, I talked about "fixing" things. Even my friends would say that that is not a good word; but it was plain to me. All I can say is this: "Out of the abundance of the heart the mouth speaketh."

Commissioner ANDERSON. I think everybody would agree that the word "commercial" is an exceedingly expressive one.

The WITNESS. Well, in that connection I think perhaps it is not the best one. But it was honestly said, and not in the sense in which evil people would be likely to construe it. I meant that it was a proper and reasonable thing to do, and it would be done honestly and honestly.

Q. You say you might have used the word "geographical" instead of that might have been a better word.

Q. That would be totally different in its meaning.—A. Well, yes; but in my previous answers I mean in which I meant it. If I wrote it at all I mean that there was a commercial interest to be set

## SENATORS "SWITCHED."

Q. Referring to the letter of January 29, 1876, speaking of the committee, you say that "Scott has switched Senator \_\_\_\_\_, of \_\_\_\_\_ and \_\_\_\_\_, of \_\_\_\_\_, this week, but they can be switched back." You tell us who is referred to by those blanks?—A. No; I presume I wrote the letter at all, I mentioned certain men that had been friends to our interests. That is, men who would know that they were serving the interests of the public in doing what we wanted to have them do.

Q. Do you remember who those two gentlemen were who were referred to in those blanks?—A. No. Whoever they were, if the letter was written by me, there was nothing wrong with the men. Men in Washington when the Thurman bill passed: "Mr. Hunting we know it is wrong, but we dare not do anything else."

## "RAILROAD COMMITTEE OF HOUSE SET UP FOR SCOTT."

Commissioner ANDERSON. I will read you a letter, dated March 1876, to be found at page 1710 of the record in the Colton case:

NEW YORK, March 4, 1876.

FRIEND COLTON: Yours of February 24th, No. 143, is received. I have been in Washington most of the time since Congress met, and you say truly when you say that you think I have had a rough fight there this winter. The R. R. Com. of the House was set up for Scott, and it has been a very difficult matter to switch a majority of the committee away from him, but I think it has been done; but Scott is able, and then he promises everything to everybody, which helps him for the day in this fight, and just what he may yet do, I cannot say. There is to be some legislation for the Texas and P. or the S. P. before the 44th Congress goes out, and as I promise as much and have such a fearfully long list of creditors to help him, I have my fears that he will be able to pass his bill next winter, if matter are the way they are to-day. And I think it of so much importance that he is not allowed to build a road parallel to ours with Government aid that I shall endeavor to get his bill passed through the Senate this winter if possible, and the House too. If we get it through the Senate, and could then get built some road in Arizona before the summer comes together next winter, I think there would be but little doubt we would win the fight. What do all you think of it? I am doing all I can to demonstrate in Texas. He has got to have legislation in that State to extend time to land grant or else it is lost to him.

The Southern Pacific bonds have been admitted to the stock board here; it is a hard thing to do, as they have a rule that no bonds shall be admitted except completed roads. I think there is an even chance of selling some of the bonds this spring. It is such a large loan that we must be very careful in launching it, as final success depends very much on the way the loan is put on to the market.

Yours, truly,

C. P. HUNTINGTON

P. S. These memorandums giving progress of the work on S. P. are very interesting to me.

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THE WITNESS. That letter, if you will allow me, has been read on I think twice.

Commissioner ANDERSON. These letters repeat their assertions. The letter, if you will pardon me, has not been read before. I only want to ask you (if you wrote it) what you meant by the use of the expression that "the Railroad Committee of the House was set up for Scott."

THE WITNESS. I think, perhaps, it is not the best word, but I mean that he had got his friends to work and got men geographically or otherwise personally friendly to his interests. I suppose there is a more or less "pulling and hauling," as you may say, to get some right or to get them wrong.

## A DIFFICULT MATTER TO "SWITCH" MEMBERS AWAY FROM SCOTT'S BILL.

Q. You say, "It has been a very difficult matter to switch a majority of the committee away from him, but I think it has been done." That expression is giving the same force to the word "switch" that you have already explained?—A. Most assuredly; we had so many good reasons why members should go against Scott's bill and vote for ours that I had always great faith that by giving a man thoroughly to understand what we wanted we could switch him from Scott's bill, unless he or his constituency were geographically interested in it.

## SCOTT MAKING A "DIRTY FIGHT."

Q. I will read to you from page 1712 a letter dated March 22, 1876:

NEW YORK, March 22, 1876.

FRIEND COLTON: Your letters of March 3d and 8th, Nos. 143 and 144, reached me in Washington. You write me that you wish Senate bill No. 153 to pass. It gives the right of way through the military grounds at Benecia, as you so doubt understand, as amended it gives the right only to the Northern E. R. Co.

I am having a very lively fight in Washington, but things do not look bad.

Scott is making a very dirty fight and I shall try very hard to pay him off, and if I do not live to see the grass grow over him I shall be mistaken. You know I work 35 days in a year when it is necessary.

Yours, truly,

C. P. HUNTINGTON.

What would you understand by the use of the words "a dirty fight" used in that letter as applied to Scott's campaign?—A. I do not remember having written the letter. There are some things, however, in it that have been in my mind before.

Q. If you are positive you did not write the letter I will not ask any question until the letter is produced.—A. I should think there was something in all of those letters probably that were in my letters. There are others that I do not remember anything about.

Q. On your statement that you can not absolutely deny the letter, I again ask you what would be the meaning of the use of the words "dirty fight" as applied to Scott's transaction. Would you mean by that that he was using money on his side?—A. Oh, no,

## SOME THINGS PUBLISHED THAT WERE PERSONAL AND UNJUST.

Q. What would you mean?—A. Well, I do not know now particularly. He had some men in Washington that republished some things that were personal and unjust. I suppose it is hardly necessary to speak of the matter here; but there was a little paper in Kentucky that was very bitter against me personally, and published some things about me. Those he got republished in Washington. If I wrote that expression that is possibly what I meant. I have no recollection of saying anything of that kind in the letter. But I know I was very much w at the time. I have been in business for myself very actively for fifty years, and I do not usually need to make any explanation I have done. My record is pretty clear. If any man does more for the benefit of the American people or works for the last twenty-five years than my associates paid them more for their labor, I would like to see him

## "WHEN WE HAVE FINISHED"

Q. I will now read you a letter of March 26, 1876, from page 1712 of the case. It contains matters which you desire me to read the whole letter. I will simply read a sentence I desire to call your attention to:

When I see you I shall meet you and tell you all matters that I have not time to write, but I beg to say in advance that we are not to be hurt by any investigation.

Do you recall seeing a sentence of that character?—A. No; I do not. Still I did frequently hear it from my people. I told them to keep "on high ground." I went over to Washington once and found that General Franchot had a lot of cigars and some wine and liquors on his table. I said, "Put those away." He said to some one while I was there, "Huntington is a clever fellow; vote for his bill." I said to him, "Do not talk about Huntington being a clever fellow. Put your liquor and your cigars away. Sit down and give them good solid reasons why this should be done in the public interest, and then you are all right."

## A LARGE NUMBER OF SPEECHES PRINTED AND SENT BROADCAST.

Q. I read from page 1717 a letter of April 27, 1876:

New York, April 27, 1876.

Friend Scott: I returned from Washington this morning and find yours of the 11 and 12 sent on my desk. To-day is the first time that I have been to my office since the 12th. I returned from Washington last Saturday night, but got telegrams from the West on W. Monday morning, so returned there Sunday night. It seems to me that you have arranged with the stage-line via Yuma.

As to the sinking-fund bill as well, perhaps, as we could expect; we have succeeded, and I have hopes that we can get something through that will be satisfactory to the South. I think, has given up all hopes of getting any sub-sidy to build a line, and is asking for eight years more time, and I think he will get it. His new bill calls for his building 20 miles each year from the last to the end of the line, 70 miles west from this end of his road. Scott has several papers in which he writes articles against the Central Pacific and publishes them in such papers as he can get to publish them. He has been in the papers everywhere, and there is no doubt but that he has done a great deal of settlement against us. If it was known that the C. P. had been in the papers, we could beat him all the time, although he had been in the papers in Washington that we would have over him in any way he gets some fellow (his next friend) to ask him to come to the office or anywhere else, of course on a free pass, and away he goes. He has been very liberal in such matters. Scott gets a great deal of money from the dog—his speeches printed and sent them all over the country. He has flooded Texas with them. The San Antonio Record has been one of our best friends. There was a No. of that paper that was very good. That abused me, and some other of our friends. I took it around and showed it. I told him that he did not suppose that he cared anything about what the railroad people said about him. It was a very good paper, and I told him that.

The letter of the 11th and 12th is being contained in a letter from Washington. The letter of the 12th is much there that I do not remember.

A. The statement is referred to in the statement that Scott sent a letter to you of the 11th and 12th. No; I do not. I regret the statement is not correct, so that I could help this. Or the statement is not correct. The Commission please. Tell me what the statement is.

## ONE OF THE "THOUSAND LITTLE ANNOYANCES OF THE DAY."

Q. Do you remember alluding to the articles against the Central Pacific being shown to some persons whose names are left blank here:

Some other of our friends, with ———'s name up for President. ——— took it and showed it. He showed it to ———, with the remark that he did not suppose that he cared anything about it, but that he would show him what the railroad men said about him.

A. No. If that was written it was about one of the thousand little annoyances of the day that came and went and were forgotten. It must have been some little thing that did not make any impression on my mind. At the time, if I had known, as I said before, that this particular correspondence was to have gone into the national archives to go down to future generations I should have tried to have it full in every way, as it is going to cost the Government a good deal of money and ought to be correct.

## NOT TOO LATE TO TELEGRAPH FOR THE LETTERS.

The CHAIRMAN. It is not too late to telegraph for the letters. We shall be in session for some days. You can get the letters.

The WITNESS. If you can show me the necessity for it or how any human being could be benefited by it, black or white, native or foreign born, I will strain a point to get it before the Commission; but if it can serve any human interest I do not know it; therefore I should not like to put myself to a great deal of trouble to amuse any one.

## "THE HARDEST FIGHT BY A HUNDRED TIMES."

Q. I read you, from page 1726, a letter of June 7, 1876:

NEW YORK, June 7, 1876.

Friend Cotton: Your letters, May 29 and 30, Nos. 163 and 164, are received. I am glad to hear that the work on the Mississippi is moving on satisfactorily. When will the work be laid to the summit? I notice what you say of the Lawrence bill, but it will never become a law. I went to Washington eight before last and returned last night. Shall go back to-morrow, so as to be at the meeting of the Judiciary Com. Friday. I am having the hardest fight by a hundred times that I have ever had in Washington, but we shall not be out up this time. I hope ——— will be sent back to Congress. I think it would be a misfortune if he was not. ——— has not always been right, but he is a good fellow and is growing every day. ——— is always right, and it would be a misfortune to Cal. not to have him in Congress. ——— is a damned big and should not come back. It is shame enough for a great commercial city like A. P. to send a scavenger like him to Congress once. I have not time to write more.

Yours, truly,

C. P. HUNTINGTON.

Can you refer us to the names of the parties alluded to in this letter?—A. No. There are many things in all these letters that are similar and many things of which I have no recollection of. It is possible that in every letter there is something that I did write.

## FAVORED ELECTION OF MEN WHO FAVORED PUBLIC IMPROVEMENTS.

Q. Do you recollect that in June, 1876, you were in favor of the re-election of some persons who had represented California in Congress, and opposed to the return of another member?—A. I should say it would have been very strange if we had not been in favor of men that were in favor of public improvements that we knew would largely benefit the public, and (if you will) that would be of some benefit to us.



Q. Do you remember what persons?—A. No; I do not. No doubt I did write such things as that it was well to return large-minded men to Congress, and not well to return little fellows, drinking men, men that had no other business except to malign or blackmail somebody—I will not say "blackmail," but to malign someone. We did not want to have such men get back. If I had written about such a matter, no doubt I should have taken that view. The public interest would have been better served in every case, I believe, to have followed my advice when I gave it than to have done otherwise; that I have no doubt of. I have not been in this country, working as I have, purely for myself. I have been doing many things for the public in a modest, quiet way. I have not made it a purely personal matter all the time. Many times in building the Central Pacific road I would have given anybody largely out of the money that I had if they would have taken the work off my hands and assured me that they would have built the road. I know the same is true of my associates. In one case we agreed to pay interest ten years on \$1,500,000 of the bonds—7 per cent. gold bonds. I personally gave my guarantee that I would pay that. I have done many things that I did not do for profit. I did them in order that the road should be a success. California was full of people that wanted to come east, including women and children. That point had its weight with us. It is very well to sneer at that, as people of small minds will, but it had its influence on us, and a very large influence. A railroad would give people a means of crossing the continent comfortably in six days and on land, instead of spending twenty to thirty days on the ocean, with all the inconveniences of such a voyage.

#### WHO WERE THE OBJECTIONABLE PARTIES?

Q. To return to the point; is it not true that there are three names referred to in this letter—three blanks—at this period in 1877, meaning Messrs. Luttrell, Page, and Piper, California Representatives?—A. I would not say that. Those gentlemen have all been members of Congress.

Q. Was it not one of those three men that you were opposed to, and did not consider worthy of being returned?—A. Well, very likely.

Q. If this letter was written, the uncomplimentary expression applied to the person whom you did not commend, I presume?—A. I presume so.

Q. Was that Mr. Piper?—A. If it was necessary—if any public interest could be served—I could answer that; but I would not like to do so unless the public interest, in however remote a way, could be benefited by it; then I should be disposed to answer the question.

#### SHOULD BE DEFEATED AT ALMOST ANY COST.

Q. I read to you, from page 1727 of the record, a letter of June 12, 1876:

New York, June 12, 1876.

FRIEND COLTON: Your three letters of the 26th and 27th May, No. —, are received. I notice what you say of —, —, and —. The letter should be defeated at almost any cost.

#### WOULD THAT BE A PROPER APPLICATION OF CORPORATION MONEY?

The rest of the letter is immaterial. That is written in the same month as the prior letter. I want to ask you whether it comes within



your definition of the proper application of the moneys of the corporation to use them for the purpose of defeating members of Congress?—A. Well, I do not know. We should not use any money of the Central Pacific to defeat a member of Congress.

Q. "The latter should be defeated at any cost," you say.—A. I have always been in the habit, personally, of "chipping in" for my friends ever since I was twelve years old. When they came around and wanted to elect a good fellow and defeat a bad one, I would help. If a man did not do that, I should think he was of rather small pattern.

Q. I presume we all "chip in." I do not refer to that. I am referring to moneys of the Central Pacific. To your knowledge have any of the moneys of the Central Pacific been used for election purposes?—A. No. If I had been in San Francisco at the time, and wanted to defeat Mr. Piper, if you will, I should have done it with my own money; I should not have used any money of the Central Pacific Railroad. Mr. Piper did get up in Washington and make a speech on one field day (a piece that he had got somebody to write, I presume), and he delivered it there when the House was about empty, and had it printed in the Record.

#### WOULD PAY EXPENSES OF A TRIP TO CALIFORNIA.

Q. I will read you, from page 1735 of the Colton case, part of a letter of July 26, 1876:

New York, July 26, 1876.

**FRED COLTON:** I have been working for the last two months to get a party of, say, 50 Southern members of Congress to go out to Cal., and over the line of the S. P., and see what we have done, and our ability to do. Of course I want no one to go except the best men of the South: men that will go for the right as they understand it, and not as Tom Scott or somebody else understands it. I told Senator Gordon, of Georgia, if he could get up a party of the best men of the South, we would pay all their expenses, which, I suppose, would be not less than \$10,000, and I think it would be money well expended. When would be the best time to come?

Do you remember writing in regard to getting up a party of statesmen of that character?—A. I do not. I do remember about speaking to several parties. They were very ignorant of what we had done, and I told them if they would get up a party of good men we would be glad to pay their expenses to California, to give them an opportunity of seeing how much we had done for the country and at how small a cost to the Government. I tried very hard to get them to do this. I do not remember about writing about it, however.

#### CONSIDERED A LEGITIMATE AND PROPER EXPENDITURE.

Q. But would you consider that expenditure of money as coming within what you have defined as a legitimate and proper expenditure?—A. I should most certainly, as it would be done to educate them up to the necessities of the country west of the Missouri River.

**Commissioner ANDERSON.** I am going to ask you a question to-morrow that Mr. Crocker said he had not time to think of. I mention it to you now. That is in regard to your views as to the best adjustment to be made between the Government and the company; especially your view as to the paying capacity of the company. Will you be kind enough to resolve that over during the night?

**The Witness.** I will if I can. It is a pretty large question.

**Commissioner ANDERSON.** But you know that is what we have done before it. We were quite surprised to get your answer on the subject.

The WITNESS. Allow me to say that I hope the Commission will go into that subject very thoroughly, because all the money the Government is to get comes from the people who use the road; and I should not think it right to force this generation to pay, if it was possible to do so, what should be distributed through several generations.

#### ARRANGING TO OBLIATE HOSTILE LEGISLATION.

Q. I will read you from page 1742 of the case, a letter of November 15, 1876:

NEW YORK, Nov. 15, 1876.

FRIEND COLTON: I had meeting in Phil. last night with Tom Scott. We meet again here to-morrow. I do not have my own way altogether, but I think we shall agree upon some bill that we can all work for. We shall have to prorate on through business more than I would like; and I think there should be a bridge co. organized (that we are not known in) to build over the Colorado River at, say, Arrowbury or any other point on the river, then build at the point where the R. R. crosses, under contract with the railroad co. In this way we could tax the through business on this line if we so desired.

That is all of that letter that is material. Do you remember the fact that at this time you began to discuss an arrangement with Mr. Scott which would obviate hostile legislation between the two companies?—A. Colonel Scott and myself had a number of talks, though I do not remember writing to Mr. Colton about it. Scott wanted the two companies to have an even prorate across the continent, which I did not think would be fair, but it was in my mind to have a bridge built across the Colorado River, on which we could have an "arbitrary," so as to equalize or make up in part the difference in the expense of operating our road over that of operating the Texas Pacific.

Q. That bridge was subsequently built, was it not?—A. Yes.

Q. And it was separately organized from the Southern Pacific?—A. Yes.

#### DIFFICULTIES IN THE WAY OF BUILDING A BRIDGE.

Q. Do you happen to know what it cost to build that bridge?—A. I do not. It cost a good deal. We had to bring our lumber from Puget Sound. The lumber got warped and we had to get more. The Government prevented us a long time from going through a patch of sage brush they had, making the bridge cost a good deal more than it ought to have cost. The timber came from Puget Sound through the straits of Fuca, to San Francisco, and then 723 miles by rail, and lay on those hot burning sands at the bridge site, and a good deal of it got twisted, waiting for permission from the Government to build the approaches to the bridge through the sand and sage brush belonging to the Government.

Q. Do you know who built that bridge?—A. I think the Pacific Improvement Company.

Q. Was it the Western Development Company?—A. It might have been, but I think not.

Q. Were you a stockholder in the Colorado Bridge Company?—A. If built by the Pacific Improvement Company; yes. I do not know how that was.

Q. Are you a stockholder to-day in the Colorado Bridge Company?—A. I presume I am.

Q. Do you receive a portion of the rent which is paid for that bridge?—A. If I am a stockholder I do. If there are dividends coming to me they are credited to me in San Francisco. I never see it if it is paid.

## RENT PER ANNUM FOR THE USE OF THE BRIDGE.

Q. Do you know how much rent per annum is paid, either by the Central Pacific or by the Southern Pacific Company, for the use of that bridge?—A. I do not. I know the bridge has been burned up once or twice.

Q. Leaving out the burning up, have you any idea of the first cost of that bridge?—A. I have not.

Commissioner ANDERSON. Mr. Donly stated, in California, that the first cost of the bridge was about \$40,000.

Mr. COHEN. Oh, no; \$50,000.

Commissioner ANDERSON. Well, say \$50,000.

Q. Do you know what rent was fixed to be paid for that bridge by the Central Pacific during the period before the lease in 1883?—A. I do not. It ought to be pretty large, because it is a very dangerous place for a bridge. I never had anything to do with it.

Q. You do not remember whether you were present and voting at the time of the fixing of the rent for the use of that bridge?—A. I do not. Still it is possible I was there. Mr. Cohen says it pays 6 per cent. on the cost.

## THE TRUTH SHOULD BE STATED FOR INFORMATION OF THE GOVERNMENT.

Commissioner ANDERSON. Mr. Cohen has a fanciful way of looking at these things. He thinks if a house burns down three times the rent ought to be trebled.

Mr. COHEN. Mr. Anderson, you know the facts in this case as well as I do.

Commissioner ANDERSON. I think that it is an exorbitant rent.

Mr. COHEN. You know the facts. You ought to state the truth. You know the truth, and you ought to state it for the information of the Government. You conceal it all the time, wresting the truth against that company, and trying to make the worse appear the better part. You know just as well as I do that the rent they pay is at the rate of 6 per cent. per annum on the cost of the bridge.

## WHAT IS MEANT BY "FIXING UP" A COMMITTEE.

Commissioner ANDERSON. I will read you from a letter on page 1756 of the Colton record, dated March 7, 1877:

NEW YORK, March 7, 1877.

PURSE COLTON: Since writing you last your letters, Feb. 10, 16, and 23, Nos. 24, 29, and 31, have been received. I notice you are looking after the State railroad commissioners. I think it is time. Congress has adjourned, and we have not been hurt, except by the paying out of some money in Washington for hotel bills, etc.

I am quite sure that we stand better in Washington at this time than we ever did before.

The P. M. & S. Co. got no aid. I will tell you some things about that some time. The sinking-fund bill did not pass, but it is in a much better shape to pass than it ever has been before. I stayed in Washington two days to fix up R. R. committee in the Senate. Scott was there, working for the same thing, but I beat him for once, which, as the committee is just as we want it, which is a very important thing for us. You will no doubt notice before you get this that we were not able to pass the Trans Pacific bill.

Q. If that letter is a correct copy of a letter written by you I would ask you what you allude to by speaking of fixing up the committee?—A. I do not remember having written the letter. By fixing the com-

nittee I meant getting the best men—those who could not be swayed from the right by any local interests.

Q. How would you try to bring about that result?—A. By endeavoring to get men that, as far as we knew, were in favor of the public interests; that is, against giving \$80,000,000 of subsidy to build a road, when we would build it for nothing. If I had written this letter I think I should have added "ourselves and the Government," because the Government—that is, the people—were interested as much as we were; in fact, more.

Q. What I want to know is what you would do to secure the result?—A. I would go to some member of the House whom I knew to be friendly and ask him to see the Speaker and recommend the appointment on the committee of good men who could not be swayed by any local interest.

Q. The Speaker of the House and the President of the Senate?—A. Yes.

Q. This letter refers to the Senate?—A. Yes.

#### A CHANGE IN THE "MAKE-UP" OF THE COMMITTEE.

Q. On this same subject I read you from page 1758 of the record, from a letter dated March 14, 1877, omitting the first part of the letter, the following sentence:

After the Senate Railroad Committee was made up Scott went to Washington in a special train, and got one of our men off and one of his on, but they did not give him the com. Gordon of Ga. was taken off and H. Hogg of Mo. put on. Scott could not have troubled us with the S. P. If the S. P. had been left by itself as we had it, but putting it with the C. P., as it had been done, makes it an ugly fight, and it will continue to go more and more so until the S. P. is built a long way east of where it is now.

Do you remember such a change occurring as that in the railroad committee of that year?—A. I do not; but no one would suspect General Gordon of being anything but a high-toned, honorable man. He was in Georgia, and his "geography" was in favor of the Southern Pacific line—that is, the road would certainly be a benefit to his State, while a Missouri man would have been in favor of Scott's road, because it would run through Missouri.

C. P. HUNTINGTON.

The Commission then adjourned to to-morrow, Thursday, September 22, 1887, at 10 a. m.

The following letter was subsequently received from Mr. Huntington:

SUBJECT: COMPENSATION FOR MAILS ON AIDED ROADS.

[Central Pacific Railroad Company, 25 Broad street. C. P. Huntington, vice-president.]

NEW YORK, October 13, 1887.

Hon. ROBERT E. PATTERSON,

Chairman U. S. Pacific Railway Commission, New York:

DEAR SIR: During my testimony before the Commission on the 21st ult. I stated that the Central and Union Pacific Railroad Companies were allowed by the Government a low rate for carrying the U. S. mails over the Rocky Mountain and Sierra Nevada ranges, where every element of railroad operation was more expensive, than was allowed to the other non-aided railroad companies throughout the country.

The members of the Commission expressed a desire to be furnished with further evidence in support of this statement. I beg to refer them to an "act making appropriations for the service of the Post-Office Department for the fiscal year ending June 30, 1877, and for other purposes" (19 Stat., 75), by which "the compensation to all railroad companies for the transportation of mails is reduced 10 per centum per annum" from the rates theretofore prevailing.

Section 13 of the same act (19 Stat., 32) is as follows: "That all railroad companies whose railroad was constructed in whole or in part by a land grant made by Congress on the condition that the mails should be transported over their road at not more than Congress should by law direct, shall receive only 80 per centum of the compensation authorized by this act."

By the act making like appropriations for the year ending June 30, 1879 (20 Stat., 12), the compensation to all railroad companies for the transportation of mails was further reduced 5 per centum per annum, and my understanding is that that is the interpreted law and practice to this day.

Permit me to add that this is not the full extent of the grievance. This arbitrary cutting down the compensation for mail carriage originated in a desire on the part of the Executive to shift the deficit of receipts of the Department under its expenditures on the shoulders of the railroad companies of the country, and on the part of the respective partisans in Congress to figure out a showing of economy in appropriations more apparent than real.

The non-aided railroad companies were at liberty to refuse the mail carriage on terms they deemed unjust. If they deemed it policy, and some of them threatened to do so. The land grant and subsidized roads could not refuse, so that the bulk of the consequences fell to their share. Deficiency bills were reported year after year for the payment of the mail carriage by these companies who were so situated as to ensure their demands. On the other hand, all efforts to secure the full payment which the Pacific Railroad act of 1862 contemplated, by deficiency appropriations, have failed of effect. This cause of complaint against the Government is worse than I had before stated it.

Yours, very respectfully,

C. P. HUNTINGTON,  
Vice-President.

NO. 10 WALL STREET, NEW YORK,  
Thursday, September 22, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

COLLIS P. HUNTINGTON, being further examined, testified as follows:

#### A LETTER TO A FLORIDA SENATOR.

By Commissioner ANDERSON:

Question. I will read to you from page 1763 of the record in the Colton case, a letter dated March 26, 1877, as follows:

MARCH 26TH, 1877.

FRED COLTON: I gave to-day a letter to Senator ———, of Florida. He is a good fellow enough, and our friend, after he is overfired we are right.

H.

Do you remember giving a letter in 1876 to a Senator from Florida?—Answer. I do not. Very likely I should have done so if he asked me, and if he was going to California. To almost all the people who were going over there, who asked me for letters, I gave them.

Q. Can you supply the name of the Senator from Florida that is referred to in this letter?—A. No. I do not remember. I knew both of the Senators from Florida.

Q. Do you remember seeing him about that date, 1877?—A. It is very difficult to carry dates. Of course I was seeing all those people almost every day when I was in Washington. Probably I saw the Senator from Florida.

Q. Did you have any special acquaintance with Senator Conover from Florida?—A. I used to meet him and Senator Jones frequently. I could not call it any special acquaintance.

## A FRIEND OF THE ENTERPRISE.

Q. Was this gentleman regarded as a friend of the enterprise and as being satisfied that your views were correct?—A. I should think so, because the Southern road, which was more particularly in controversy, ran into his section, and would accommodate his people. Ours was wholly a Southern road and, of course, benefited the Gulf States, and they should all have been in favor of the Southern road, as against the road from Saint Louis to San Diego.

Q. Do you remember the occasion of his visit to California in 1877, or anything about it?—A. No; I do not remember the date.

## CAREFUL AS TO CHOICE OF A UNITED STATES SENATOR.

Q. I quote from a letter on page 1765, dated April 3, 1887. The first part of the letter refers to business matters, which, of course, I will read if you desire. I read especially the following quotations:

We should be very careful to get a U. S. Senator from Cal. that will be disposed to use us fairly, and then have the power to help us. ———, I think, will be friendly, and there is no man in the Senate that can push a measure further than he can. Railroad credits are very sensitive here.

Do you remember in 1877 what Senator it was that you referred to?—A. I do not. Of course we were watching to get fair, good men and able men to set upon these interests that the public and we were interested in. But I do not remember who that referred to.

Q. Who was the next Senator from California elected after 1877?—A. I could not say. It is easily found out, I suppose.

Q. Was Senator Sargent elected soon afterwards?—A. I should think not. He was in the Senate, but I should have said it was earlier than that. He was a very able man. If he was running for a position I should have liked very much to have had him get the place. He was a man above suspicion. I knew him intimately for years, and never heard a breath of suspicion or taint against the character of A. A. Sargent. I should do all I could for him for any place that he wanted, whether I had any personal interest in the matter or not.

## THE LOS ANGELES AND INDEPENDENCE ROAD.

Q. I will read you a letter from page 1766 of the Colton case, dated April 20, 1877:

NEW YORK, April 20th, 1877.

FRIEND COLTON: Yours of the 11th, No. 40, is received. I notice what you write of financial matters, and I quite agree with you that we must stop all outlays that we possibly can and reduce our floating debt.

I think with you that it will be too hot to work in Arizona the coming summer, but it is possible that it will be too hot in Washington to work to advantage there, and we may think it best to send some to work east of Yuma for one hundred miles or so, and have it reported over the wires that the work is being rapidly pushed forward, &c.

I wrote Crocker on the 7th inst. in relation to Jones' Los Angeles road. A few days after I saw Jones I met Gould. He told me Keene had bought it. Of course I said I was glad to hear it, as we did not want the road at any price; that I made Jones an offer for it because we wanted him to help us with our (C. P. & U. P.) sinking fund bill in Congress, and I was very glad it had got (the railroad) out of the way, and that I saw nothing now to prevent friendly relations between ——— and ourselves, &c. On the Sunday following ——— came to my house and said he came from ——— and ———, and that in the panic or break in Panama a few days before ——— would have been broken if ——— and ——— had not come in to help him out, and to do it they had to take ———'s railroad, &c., and he asked me, after some beating about, if we

wanted the road at \$450,000. I told him that we did not want it at all, but that we would take it so as to work in harmony with ———, and that I had made him an offer as I wrote Crocker, and my impression was one people would do that now, but I was quite sure we would rather ——— and ——— would keep the road, if by that ——— could be made our friend, &c. What do you all think of this? I am rather disposed to think that ——— and ——— have not bought the road but hold it as collateral.

Yours, truly,

C. P. HUNTINGTON.

Do you remember writing that letter?—A. I do not remember having written such a letter. There are some ideas in there that have been in my mind before. You mention, I believe, one Senator's name there.

Q. The language of the letter is, "that I made Jones an offer for it." Is that Senator Jones?—A. I should think very very likely it was.

Q. Jones of Nevada or Jones of Florida?—A. Jones of Nevada.

Q. Did Senator Jones have an interest in the road that is referred to there?—A. Senator Jones, I think, was sole owner.

Q. What is the title of the road?—A. The Los Angeles and Independence road, I think. It is the Santa Monica road.

Q. Was that road subsequently purchased by the Central Pacific or its directors?—A. It was not.

#### BOUGHT BY THE WESTERN DEVELOPMENT COMPANY.

Q. What disposition was made of that road?—A. I should say the Western Development Company bought it.

Q. Bought it and completed it, did they not?—A. No; it was completed from Santa Monica to Los Angeles.

Q. Who were the stockholders in the Western Development Company?—A. I think the large majority of the stock was held by Leland Stanford, Mark Hopkins, Charles Crocker, and myself.

Q. Those four held all of it, did they not?—A. Not all.

Q. Had you not, of the 50,000 shares, over 49,000?—A. I think not. I have never seen the books of the Western Development Company. From the very start, in all our contract companies, we have been endeavoring to get people to put in money with us, to share the profits and take the risk. We have not been able to get in people as we would have liked.

Q. Was this road immediately leased by the Western Development Company to the Central Pacific, and subsequently to the Southern Pacific?—A. I could not say. That is among the data in California, and I have had but little to do with it.

#### WANTED TO HAVE THE LOS ANGELES AND INDEPENDENCE ROAD OUT OF THE WAY.

Q. By whom has this road been operated ever since?—A. I could not say. Our people have changed the lease, I think, once or twice. It was a road that was running in opposition to the road from Wilmington to Los Angeles. I wished to have it out of the way. The Santa Monica road was cutting rates, and the business was light for one road. To divide the volume of business and then cut the rate would leave but little for either road.

Q. You say that some of the ideas contained in this letter you recognize as having been in your mind before the date of the letter. Will you tell me whether this is one of them?

I made Jones an offer for it, because we wanted him to help us with one (Central Pacific and Union Pacific) sinking fund bill in Congress.

A. I would not put it in that way. Mr. Jones, I think, was short of money, and I bought the road as cheap as I could. I knew that he was opposed to the Government giving this large subsidy asked by the Texas Pacific, and I, no doubt, thought that if he could be relieved of this embarrassment he would have more time to attend to his public duties, one of which would be to kill this Texas Pacific subsidy bill.

Mr. CONEN. Mr. Jones was the sole owner of that road, was he not?

The WITNESS. I think so. If I remember right he told me that the road cost him \$716,000. I gave him, I think, \$200,000 in cash for it and fifty bonds; and the road cost him \$716,000, as, I think, he told me.

Q. The bill that you have referred to in your answer relating to the granting of subsidies for the completion of other roads is not the bill referred to in the sentence I have quoted?—A. It might not have been. It might have been something else; I do not pretend to carry these dates. I get the ideas of different things that we have done. But good men have generally been for them as soon as it was explained to them how they affected the public interests.

Q. I understand your statement, then, to be that if Mr. Jones were relieved from his embarrassment he could give more attention to the intelligent consideration of the bill, whatever it was?—A. Of the bills before the Senate.

Q. What bill did you understand this sentence to refer to: "Our (O. P. & U. P.) sinking-fund bill in Congress"? That letter was written in 1877. Is not that the Thurman act?—A. No, I think not. I wrote a letter, as I remember it, to the Secretary of the Treasury, saying that we thought it important that we should have a proper sinking-fund bill to pay this money that was due to the Government. I am quite sure a year or more I worked upon that before the introduction of the Thurman bill. The Thurman bill was taken up more as a political measure to "take the wind," as I suppose the boys would say, out of our sails; or, rather, I should say, to gain on the political side rather than to hurt us.

#### "THINGS HAVE CHANGED VERY MUCH."

Q. This bill referred to in this letter is a bill that would have been preferred by the Central Pacific to the Thurman act which was actually passed, is it not?—A. As I remember, it would, as it was a bill under which there would have been a real sinking fund, while the Thurman bill has sunk the money of the company without benefiting the Government or any one else. Things have changed very much, as the Government has furnished means to build a road on each side of the Central Pacific, which has taken it out of the power of the Central Pacific to earn enough net money to take care of the sinking fund such as we then proposed.

Q. Can you supply any of the blanks contained in this letter as to the names of persons whom Mr. Jones had reference to as having been called on? Look at the letter and state.—A. I remember how you read them. I could not. I was writing about pretty much everybody that was interested in public matters. I never have given those letters much weight. I wrote them hurriedly in the evenings, as I have said, after getting through my day's work, and I did not suppose that they would ever be considered as important as they are, or as there is an effort made, I would say, to make them important. They mostly relate efforts that we made to save the Government from paying \$80,000,000 and building a competing road to the Central Pacific, in which the Government had a large interest. We not only wanted to protect ourselves



by paying that debt, but also by building a road that would be at least free, and would serve the public as it has served without any cost to the Government.

**"MUST HAVE FRIENDS IN CONGRESS FROM THE WEST COAST."**

Q. I will read a letter from page 1770 of the Colton case, dated May 7, 1887:

New York, May 7th, 1877.

FRED COLTON: Since I last wrote you your Nos. 41, 42, and 43 have been received.

Mr. Bryan, the Japanese commissioner, was in our office here last week and said he had been ordered to go to Europe. How long he should remain there he could not say, but he thought not long; would see you in S. F. on his return in relation to mails to Japan.

I am glad to get so good a report of the Iowa coal. May it ever continue to burn so well.

I hope the Arizona business will meet your expectations. We need the money that the business will bring badly.

I desire what you say of —, the Florida Senator. He is a clever fellow, but don't go any money on him.

I will have notice for the redemption of S. P. bonds to the amount of \$200,000 published here as you request.

I suppose you will put in the S. P. bonds that belong to the W. D. Co. If not, I expect to stand in as the others do. I would not put in any series A.

The \$40,000 that I let — have are tied up for ten years. I think we can make more than the interest on the amount paid for —'s road out of our other roads by not running the — road at all; and — is very good-assured now, and we need his help in Congress very much; and I have no doubt we shall have it. We must have friends in Congress from the West coast, as it is very important, I think, that we fill the open highway and get a fair sinking-fund bill by which we can get time beyond the maturity of the bonds that the Government loaned us to pay the indebtedness; and I think if any Republican is elected in —'s place he (—) is worth to us, if he comes back as our friend, as much as any six new men, and he should be retained.

It is fearfully hard to get money here; I think never so much so before.

Yours truly,

C. P. HUNTINGTON.

Do you recollect any of the sentiments contained in that letter?—A. I would wish to say, in answer to the other letter, as there seems to be an effort to damage some public men, that I never gave Senator Jones any money for any purpose whatever connected with legislation. I bought his road and gave him two hundred and odd thousand dollars for a road that he told me cost him seven hundred thousand and odd, and I believed what he told me. He does not need any one to protect him; but still, as an effort seems to have been made, I wish to put those facts upon the record. I do not remember having written that letter, though there are ideas there that are not new to me. I see nothing wrong in it, or in any part of it. We wanted to pay the Government what we owed; we wanted to pass a sinking-fund bill, and we did whatever we could that was right to do. I do not think it would be necessary that we should, and I don't think we would be called upon, if we were unprincipled enough to do it, to pay money to pass a bill allowing us to pay the Government all we owed them, in lieu of paying them as a politician wanted it.

**"POLITICIANS GET AWFULLY SHORT" OF FUNDS.**

Q. Will you please tell me whether the Florida Senator here referred to is the same gentleman to whom you appear to have given a letter of introduction to Mr. Colton shortly prior?—A. I could not say; I think very likely it was—if I wrote it at all.

Q. If you wrote it at all, can you tell us the meaning of these words: "He is a clever fellow, but don't go any money on him"?—A. Well, the fact of it is, a good many of these politicians get awfully short; but I have always refused to lend them money unless they had good collateral. I do not think the Florida Senator was an exception.

Q. Then you think the meaning was: "Don't lend him any money without security"?—A. Of course, if we had money to lend, and he had Government bonds or any other good collateral, we should accommodate him.

Q. Your company was not in the habit of lending money?—A. It does not necessarily follow that the Central Pacific was going to lend him any money. I lend money myself sometimes.

Q. The allusion to \$70,000 of bonds that are tied up for ten years; can you tell us what that refers to?

The \$70,000 that I let ——— have are tied up for ten years. I think we can make more than the interest on the amount paid for ———'s road out of our other roads by not running the ——— at all; and ——— is very good-natured now.

#### THE SANTA MONICA ROAD WAS CUTTING.

A. I do not remember about the bonds being tied up, but it would have been a wise provision of the trade to keep those bonds off the market while we were selling the same securities ourselves. Los Angeles, Wilmington, and Santa Monica are not far apart, and the Los Angeles trade was pretty important, and steamers ran from San Francisco to Santa Monica for the Los Angeles trade. We ran to Wilmington and were competing for that trade, which was being cut all to pieces by the Santa Monica road, and I did think that we could save more money than the interest on the two hundred and odd thousand dollars, even if we did not run the Santa Monica road at all.

Q. The road referred to is evidently the road from Los Angeles to Santa Monica?—A. Yes.

#### SINKING-FUND BILL IN CONGRESS.

Q. Is the sinking-fund bill that is referred to in this letter, as it presents itself to your mind, the same bill that was referred to in the former letter, which you described as "our sinking-fund bill," in the words "help us with our (U. P. and U. P.) sinking fund in Congress"? The reference in the present letter is: "We must have friends in Congress from the West Coast, as it is very important, I think, that we kill the open highway, and get a fair sinking-fund bill by which we can get time beyond the maturity of the bonds that the Government loaned us to pay the indebtedness." Is that the same sinking-fund bill that the company then desired to have passed?—A. I should suppose so, if I wrote the letter.

Q. Do you remember having used such an expression as "kill the open highway"? What would that refer to?—A. I do not remember having used any such expression.

Q. Can you give any explanation as to what construction can be put upon those words: "Kill the open highway"?—A. No; I cannot. It could hardly be a railroad, for an open highway would be a road on which they would let everybody run cars, which would be impossible on a single-track road.

## SCOTT'S "OPEN HIGHWAY."

Q. I will read you a letter from page 1776 of the Colton record:

New York, May 15th, 1877.

FRED COLTON: Yours of the 7th inst. is received. I am glad you are paying some attention to Gen. Taylor and Mr. Kasson. Taylor can do as much good in the South. I think, by the way, he would like to get some position with us in Cal. Mr. Kasson has always been our friend in Congress, and, as he is a very able man, has been able to do us much good, and he has never lost us one dollar. I think I have written you before about Senator ——. He may want to borrow some money; but we are so short this summer, I do not see how we can let him have any in Cal.

I have just given Senator —, of Kansas, a letter to you. He is a good fellow and can do us much good, and, I think, is well disposed toward us.

Senator — is coming over; also his brother-in-law, —. They are good fellows, but — means business; not there, not in W.

Scott is working everywhere for his open highway, but I think we can beat him; but it will cost money and harder work to beat him with money under the plan of some of my associates, viz: having it understood that the C. P. and R. P. are, as it were, one property. Then it would be without money if the public could know the facts; that is, that the S. P. is a separate and distinct property.

Railroad credits are as badly demoralized as ever here. The Baltimore and Ohio R. R. paper is thrown out by nearly, if not all, the banks here.

I hope before this reaches you that the road will be completed to Fort Yuma and a large party stopped there. I would like to know what the road has cost up to this time, say from Goshute south, and have the items given.

Jay Gould told me the U. P. had contracted to have a branch built 100 miles long from their road towards the Black Hills, for which they pay for the road (no rolling stock) \$2,000 per mile, iron rails. I guess he doesn't do as well as that.

Yours, truly,

C. P. HUNTINGTON.

I am disposed to think we could trade with Scott for all the T. and P. rights west of the Rio Grande for a small sum.

Is there anything in that letter that you recall?—A. In all those letters there are ideas that are not new to me, and there are others that I have no recollection of.

Q. Does the suggestion as to Scott's "open highway" refresh your recollection as to the use of the term "kill the open highway" in the other letter?—A. No; I do not see how it could mean an "open highway," unless Scott might have said he was going to build a railroad and allow everybody to run cars on it.

Q. Might it not have been a sarcastical allusion to Scott's plan, or to Scott's road?—A. It is possible. Of course we were building a road; we took all honorable means that we could to succeed; and wanted to pass a sinking-fund bill.

Q. Do you recollect writing to Colton, that a certain Senator, whose name is not given, might want to borrow some money, but that you were too short to let him have any in California?—A. No; I do not. There are quite a number, though, who have been in the Senate, I think, in its history, whom I would not be likely to have much money for when they wanted to borrow.

Q. But would you be likely to write to Mr. Colton with reference to the subject and give him a warning?—A. Well, I might, and I might not.

Q. The point would be that if he were not warned he might possibly lose money and lose it?—A. I do not remember having written such a letter. It would have been very proper to have done so surely, if I thought he would lose the money by lending it.

Q. Can you give me the name of the Senator referred to in the communication I have just stated?—A. I cannot. If I had the list to look

over, I have no doubt I could tell more than one as to whom it would not be safe to have much money when they wanted to borrow.

#### A KANSAS SENATOR GETS A LETTER.

Q. (Reading:)

I have just given Senator ———, of Kansas, a letter to you. He is a good fellow and can do us much good, and, I think, is well disposed towards us.

Can you tell us who that Senator was?—A. No; I do not know. Any gentleman, I think, who wanted to do the right thing would do what we wanted to have done, and I should be very likely to give him a pass.

Q. He is identified as a "Senator from Kansas." Do you know who the Senators from Kansas were at that date, May, 1877?—A. I do not; but that is easily ascertained.

#### "GOOD FELLOWS BUT MEAN BUSINESS."

Q. The next allusion is:

Senator ——— is coming over; also his brother-in-law, ———. They are good fellows, but ——— means business; not there, but in W.

Am I correct in assuming that "W." means Washington?—A. That is the first letter in the word Washington, certainly. You might or might not be correct. I do not recollect having written any such letter.

Q. (Reading:)"Senator ——— is coming over." How would you construe that? Coming over to California?—A. I do not know whether it meant coming over there, or coming over to the right view of the subject. We might have shown him that what we wanted was the correct thing; and he might be coming over to the right.

Q. Coming over to the right view of the subject?—A. Yes.

Q. (Reading:)"Also his brother-in-law, ———." Do you remember any Senator at that time who had a brother-in-law in whose position, or in whose views, you were interested?—A. I do not.

Q. Can you inform us who is referred to by this "Senator ———" who was "coming over"?—A. No. I am writing a great many letters every day, and if I had written portions of these I could hardly be expected to remember much about them, as the names seem to be all blank.

#### AS TO STATEMENT THAT CENTRAL PACIFIC HAD NOT EARNED ITS DIVIDEND.

Q. I will read you from page 1790 of the Colton case a letter under date of October 29, 1877:

New York, October 29th, 1877.

FRIEND COLTON: Herewith I send amount of bills payable in November. A very heavy list as the money market is to-day, but I think \$400,000 of it will have to come from the earnings of the roads, and we should begin to lay by something this month for the January interest. We should not pay any dividends this fall. It would hurt us in Washington, and here particularly with the German bankers. Mr. Herman told me a few days since, when I asked him for money, that he had none then, but if he had he would not lend us any if we paid div. this fall. He said we did not earn last year as much as we declared in dividends, and in looking over the annual report he seems to be right, and I cannot find where our sinking fund makes any figure in the profit and loss account of the report. I wish you would examine the last report in relation to the above two things.

Yours, truly,

C. F. HUNTINGTON.

Do you recollect writing on that subject?—A. I do not. I have been always very careful about looking after our financial matters and seeing that everything was paid. This letter is in that direction. I do not recollect having written it, or having been refused any money by any German bankers.

Q. I call your attention more particularly to the statement made by you, that after examination you had concluded this banker was right in stating that "we did not earn last year as much as we declared in dividends, and in looking over the annual report he seems to be right." Do you remember whether that was the conclusion you reached?—A. I remember something of the kind. I do not know that it was at that date I wrote out for an explanation, and they said that there was considerable money out of the earnings of previous years.

Q. From prior years?—A. Prior years; and that it was all right. And it was all right. I do not remember the figures, but I know the impression on my mind was very distinct that it was all right from explanations that they made. We have always been very particular about such things, not to pay any dividends that were not earned.

Q. I am to understand that your own conclusion was that as far as the question made in this note is concerned, you subsequently became satisfied that the dividend which was declared was absolutely declared out of earnings either of that year or of prior years—out of the surplus?—A. I do not connect it with that letter particularly, but I know that at some time I asked them the question, and they explained it to me, and became satisfied that it was all right.

#### PERSONNEL OF RAILROAD COMMITTEE.

Q. I now read you a sentence from a letter on page 1800 of the Col. case, dated October 30, 1877. After referring to matters of business, I find this sentence:

The committees are made up for the 45th Congress. I think the R. E. Com. is right, but the Com. on Territories I do not like. A different one was promised me. Sherell has just telegraphed me to come to Washington to-night. I shall not go as I do not well, and to always go at Sherell's call would kill me or any one else in one session of Congress. I think there never was so many strikers in Washington before, and I think there will be more bills of an unfriendly character offered than ever before.

Do you remember anything in regard to that subject in the fall of 1877?—A. I do not. I know there have always been a great many people in Washington, belonging to the Third House, who were very impetuous. The landlords, I was told, were after them very sharp; and they were making great efforts to raise money to pay board bills.

Q. I refer particularly to this: "A different one [committee] was promised me." Do you recollect using such a sentence as that in any of your letters?—A. I do not. I cannot imagine where I would have got the promise. No Speaker ever promised me anything. Of course we brought all the influence to bear that we could, to have appointed good men, who could not be swayed by small politics or by local influences against the right.

Q. In the course of such efforts the personnel of the committee, as contemplated, must have been the subject of discussion?—A. Most assuredly it would have been.

Q. So that this sentence may mean that, after conferring with your friends in Washington, they had represented to you that they believed their efforts would be successful in getting such a committee appointed as you desired?—A. We should naturally endeavor to get good men on the committee.

## A GOOD MANY STRIKERS IN WASHINGTON.

Q. (Reading.) "I think there never was so many strikers in Washington before." That, I believe, you have explained by saying it was true that there were a great many persons in Washington who were more or less hungry and wanted their hotel bills paid?—A. Well, it was so, I believe; and as far as I know is so in all places where there is legislation going on. There are people in those places who want to be very useful to you, and who have "great influence," taking their own story for it. Of course, where one was a proper man no doubt we would employ him. I do not remember any particular case. I refer particularly to the "members of the Third House," as they are commonly called.

Commissioner LITTLE. As that house is not a recognized house under the Constitution I wish you would explain what you mean.

The WITNESS. It is not organized under the Constitution of the United States.

## TEMPER OF CONGRESS NOT VERY GOOD—SOMEBODY MAY GET HURT.

Q. I will now read you a letter from page 1802, of the Colton case, dated November 9, 1877, omitting the business portion of the letter:

I do not think we can get any legislation this session for extension of land grants or for changing line of road unless we pay more for it than it is worth. Scott seems to be very confident that he can pass his T. and P. bill. I do not believe he can. Some parties are making great efforts to pass a bill through Congress that will compel the U. P. and C. P. to pay large sums into a sinking fund, and I have some fears that such a bill may pass. Jim Keene and others of Jay Gould's enemies are in it, and will pay money to pass. We have a hearing to-morrow before the Judiciary Com. The temper of Congress is not good and I fear we may be hurt, and somehow I do not feel so much like doing battle with the whole human race as I once did. I go to Washington to-night. The petition for change of line of S. P. has just come in.

Yours truly,

C. P. HUNTINGTON.

The WITNESS. What did I say about the human race?

Commissioner ANDERSON. "Somehow I don't feel so much like doing battle with the whole human race as I once did."

The WITNESS. I do not recollect ever having such a feeling come over me.

Q. You are ready still to do battle with the whole human race?—A. Yes; always ready to stand for the right, as I understand it.

Commissioner ANDERSON. It is not "doing battle for," but "doing battle with."

Mr. COHEN. It is a misprint.

The WITNESS. Either way will do.

Commissioner ANDERSON (to Mr. Cohen). Do you think it is a misprint?

Mr. COHEN. It must be. I do not know anything about it.

## A FEAR OF HERR MOST AND HIS CROWD.

Commissioner ANDERSON. It follows the words, "The temper of Congress is not good and I fear we may be hurt." The context would not indicate that you were referring to peaceful methods of promoting the welfare of humanity, but the expression "doing battle" appears to refer to the fear that you would be antagonized by the temper of Congress and by what they intended to do.

The WITNESS. I do not remember having ever written that, but there was one time when it seemed as if Herr Most and his crowd had gath.

and there and were going to strike wherever they could at property legitimately earned. Of course there were not many such; but still they made a good deal of noise. They were there for their own objects and reasons; I did not inquire what they were, but I do remember that there was a time when they struck out at legitimate interests.

#### OPPOSITION TO THE THURMAN BILL WITHDRAWN.

Q. This reference to a bill to compel the Union Pacific and Central Pacific to pay large sums into a sinking fund was doubtless to the Thurman bill, which was subsequently passed, and to the position it then occupied in Congress, I presume?—A. It is possible. The Thurman bill we were opposed to; but as we were told it would be a final settlement of the whole matter, we did not toward the last oppose it. They said that that should be the settlement, and we thought if that could be the finality we would not oppose it.

Q. Do you remember ascertaining at this time that "Jim Keene and others of Jay Gould's enemies" were in favor of and working to pass the Thurman bill?—A. I do not recollect now that I ever knew that Jim Keene had any interest in anything there. I have been told, and I believe, that the speculators in shares tried to get all sorts of legislation to benefit themselves and to send stocks up or down as their particular interests might require; and I think no one questions but what that is being done continually.

#### BUYING VOTES IN CONGRESS NOT BENEFICIAL TO ANYBODY.

Q. The expression used in this letter, if you wrote it, is applied to speculators who were trying to get the Thurman bill passed. The letter says they "will pay money to pass" the bill. Does that refer to the use of money such as you have referred to before in explaining to members of Congress, or to the belief on your part that an improper use of money was to be made?—A. I do not suppose that anybody could go into Congress and buy votes that would be of any benefit to him. While it is very likely that there is a percentage in every body of men that may be influenced by money, and while it is very likely that there have always been such men in Congress, still if you should buy two or three of them and get them to work for you, they would drive away ten honest men for every one such man you hired to work for you.

Q. Do I understand you to mean by that, that you do think that occasionally it does happen, though it may be a mistaken policy, that a small percentage of members of the legislature are hired by reward in money, or in stock, or for value, to assist in the passage of legislation or to prevent hostile legislation?—A. I should think it would be strange if such a case had not happened, although the principle is wrong and the policy, I think, would be bad. What I did say, however, was, that in any large body of men there is always a small percentage of men that are not true to themselves or to anybody else; but they are pretty generally known; and you cannot employ them to your own advantage. What others do, of course, I have no means of knowing.

#### TO GET LEGISLATION THIS SESSION MUST PAY MORE THAN IT IS WORTH.

Q. I will read you another sentence:

*I do not think we can get any legislation this session for extension of land grants, at a changing line of road unless we pay more for it than it is worth.*

The WITNESS. I did not know but that you might have some light on the subject that I have not.

Commissioner ANDERSON. I can not give you any light.

The WITNESS. I have no recollection of ever having seen anything of the kind before.

Q. In the letter-in-chief of November 22, which I have read, the language used is, "The one I send is from ex-Senator ———." Do you remember writing a letter and inclosing a letter from an ex-Senator relating to these measures?—A. I do not.

#### AS TO SUGGESTIONS AND OFFERS OF ASSISTANCE.

Q. Did you frequently receive letters from persons in Congress, making suggestions and offering to assist?

Mr. CONEN. This is not from a person in Congress.

Commissioner ANDERSON. From persons in Washington offering to assist you if permitted?

The WITNESS. Of course we were trying to establish a proper sinking fund, and we were communicating with every one that we thought was disposed to, and that was able and willing to, help us.

Q. Among those correspondents was or was not ex-Senator Pomroy?—A. I knew the Senator.

Q. Did you receive letters from him containing suggestions as to your proceedings?—A. I do not recollect.

Q. Do you now recollect receiving from him the letter which I have read to you?—A. I do not.

Q. As to the proper way of advocating your interests in regard to legislation and in relation to the Thurman bill?—A. I do not. I knew him, but I am not clear whether I asked him to help us or not.

#### THE SANTA MONICA ROAD.

Q. I read from a letter at pages 1810 and 1811 of the Colton record, November 24, 1877, the following:

The Departments have ruled that we have another year to build the S. P. Then, if we do not get extension of time when needed, a law to change the route would do us no good. I notice what you write of the Santa Monica road. I am satisfied with that trade, and when you write pay ——— no part of the \$25,000, because there is an unsettled account of, say, \$6,000. I think you forget his position. I have paid him the \$25,000, as he told me he needed it very much. I hold the \$70,000 S. P. that he was to have in the trade; that is, he is to have the coupons for ten years, then the bonds. ——— can do us much good, and says he will. If he does not, the facts will set him free. I find nothing in this office to show that all the S. P. between Caliente and Mohave station has been accepted by the Government, or that we have ever made application to have it accepted. When I heard that one of the commissioners to examine the S. P. out from Yuma was to go from this side, I made objections, which I would not have done if I had known that it was the Sturges that has been so long in the Interior Department, and I hope you will explain it to him, as he is one of the best men in that Department of the Government, and can do us good in our land matters.

This is a part of the letter of November 24, 1877. Does the transaction that I have read come to your mind as one that you were familiar with at the time?—A. No. I had forgotten about it.

Q. Is this Santa Monica road the same one referred to before as the Los Angeles and Independence?—A. Yes.

Q. Do not the figures recall to you that they are the same figures included in the other letter, \$70,000 of bonds, and that the gentleman *want to have the coupons for ten years?*—A. I had forgotten about the bonds being \$70,000. There was a certain amount; I should have said



\$100,000, and \$200,000 in cash. Of course the coupons belonged to the party that owned the bonds, and to be paid when due.

Q. It is the same transaction evidently that was referred to before?—A. I do not recollect just how that was, but this evidently was the Santa Monica road. I have no recollection of having loaned \$25,000 on \$10,000, or whatever amount of bonds it was, but they were good collateral. If I had the money to spare and anybody wanted that amount of money on the bonds I should have been glad to let them have it.

#### FLOATING BONDS.

Q. What was the object in holding those bonds for ten years, giving him the coupons meanwhile, and the bonds at the end of the ten years?—A. That is not an uncommon thing when we are first floating bonds. When I first came over here I traded the bonds with the Spayten Dryvil works; I let them have half a million dollars of those bonds, but I had a contract with them that they should not put the bonds upon the market at less than par and accrued interest, because they would be likely to demoralize the market.

Q. Did you keep the bonds, or did you deliver them to the Spayten Dryvil Company on a contract that they were not to put them on the market?—A. I think I delivered the bonds.

Q. Do you remember any case in which you sold bonds and held them in your custody and control for ten years, and simply paid the coupons over?—A. No; I do not remember that I did.

Q. In this case the language used is:

I hold the \$70,000 E. P. that he was to have in the trade; that is, he is to have the coupons for ten years, then the bonds.

Then follow the words:

—can do us much good, and says he will.

The blank refers, does it not, to the gentleman who sold you the Santa Monica road?—A. From his geography he would naturally support bills that would develop California. I do not believe Senator Jones ever did any favor for us because of our buying his Santa Monica road.

#### THE PURCHASE OF THE SANTA MONICA A LEGITIMATE BUSINESS TRANSACTION.

Q. Does not the blank left in this letter mean Senator Jones?—A. I presume it does. I do not know that I wrote the letter, but I think it is probably a part mine and a part not mine. There certainly is nothing wrong in the purchase of this road. We bought a road of Senator Jones that cost him \$710,000 and we paid possibly \$270,000 for it. I thought it was \$250,000. It was a good purchase for us. If anybody wanted to borrow \$25,000 on \$10,000 of the bonds I would have let them have the money, because the collateral was perfectly good.

#### THE OUTLOOK NOT GOOD.

Q. I read you part of a letter, from page 1814 of the Colton case, dated December 17th:

*Gov. of the Salt Lake Line to Oregon and other matters connected with it. The Jones and P. Company have been fighting us for years, but have had but little money, but have used power and promises largely; but the latter, as they say, is short played out, and some little time ago they joined teams, as I have been told,*

purpose, and it is my duty to object to any impertinent, irrelevant, or improper testimony finding its way into this record. I do not care whether the witness is willing to answer the question or not. Other people have rights as well as the witness. I do not think it is a legitimate mode of carrying out the purposes and duties confided to this Commission.

Commissioner LITTLE. How will the reading of that letter prejudice the Central Pacific road?

#### ALLUSION TO ANONYMOUS LETTERS.

Mr. COHEN. You have got in your possession anonymous letters from everybody that has ever had a dispute with this corporation about freights, or about any matters of business, and from everybody who has ever asked for a pass and been refused. If you commence putting anonymous letters into the record, where will you stop? We have had about twenty-four hours or more of this foolishness—raking up old grievances, reading letters which have been before the people of the United States now for ten or twelve years, wasting the time of the Commission, and wasting the time of the witness, which is valuable, and the time of counsel, and I claim it is not a proper subject of examination. I say further that I do not think this commission has any right to depart from well-recognized rules of evidence, or to examine this witness on anything which a judge of a court of record would not allow him to be examined upon.

#### LETTER IN QUESTION NOT ANONYMOUS.

Commissioner ANDERSON. I wish to say in regard to my own position about it, that the letter I am reading is not an anonymous letter. It is referred to in a letter which purports to be signed by Mr. Collis P. Huntington—

Mr. COHEN (interposing). You have not even proved it is Mr. Huntington's letter.

Commissioner ANDERSON. Please let me state my reason for reading the letter from the printed case. We have on the record the fact that the original letters from which these copies (whether correct or not) were made have been prevented from reaching our hands by an action of Mr. Huntington. We are entirely desirous of having the letters read in the usual way, in court, before us, instead of these printed copies that has been made impossible by Mr. Huntington's action. I deem it to be within the rules of law to read the copies, so long as they are perfectly verified when the witness, by his own action, has prevented the originals from being before us.

#### LETTER IN QUESTION IT WOULD NOT BE READ.

Commissioner ANDERSON. The letter which I am reading, and which is referred to in the printed case, if it were an anonymous letter I would not read it. It is not an anonymous letter in this Commission or anywhere in favor of any party. It is a letter under any circumstances. But, as far as the rules of evidence are concerned, the act directs us to ask the question whether it is used to influence legislation. That is our duty. It is not needed that a witness need not answer if he does not wish. It has been decided that this Commission is not a court, and therefore we do ask it and intend to

letter is from an ex-Senator, and it is cited in the principal letter in connection with the statement that many letters of this character are sent to him, and that "it seems as though all the strikers in the world are in Washington now." I therefore say that, in my judgment, it refers directly to the inquiry which Congress has instructed us to make. I will with great pleasure put the vote which you desire to have put.

Mr. COHEN. I desire to say in reply that I claim that you have not proved that the letter to which this anonymous communication is attached was written by Mr. Huntington. Further, I would say that as far as I recollect, I do not think that the original of this paper that you are asking him about is among the letters the production of which was enjoined by the circuit court of California. I do not think we have the originals.

Commissioner ANDERSON. Gentlemen of the Commission, I desire your instructions as to whether I shall proceed or not.

The CHAIRMAN. Proceed with the examination, unless there is some objection on the part of the Commission.

Mr. COHEN. I would like a vote of the Commission as to whether this is a proper mode of examination.

The CHAIRMAN. Mr. Cohen can enter his objection.

Mr. COHEN. I would like a vote of the Commission as to whether this is a proper examination.

The CHAIRMAN. The chair rules that Mr. Anderson may proceed with his examination. If there is any objection that you have to make as counsel you can enter it on the record.

Mr. COHEN. I have stated my objection.

#### THE READING OF THE LETTER CONTINUED.

Commissioner ANDERSON. I continue the reading of this letter, then:

First, I say, not by proposing to that some committee the bill of last session. They went in another direction. Second, not by having no counter measure. Now, then, do you hope to defeat them? I reply, first, by at once putting before the Committee on the Pacific Railroad such a bill as you can accept and by pressing a report from that committee. If you rely upon moving it as an amendment or substitute you will fail, as it then has the sanction of no committee of this Congress, and can not be passed successfully. Second, let Mr. Mitchell, of the Pacific Railroad Committee, call his committee, thoroughly discuss and report each a bill as you can accept. Then antagonize the report of the Judiciary Committee with a report from the Pacific R. R. Committee, and our friends then can sustain the report of the one committee against the other. The Thurman bill will pass if no concerted and determined effort is made to defeat it. I live close by and see often two members of the Judiciary Committee, and they have another measure to follow their bill if they pass it. Their new measure is, put by law your roads into the hands of a receiver until and while the requirements of the law are being fulfilled, so that if you take the case growing out of this new law to the Supreme Court, in the mean time your roads and funds are controlled by a receiver. I only allude to this as a plan that I have heard spoken of. These suggestions are entirely gratuitous; but, as you know, I am

Yours, truly,

Now, do you remember writing a letter inclosing the letter which I have just read to you?

#### WITNESS DOES NOT RECALL THE LETTER.

The WITNESS. I do not. I do not remember ever having read that letter. Was that letter with those others that were stolen? Was that stolen, as was claimed, with the others?

Commissioner ANDERSON. I was not one of the parties connected with that burglary. I can give you no light.

Q. Is it not true that the refusal of men to see things as you thought they ought to see them would cause you more disturbance than the mere fact of your having to pay more hotel bills or pay out more money than you thought had actually been earned?—A. Probably it did.

#### HOW THE PAYMENTS TO ASSISTANTS WERE MADE.

Q. In the transactions of making all these payments to the people who were employed for the purpose of getting up the information, who assisted you?—A. I used to leave it altogether, or nearly so, with Mr. Franchot, until his death; and from that time, with Mr. Sherrill.

#### AS TO MR. ISAAC E. GATES.

Q. Who was Mr. Gates?—A. He is a man in my office here.

Q. What was his full name?—A. Isaac E. Gates.

Q. How long has he been with you?—A. He has been with me, I guess, about twenty years.

Q. Was he intrusted by you with the disbursement of some of this money that is covered by the vouchers signed by you?—A. No; I have always attended to those matters myself.

Q. Has he not signed many vouchers for money received from you?—A. I should say not.

#### HIS CONNECTION WITH THE COMPANY.

Q. Does not his name appear on many of the bills or statements that you have returned to the Central Pacific Company monthly?—A. It is possible. I do not have much to do with the book-keeping. I hand memoranda in, and the clerks attend to them.

Q. I refer to these memoranda. Did you not frequently enter Mr. Gates's name on these memoranda as having received large sums of money from you?—A. I think not. He never has been to Washington. He knows nothing of our matters there at all.

Q. The memoranda which we have seen in San Francisco, and which are not here, although we have called for them—I mean the memoranda prepared by you and sent by you to San Francisco, contain Mr. Gates's name very frequently, with the number of dollars carried out opposite his name, but without any further statement. If that be so, does that recall to your mind the fact that much of this money passed through Mr. Gates's hands?—A. I am very certain that none ever passed; I am quite certain that all came to me.

Q. What would be the meaning of your writing the word "Gates" in the memoranda sent by you to the Central Pacific Company with a certain number of figures carried out on the same line with his name?—A. I do not know. I do not recall now just why it should be so.

Q. Would not the natural meaning be that that meant to say to the Central Pacific Company, "I have given to Mr. Gates, to be applied to the use of the company, so much money"?—A. It might, and might not. He never has had anything to do with our Washington matters. I have always attended to those matters myself.

#### ATTENDS TO GENERAL EXPENSES.

Q. Has he expended any money for the account of the Central Pacific Company?—A. He attends to many things here in the way of paying for rails, locomotives, and a thousand things like that.

Q. Then he does not attend to the legal expenses, or to the expense account at all?—A. No; I have always attended to that myself.

Q. Are we to understand that the word "Gates," wherever it is entered on the statements which purport to explain the disposition made of legal expenses, or general expenses, was put there without its being a fact that the money was paid to Mr. Gates and expended by him?—

A. Whatever was on the paper was right; there is no question about that. It is possible that what you refer to may have arisen from the fact that all my checks are printed payable to the order of Mr. Gates. I have been doing a large business for thirty years, and I suppose that I have handled a thousand million dollars in that time of money that passed through my hands, and it would be very difficult to remember every item.

Q. Is Mr. Gates in New York, now?—A. He is.

Q. Is he now in your employ?—A. Not in my employ.

Q. Is he in the employ of the company?—A. Yes.

Q. And your statement is specific that no portion of the funds covered by the unexpended vouchers were disbursed by Mr. Gates?—A. I should say so.

#### MR. GATES'S WORD ENOUGH.

Q. All of the business that Mr. Gates has done with regard to the purchase of materials, or any other purchase, was covered by vouchers in the usual form, as I understand it, stating the application of the money and the person or corporation to whom the payment was made. Is that so?—A. I should say that whatever ought to be, is; that is about all that I could say as to that.

Q. Would you to-day pass a voucher for Mr. Gates without its stating in detail the person to whom the payment was made and the purpose for which the money was to be used?—A. Mr. Gates is a man that I should trust anywhere for any amount; he is correct; and if I had a word for it, that would be enough.

Q. Is there any occasion on which Mr. Gates has presented you a report stating that he had expended any important sum of money, exceeding \$5,000, without at the same time producing a voucher to support his expenditure?—A. I should say not.

Q. You do not remember any such case?—A. No; I do not remember any.

#### THE BOOKKEEPING IN CALIFORNIA.

Q. I understand you to say that you have very little acquaintance with the book-keeping in California or with any of that work?—A. I really have nothing to do with it.

Q. Have you anything to show, any entries or memoranda, relating to transactions which would naturally have appeared on the books of the Contract and Finance Company?—A. I have not. Mr. Hopkins always attended to that business for me. He was a partner in mercantile business with me; and he had a power of attorney to do for me almost anything that I could do myself.

Q. Have you no books which would show the actual payments either in stock, bonds, or money which may have been made by the Contract and Finance Company to you?—A. No, I have not; I have never kept any books in connection with those matters.

#### WHAT THE BOOKS OF THE CONTRACT AND FINANCE COMPANY SHOW.

Q. Do you know from any source whatever what the books of the Contract and Finance Company would show to have been the actual

cost of the construction of the Central Pacific from the eastern line of the State of California to Promontory Point?—A. No, I have not, except on the principle on which the Dutchman kept his books. He said he always knew what he owed and what he had to pay it with. I know that when we got through we were largely in debt, and had nothing but some shares of the Central Pacific Company to pay it with; and the shares could not have been sold at that time for enough to pay the debt. I know this to be so, because Mr. Hopkins told me so.

Q. Do you know how many shares of the Central Pacific Company were divided up by the Contract and Finance Company at the close of its operations?—A. I do not. I should say (I cannot say where I got the information) that there were some four hundred thousand shares, or perhaps more.

Q. That is, \$40,000,000 worth, at par?—A. Yes.

#### LAND-GRANT BONDS.

Q. Do you know whether they divided up anything else—any land-grant bonds?—A. I am very sure they did not before the completion of the road. If they did I have no recollection of it. I think I remember having been told that they used some land-grant bonds to pay some debts that they had.

Q. Did you ever get any land-grant bonds from the Contract and Finance Company?—A. I think I did; I know we advanced large amounts of money to the Contract and Finance Company, and I think a portion of that advance was paid in land-grant bonds.

Q. Do you know in what year you got the land-grant bonds?—A. No, I do not; but it was after the road was completed. We kept everything together.

Q. What was the amount of land-grant bonds which you got from the Contract and Finance Company?—A. I do not know. The mortgage was for \$10,000,000, and some of the bonds were sold while the road was being built.

Q. You mean the land-grant loan?—A. Yes; the land-grant mortgage. The amount was \$10,000,000, and there was quite a good number of the bonds, as I remember, sold. There was a certain number of the : went towards paying the floating debt.

#### DISPOSITION OF THE BONDS.

Q. There were about \$7,000,000 of those bonds which were paid by the Central Pacific to the Contract and Finance Company?—A. Very likely.

Mr. COHEN. Where did you get that amount from?

Commissioner ANDERSON. From the books of the Central Pacific Company.

Mr. COHEN. Is that in evidence?

Commissioner ANDERSON. Yes; they are entered in the report of the disposition of the land-grant bonds. It appears that about \$7,000,000 were paid the Contract and Finance Company in satisfaction of \$6,000,000 of notes held by that company.

#### PRICE OF THE BONDS.

The WITNESS. I should have said that they did not take it at as high a price as that. Those bonds were not sold at over 65 cents, I think, at the time.

Commissioner ANDERSON. The report will show the exact figures.

Q. Do you remember whether the amount received by you was between a million and a half and two million of dollars, as your share or your portion of those bonds?—A. I should think it was not as much as a million and a half. I know that whatever they were, I sold them and used the money for other public improvements.

Q. Can you ascertain for us the amount of land-grant bonds that you received in 1874 and 1875?—A. I do not believe I could. I no doubt counted them at the time and found them correct. Whenever I got a chance to sell them I sold them and used the money, as I have said for public improvements.

#### PECULIAR METHOD OF BOOKKEEPING.

Q. Did you keep any books showing the amount of bonds held by you?—A. No; I always kept little memoranda and when I sold any bonds they were crossed off and after a certain time transferred to other memoranda. I have carried my own personal matters largely in my hat.

Q. Do you know of a book showing the amount of interest received by you on the land-grant bonds in 1874 and 1875, while you held those bonds?—A. No; I do not believe I would have any. I do not know why I should, as I should simply go and collect the coupons as anybody else would do, and paid my debts with the money.

#### CONTRACTS FOR CONSTRUCTION OF CENTRAL PACIFIC.

Q. Did you know anything of a contract made with Crocker & Co. for the construction of the Central Pacific from section 31 to 138?—A. No; I did not. The first contract that was let to him, I think, was for 18 miles. I used to go to California about once a year, and staid but a few days. My business was here. Mr. Crocker had a contract, as I remember, of eighteen sections from Sacramento, and then contracts were made with six or eight parties for about 13 miles more. Afterwards our people wrote something about letting the balance of the contract, to the State line, to Mr. Crocker, but I was opposed to it, although I forget what I said. I was told that the smaller contractors had quarreled with each other and there was trouble about getting labor; the men on the upper section would go to Sacramento to get men for the work, but it was pleasanter on the lower section and contractors there would scoop those men in as they were going on to the work on the other section. There were many complaints of that kind. They said that they were satisfied from the condition of the labor market that it would be better to concentrate the work in one party's hands. They convinced me that that was better and it was done; but I was not there and I know very little of the details. I remember the general features.

#### CONTRACT WITH MR. CROCKER.

Q. I refer now to the contract which Mr. Crocker did get. Do you know anything about the cost of construction of the portion of the work from section 31 to section 138—the cost to Mr. Crocker?—A. No; I do not. It was immense, though. He complained very bitterly, and I think our people helped him to the extent of their ability every way they could. He was expecting to get someone in with him, and I think

perhaps he did, but I do not remember about that. I tried here to get men to take an interest in his contract, but they would not do it; they said that the risk was too great, but that if there was an organized company, so that they might know just what their responsibility was, they might take some interest. Then I wrote to our people to organize under the laws of the State a building company, which they did. They called it the "Contract and Finance Company." Then I tried to get moneyed men here to take stock in it, and spent considerable time in the effort. Mr. Hopkins wrote to me about taking some of that stock. I told him to take just as little as he could get along with, but to take as much as was necessary, for the road must be built.

#### TRANSFER OF STOCK.

Q. We have got all that on the record and I want to shorten your examination. With regard to the Crocker contract, do you know how it came that the stock which the Central Pacific received for the construction of that particular portion of the road was transferred to the Contract and Finance Company, in which all you gentlemen, as I understand it, had an equal interest?—A. No; I do not know that.

Q. There were \$13,000,000 or \$14,000,000 of stock which had been received under the Crocker contract, and which was passed over to the Contract and Finance Company?—A. I do not know how that was done. I know that we were troubled very much to get money, and that we all not only indorsed paper but advanced money from our private means up to the farthest extent of our credit.

Q. Were you all interested together?—A. We had no interest whatever in the Charles Crocker contract. That was one of the things that I would not go into myself, but we all did all we possibly could to carry through the heavy work on the Sierra Nevada mountains short of being personally responsible for the whole work.

#### AMOUNT TRANSFERRED.

Mr. COHEN. Where would the amount of stock transferred from Crocker to the Contract and Finance Company appear?

Commissioner ANDERSON. Mr. Stanford said that it was transferred, but he did not give the date.

Mr. COHEN. He does not give the amount.

Commissioner ANDERSON. Yes; he gives the amount.

Mr. COHEN. I do not remember it.

Commissioner ANDERSON. He says that the Crocker stock was transferred, and that the amount of the Crocker stock is proved very accurately, down to a share, from the Central Pacific books. We never understood why Crocker did not keep it, for he was one of the parties interested in that contract, and it is on that point that I am now asking for light.

The WITNESS. It was probably used to settle for the large sums of money that had been advanced to Mr. Crocker. If I could help you out in any way with these particulars I would be very glad to do it, but I have no information excepting what was given me by Mr. Hopkins, and that I have already given you. We afterward bought at 12 cents on the dollar the stock that Crocker got from the Contract and Finance Company.

#### EFFECT OF BUILDING OF SOUTHERN PACIFIC ROAD.

Q. What, in your judgment, has been the effect of the construction of the Southern Pacific Railroad on the security afforded to the United



Commissioner ANDERSON. The report will show the exact figures.

Q. Do you remember whether the amount received by you was between a million and a half and two million of dollars, as your share or your portion of those bonds?—A. I should think it was not as much as a million and a half. I know that whatever they were, I sold them and used the money for other public improvements.

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above operating expenses?—A. That I could not say. It would depend upon a good many things. If it were running independent of everybody else it would be very likely to get hurt. There are narrow-gauge roads running in Nevada, which if in unfriendly hands would be likely to turn much of the trade of Nevada away from the Central Pacific. We have endeavored to protect the interests of the Central Pacific in every way. I think that Government bonds to run one hundred and twenty years, at a rate of interest that the company could pay, and at the same time liquidate the principal, could have been sold in the last two years.

#### PLAN OF SETTLEMENT.

Q. On that subject will you please state to the Commission as fully as you desire any suggestion you have to make with regard to any scheme or plan of adjusting the debt existing from your company to the United States?—A. To work that out would take me at least a month of such time as I could spare from my current work, and I will do it. I think a plan could be arranged if we could have any guarantee that the Government would keep faith with the company, and not do as they have done heretofore.

Commissioner ANDERSON. The idea that this Commission has of the purpose for which it was called into being is to secure just these explanations that you refer to, and we are desirous of receiving from you any explanation that you or any other officer of the company can give us.

Mr. COHEN. I would suggest, in reply to that, that before you close your labors, Mr. Huntington make some suggestions in writing, and you can annex it to his testimony.

Commissioner ANDERSON. We want it for use within ten or fifteen days.

Mr. COHEN. You shall have it within fifteen days.

The WITNESS. I do not know as to that. I have some ideas about that.

#### SUGGESTIONS REQUESTED FROM WITNESS AS TO PLAN OF SETTLEMENT.

Commissioner ANDERSON. What the Commission desire of Mr. Huntington is his suggestions upon: (1) The desirability of a change from a percentage of net earnings to a payment of a fixed sum; (2) his idea of a change in regard to the extension of the period for payment; (3) his idea of a change with regard to the annual percentage or interest that should be charged, or which the company could pay; (4) any suggestion with regard to the commutation rate by which the whole obligation could be discharged at once, and the relations between the Government and the company absolutely and completely divorced; (5) any light that he can shed upon the question of how much security and what kind of security the Government has now for its debt, and what could be done to increase or enlarge the securities which it holds.

The WITNESS. If it were capitalized and put into a fixed amount—interest and all—with payments to be made every six months, or at some other fixed time, then of course the security would be growing better all the time, because the property itself will be increasing in value as the years roll by, while the amount of indebtedness would be steadily decreasing. Most of the great roads of this country have, I believe,

led debt to-day of greater amount than they had when they were built.

Commissioner ANDERSON. I have no other question to ask Mr. Huntington.

#### HANDWRITING OF WITNESS.

By Mr. COHEN:

Q. You have been questioned to-day in relation to certain letters that you wrote, none of which has been exhibited to you; and you have admitted whether the copies which have been read to you were fair and true transcripts of the letters which you wrote. I ask you what is the general character of your handwriting. Is it easily read?—A. I need not flatter myself that I could write a letter in half the time that it would take the other party to read it.

Q. Were you acquainted with Horace Greeley in his lifetime?—A. I was.

Q. Is your handwriting something like his? He said his writing could always be read when it was on the back of a note, but could not be read in a letter?—A. I have seen his writing, and I think it was worse than mine.

#### HIS REFERENCE TO THE CHARACTER OF CONGRESS.

Q. In one of these letters you speak of the "agrarian" character of Congress. Was not the opinion which you then formed, and which you expressed in that letter, derived from the members of what you have termed the "Third House," rather than from your own observation?—A. I do not remember the language that I used exactly; but I did not mean to be understood as saying that anything like a majority, or a respectable minority, of Congress were of that class; but I have no doubt that some of the members could be so classed.

#### THE SANTA MONICA ROAD.

Q. In purchasing the Los Angeles Railroad from Senator Jones did you purchase it at the lowest price you could?—A. I did. I bought the road from him just as I would buy a road from Mr. Cohen. I bought it as low as I could. I thought then, as I do now, that it was a good purchase.

Q. You did not pay any more for the road because Mr. Jones was a Senator than you would have paid if he had not filled any public position, did you?—A. No. In fact, the road was cheap at the price we paid for it—something less than one third of what it cost to build, as I remember.

#### RATE OF INTEREST PAID.

Q. You were questioned about a statement contained in one of your letters as to the rate of interest which you paid. State to the Commission the rate of interest which you paid in California on money that you borrowed for the purpose of constructing the road; and the rate of interest you paid on the indebtedness you had incurred in such construction, which remained after you had used the bonds issued by the road, and the bonds issued by the Government?—A. I could not say at this time. We paid the current rate of interest in California, which, I think, when we first commenced, was 1 to 1½ per cent. per month. We bought gold here at a very large premium to pay for our labor. We paid gold

for interest on our million and a half of 7 per cent. bonds, for which I paid at one time 222 in currency.

Q How long did the rate of interest remain as high as 1 per cent. in California; until what year?—A. It would be difficult to give the date. I know that in 1849 we used to lend money for 10 per cent. per month. It went down to 5 in a year or two afterwards, and continued to fall by degrees until it reached 10 per cent. per annum, which is now, I believe, the legal interest in California.

Commissioner LITTLER. In what year was it that you paid 222 premium on gold?

The WITNESS. I can not say now; but I could tell by looking over the price list of gold here. I bought it in the open board.

Mr. COHEN. I have the price list of gold during all that time, if you want it entered on the minutes.

The WITNESS. I sold \$40,000 here for Huntington & Hopkins for 279, I think.

#### FINANCIAL STANDING OF HUNTINGTON, HOPKINS & CO.

Q. You have spoken in your testimony, given before this Commission some weeks ago, of your guaranteeing some of the bonds which you sold—of their being guaranteed by Huntington, Hopkins & Co. State to the Commission what was the financial standing of Huntington, Hopkins & Co. at the time you commenced the construction of the Central Pacific road?—A. I flatter myself that there was not a better financial house in the world—for anything that we wanted. I had some paper out in this town in 1837, and I believe that I never had a piece of paper go to protest, and Huntington & Hopkins stood A-1.

Q. Mr. Crocker has stated that at the time he went into the construction of this road he was worth over \$200,000. What was the financial rating at that time of Huntington & Hopkins?—A. I believe that I could have got \$1,000,000 well enough on our credit, in our legitimate business.

Q. I am speaking of your property. How much property had you—in money or money's worth?—A. I should say that we had \$500,000 or \$600,000. We had not enough to build the Pacific road.

#### MR. STANFORD'S FINANCIAL CONDITION.

Q. Can you state the condition of Mr. Stanford's finances at the time that he entered into the work of building this road?—A. In a general way. I believe that every member of the company came in at my personal solicitation. I spent many evenings until a late hour, after getting through my regular business, in going to see men, and I went to see only those who were thrifty, and whom I believed to be safe business men. I spent several evenings at Governor Stanford's house, and he finally said that he would go in. I should have said that the house of Stanford Brothers was then worth up in the hundred thousand several times. I wanted to get him to come in because he was a good business man, and a clean man in all respects. I should have said that Mr. Crocker was worth more than \$200,000. He was doing a thrifty business, and I counted him one of the best business men in California. His integrity was never questioned.

#### MR. HUNTINGTON'S METHOD OF SIGNING CHECKS.

Q. You were asked about several payments being charged to Isaac B. Gates, those payments appearing upon vouchers that you sent to

California. Are not all, or almost all, of the checks signed by you drawn to the order of Isaac E. Gates? Are not your checks printed to the order of Isaac E. Gates, and then issued by him as occasion may require?—A. They are. I often sign two or three thousand checks at a time. They are printed to the order of Isaac E. Gates, and I usually take some books to my home and sign the checks after I get through with my work for the day. I sign most of my checks there. As they are printed to the order of Mr. Gates it is safe so to sign them.

#### HOW THE COMPANY EXPECTED TO PAY ITS DEBT TO THE GOVERNMENT.

Q. You have been asked to make some suggestions with reference to a settlement of the claim of the Government against the Central Pacific and the Western Pacific roads. When the Central Pacific signed its acceptance of the terms of the act of 1862, was it not your understanding that the Government would look to the transportation to be done by the Central Pacific for the payment of the principal and interest of the bonds which it had advanced to aid in the construction of that road?—A. It was thought they would be paid in that way. I think that we thought that the earnings of the Government—that is, for the work that the Government would need to have done by the roads—would more than pay the interest, and in time, in fact, liquidate the principal. I do not think that we expected, or that when the bill was passed in Congress that Congress expected, there would be any money paid excepting the 5 per cent on the net earnings; the balance would be paid in services. The expenses of the Government were very large, as the Government records will show, before the road was built; and we, at least I, supposed that the earnings from the Government business would be sufficient to meet all these payments.

#### POLICY ADOPTED TOWARD THE INDIANS.

The Indians were very troublesome there before the road was built, and after that we took care of them. That cut off all sources of income of that kind. The chief of the Pinte Indians said that he had 3,000 warriors, and they were very troublesome. Indeed, in one battle at the Big Meadows, our troops under Major Ormsby lost 175 men. After our road was built we negotiated with the Indians. We gave the old chief a pass, good on passenger cars, and we told our men to let the common Indians ride on the freight trains whenever they saw fit. We treated them kindly and our men are doing so to this day. I know that I said to the chief that they must take care of the railway and we would take care of them. They have been very friendly ever since; and in more than one case they have given the company notice of washouts on the road. It was so with the Shoshone Indians. Mr. Crocker sent for the chief, made a treaty with him. He stipulated that if they would take care of us we would take care of them, and we have had no trouble with them since. The forts and military stations that the Government had along this line, in the Great Basin, have been removed. The Government paid for taking barley over to Fort Churchill 40 cents per pound, and other supplies at like rates. I have never agreed with the Government as to its Indian policy. I have always thought that kind treatment was via their good-will, and I think so now. At any rate the Government has not needed any troops to take care of the Indians on our road since we built the road.

## GOVERNMENT TRANSPORTATION EXPECTED TO PAY INTEREST.

Q. When you were pushing the road over the Sierra Nevada Mountains, building it without regard to cost, and bending all your energies to getting it through in the shortest possible time, did you not understand that your fixed charges would consist only of the interest on your first-mortgage bonds, and that you would not be required to pay the Government interest on the principal of the bonds, except by way of transportation?—A. We expected that the transportation the Government would need would pay the interest.

## EFFECT OF COMPETING LINES.

Q. After the amendment of 1864, when the Government consented to receive one-half of the earnings instead of the entire debt, was it not the understanding with your company that one-half the transportation and the 5 per cent. upon the net earnings would be all that would be required to provide for the payment of the principal and interest and for the credit advanced by the Government?—A. I do not remember that I had any very pronounced ideas on that. As I say, I think we would have gotten along all right, and that we would have paid the Government debt, had not the Government subsidized competing lines to the north and south of us. If they had not done that, I think we could have paid out of the earnings of the road all the debts of the company, probably not at the maturity of the bonds; but I think none of the great roads of the country have paid their current expenses and paid for the cost of construction in so short a time as thirty years.

## SURPRISED AT THE COURSE TAKEN BY THE GOVERNMENT.

It never entered my mind that we would have four or five transcontinental roads, aided largely by the Government, in fact aided more largely than it had aided us. I never thought that it would do it, not knowing the Government then as I do now, but thinking if it did destroy the earning power of the Central Pacific that it would concede something for the wrong it had done that company.

## COMPLETION OF ROAD.

Q. Do you remember at what time the Central Pacific was completed and turned over to the Government as a completed road?—A. I think it was on the 10th of May, 1869.

Q. Did the Government at that time refuse to receive the road as a completed road?—A. Yes; there were a great many things that had to be done to strengthen it.

## REQUISITION BY THE GOVERNMENT.

Q. What requisition was made by the Government on you in the way of a deposit of your first-mortgage bonds?—A. If I remember rightly I did deposit four millions with the Secretary of the Treasury as a guarantee that we would complete the road as the Government required.

## THE ROAD ACCEPTED.

Q. At what time did the Government accept the road as a completed road according to its view of the situation?—A. I cannot say. It was considerably later than May, 1869.

Whatever it was necessary to do to push on the great work, we did, notwithstanding that my friends told me it was going to break me up before we got through the Sierra Nevada Mountains.

#### MR. CROCKER ASSUMES AN INDEBTEDNESS.

Mr. COHEN. The point I wish to establish to the satisfaction of the Commission is that this stock which was deposited by Mr. Crocker was not entirely the profit made by him in the construction of the road from Sacramento to the State line, but that he had assumed an indebtedness which was at the time that he deposited the stock beyond its then market value.

The WITNESS. I have no doubt but that there really was money lost in the building of the road over the Sierra Nevada Mountains. There was a very large debt that Mr. Crocker owed, more than all the staff that belonged to the Sierra Nevada Mountain division would have paid. When we built that mountain road everything was at fearful cost; we were impeded by terrible snow-storms, and it was very expensive.

#### FINANCIAL CONDITION OF COMPANY AFTER FULFILLING CONTRACT.

Q. As I read the testimony before the Commission it shows that the contract with the Contract and Finance Company for constructing the road from the State line of California to Promontory Point was at the price of \$43,000 per mile in cash and \$43,000 per mile in stock. When the road was constructed to Promontory Point the Contract and Finance Company had spent all the cash that it had received, had 23,000,000 of stock on hand, and a debt of \$3,500,000—a long way beyond the market value of the stock. Can you give us any further information of the standing of the Contract and Finance Company when it had fulfilled that contract and constructed the road to Promontory Point?—A. No; I knew that they were always in want of money, and they could not have sold out their stock and paid their debts or anything like it when they reached Promontory. Of course those things appreciated years afterwards, and they got out with some profit.

#### EFFECT OF BRANCH ROADS UPON MAIN LINE.

Q. That appreciation was caused by the building of connecting roads in California, and the opening up of valleys and agricultural land in California that had not been used before that time, was it not?—A. It could not have had other than that tendency. Of course the building of branches assisted the main line. They were built to protect the interests of the Central Pacific in the territory that it occupied.

#### NO DIVIDENDS DECLARED UNTIL COMPLETION OF ROAD.

Q. One of the main clauses of the indentment (if I may use that term) which prompted the appointment of this Commission is to the effect that you and your associates divided among yourselves large dividends, consisting of the first-mortgage bonds issued on the Central Pacific Railway Company, and a large portion of the bonds issued by the Government. Is that true?—A. I am quite sure there was no division, or any dividend declared until the work was all completed. I do not think there was.

#### ALL PROCEEDS FROM BONDS USED IN CONSTRUCTION.

Q. Were not the proceeds of all the first-mortgage bonds issued by the Central Pacific and the Western Pacific, and the proceeds of a

bonds loaned by the United States to those companies, absolutely used in the construction of the work between Promontory Point and San José?—A. They were all used, I am sorry to say, and much more. We ought to have had some of them for the work that we did.

Q. How much stock do you say had been issued by the Central Pacific Railway Company at the time of the consolidation made with the other roads, in 1870?—A. I have not the data, but I should say about fifty millions. It might be a little over or under.

#### AMOUNT OF STOCK ISSUED.

Mr. COHEN. It has been insisted here by Mr. Anderson, in the examination of different witnesses, that each one of you five gentlemen got from the Contract and Finance Company \$13,000,000 in stock, which would make \$65,000,000 issued, and Mr. Anderson received some support for his questions in the statement made by Governor Stanford, that each one got \$13,000,000. I thought that that was a mistake, and I subsequently, upon inquiry, confirmed my view. I would like to get your recollection about it.

The WITNESS. I used to be a pretty good mathematician, but never was able to get thirteen five times in fifty. I do not believe there was any such amount of stock issued. There could not have been.

The CHAIRMAN. I think Mr. Stanford's testimony was that there were \$53,000,000, divided by four. That was his testimony in California.

Mr. COHEN. Divided by five.

The CHAIRMAN. No; divided by four.

Mr. COHEN. Fifty-four millions issued at the time of the consolidation and divided among five.

The WITNESS. I should have said about \$50,000,000.

Mr. NORRIS. We have the figures here. It was \$51,000,000.

#### LEGAL EXPENSES OF CENTRAL PACIFIC COMPARED WITH OTHER ROADS.

Q. A great deal has been said in the course of this inquiry, both here and in California, about the large amounts that have been paid for legal and miscellaneous expenses. Have you ever compared the cost of the legal expenses of the Central Pacific and other roads that were under the management of Governor Stanford and yourself with the same class of expenses incurred by other roads here and in England?—A. I would say that there has been so much said about these matters that I asked a party to give me the correct information of what they paid for legislative expenses in England, and he brought me these figures, which I have no doubt are correct:

	Per mile.
Parliamentary cost of Brighton Railroad.....	£4,800
Parliamentary cost of Manchester and Birmingham Railroad.....	6,000
Parliamentary cost of Blackwall Railroad.....	14,400
Solicitor's expenses, London and Northwestern Railroad.....	240,000

I have no doubt these figures are correct. I told a man, who ought to know, to give me the exact figures; and it was some satisfaction to know that we had been more economical in comparison with other companies. I do not suppose any one suspects that there was a vote bought with any of that money.

Mr. COHEN. Having that information before you, did you not feel that Judge Dillon, as representing the Union Pacific, and myself, as representing the Central Pacific, had been very much underpaid? You need not answer the question. I will withdraw it.



**THE WITNESS.** I should say, if I were going to answer it, that if you did not get paid until you had done as much for the public as I have done, you would be at this time a long way off from getting any pay.

#### EFFECT UPON AIDED ROADS OF BUILDING OF OTHER AIDED ROADS.

**Q.** Can you give your views more extensively than you have to this Commission as to the effect upon the earnings of the aided roads by the building of the Northern Pacific and the Atlantic and Pacific?—**A.** I have not the data to tell how much, but it must be a very great damage to the Central line. It could not be otherwise.

**COMMISSIONER LITTLE.** Your general traffic manager has furnished me with a table showing all that.

#### VIEWS OF WITNESS ON THIS SUBJECT.

**MR. COHEN.** But Mr. Huntington's views on that subject are important.

**THE WITNESS.** It could not be otherwise than damaging, as those two roads cost, no doubt, less than the Central to build. They had large subsidies given them. Their subsidies were more than was given to the Central, more than the amount of both the bonds and the lands, which would allow those roads to do the business, and live, at rates which would force the Central down to where the Government could not get anything. What the Government did for those two roads has determined largely the earning powers of the Central line for through business; and I hope that the Commission will consider that point and recommend the Government to treat the Central line as it did the other two lines. The financial problem will be easily solved then, as far as the Government debt is concerned.

#### NOT EXPEDIENT TO INCREASE RATES.

**Q.** How much could the earnings of the aided line be increased so as to meet the indebtedness of the road to the Government, when that is ascertained?—**A.** It seems to me that we have got to wait for the growth of the country to come up to it. We cannot charge any more than they charge on other lines. If we do, all the business that now goes to the Central line would go to the other lines. I should hope that the local business would grow so that the Central could in time pay the Government, provided that the interest was not more than the Government, as a borrower, would have to pay.

**MR. COHEN.** You could increase the local charges of the Central; but that would not cut much figure in discharging the obligations of the Government.

**THE WITNESS.** We would dry up the industries that are now there and drive them to the other lines.

**Q.** If you increased your rate on through business, would not that business go to the other lines?—**A.** Of course, it could not be otherwise.

#### LAND RENDERED TO THE CANADIAN PACIFIC BY CANADIAN GOVERNMENT.

**Q.** Can you state what aid has been rendered by the Canadian Government to the building of the Canadian Pacific, and the advantages

which that road enjoys from the United States in its competition with the Central Pacific?—A. I have not read their charter, but I understand that the Government guarantees 3 per cent. on the capital stock, which, as the road was no doubt built at a profit, would give a very fair per cent. on the actual investment, so that the road could be run at such rates as would only call for the payment of current running expenses, nothing for interest. I understand that they have a large subsidy for running a line of steamers from the west end of their road to China, Japan, and Australia, which would bring them a large tonnage from these subsidized steamers, while we have to run our steamers without subsidy. Perhaps I need not have mentioned this, for I believe it is universally understood that the policy of the British Government is to build up a foreign commerce by extending aid to British ships, whilst the policy of our Government is to do what it can to cripple American commerce.

#### EFFECT UPON THE CENTRAL PACIFIC.

By the CHAIRMAN:

Q. While on that subject of the Canadian Pacific, will you explain to the Commission how the operation of that road affects the traffic of the Central Pacific, and how it detracts or takes from it?—A. It certainly can fix prices that we cannot go above. I think it has done that already. They could not do the business, perhaps, if we did it at the same price. But they would fix a price so low that we could not make anything unless we gave them something to keep out of the market.

#### THE ROUTE.

Q. Will you please describe the route?—A. They would run steamers from California, from Oregon and Puget Sound to the western terminus of their road, and then they would switch off on to our American roads and the navigable waters east of the Rocky mountains, and thus compete for a very large portion of our business.

#### ARRANGEMENT WITH OUR GOVERNMENT.

By Mr. COHEN:

Q. Does not the Canadian Pacific possess great advantages from their arrangement with this Government allowing them to transport merchandise through our territory in bond?—A. There is no doubt of that, and I think that would be the policy of our Government.

#### COMPETITION IN GOVERNMENT BUSINESS.

Q. Have you any opinion as to the competition between the Canadian Pacific and the Central Pacific for the Government business which has been given to this Canadian Pacific as against the Central? Have not goods been shipped over the Canadian Pacific which were refused to the Central Pacific?—A. I have not heard of such a thing, but would be prepared to believe it if anybody were to tell me.

Commissioner ANDERSON. I think the point was with regard to permitting goods to go in bond without paying duties.

Mr. COHEN. My point is that there were some goods going to Japan, I think, on account of the Government. We applied for them, but they would not give them to us; but they shipped them by the Canadian

Pacific, and they went over on one of their steamers to Japan. The Government did not treat us very well in the matter.

#### COMPARATIVE PRICE FOR CARRYING MAILS.

**THE WITNESS.** When they would not give us for doing the business over the Sierra Nevada Mountains as much as they pay to eastern roads, with cheap fuel, I would be prepared to believe they would do almost anything. That has been done, and is being done to-day. We rise 7,642 feet in 105 miles, and we have many other heavy grades and curves on the Central Pacific. Our fuel costs five, six, or seven times what it costs the Baltimore and Ohio road. As I understated and believe, the horizontal price for carrying mails on the two roads is the same, but for political reasons, no doubt, they cut ours down to a less price.

#### A CALL FOR OFFICIAL DATA.

**Commissioner LITTLE.** This Commission would be glad to have officials on that question.

**THE WITNESS.** We will give it to you.

**Commissioner LITTLE.** We would like to see any contract existing between the Government and any of these railways which are built on level land here, through this thickly populated country.

**THE WITNESS.** We will get that for you.

**Mr. COHEN.** You have got some of them before you now, Mr. Littler.

**Commissioner LITTLE.** That is a very serious charge to make against an officer of the Government; and we want to know whether it is true or not.

**Mr. JOHN F. DILLON.** The Union Pacific had a case against the Government, which went to the Court of Claims and then to the United States Supreme Court. The result of it was that they gave us no more for carrying the mails over the mountains (and the same rule applies to the Central Pacific) than they paid the level roads of Illinois and Iowa.

#### COMPENSATION OF AIDED ROADS FOR CARRYING MAILS.

**THE WITNESS.** And even then they took off 20 per cent. of it.

**Mr. JOHN F. DILLON.** They take that off from all.

**THE WITNESS.** No; it is only from the aided roads. They take it off from the Pacific roads, but do not take it off from the other roads. They do not pay us, and they will not allow us any interest on what they do not pay.

**Mr. COHEN.** I think that all the information that Mr. Littler asks for is already in. I will look the testimony over and see.

**Commissioner LITTLE.** Mr. Stanford stated it in general terms, but I would like to have some official knowledge of that fact.

#### WHAT THE RECORDS OF THE RAILROAD COMMISSIONER SHOW.

**Mr. COHEN.** All the testimony that I have collated I have taken, not from books of the Central Pacific, because that was too cumbersome a way to take it, but I have gone to the records at Washington for most of the testimony I have put before you; and if you had gone to the same place for the data I believe you would have saved a great deal of time and money. I find it better digested there, in the office of the Railroad Commissioner, than anywhere else. There was one statement

said to them that my largest interest lay the other way. It was not subsidizing; it was hiring a certain amount of tonnage, to which they could give cargo that would return all they paid; or if they thought it was more for the interest of the railroads they could fill it up with cheap tonnage, and give the railroads the profit on the higher class freights.

Q. Where did I understand you to say that you abstained from voting?—A. In the Pacific Mail.

Q. Did you ever vote in the railroad board?—A. Most assuredly; I would vote if I was there. I have not always been there, but my voice has been heard.

Q. And you have advocated the views that you have just expressed?—A. Most assuredly I have, and should do it all the time.

Q. For how many years were you a director in the Pacific Mail?—A. I think for four or five years.

Q. What was your interest in the Pacific Mail, as measured in stock, without giving the aggregate figures?—A. I have hardly ever had over fifty shares, and at one time only five shares, just enough to be a director.

#### TONNAGE RESERVED.

Q. Was not this compensation or payment for tonnage reserved or engaged in the Pacific Mail by the railroad company actually paid without regard to the question whether any freight was carried or not?—A. No; it was always worked in the interest of the railroads, of course paying the Pacific Mail the agreed amount.

Q. But did you not pay for the given number of tons on each ship, without reference to the question whether freight was actually carried sufficient to fill up that space?—A. I would have to go to the freight men to answer that. My ideas were to fill it up with something, but whether we did or not was controlled entirely by the interest of the railroads.

Q. But if you did not happen to carry that tonnage would you not pay just the same amount?—A. If we had to fill it up with textile goods that we would carry for four cents for overland, or carry them over probably for one cent, we should have paid whatever we had to pay them, and carried it ourselves, because there would have been money in that for the railroads.

#### ACTUAL PAYMENTS.

Q. My question is whether the actual payments made by the railroad company varied at all with reference to the actual number of tons of freight that you carried?—A. We hired 800 tons, as I remember, in each steamer, and we expected to fill it, but if we did not that was our fault and not the fault of the steamers.

Q. But did you not pay the same amount?—A. We paid the contract price.

Q. Is it not true, as matter of fact, that on very many occasions you sent no freight at all by the steamers?—A. I do not think there was any case where we did not send some; but I have no doubt that on every occasion if there was empty space, it was left so because it was for the interest of the railroads that it should be so; and the kind of freight we gave them was always governed by what we thought was for the interests of the railroads, and I have no doubt but the interest of the steamship company was better served by this arrangement than it could have been by running in opposition to the rail lines.

## AMOUNT PAID ANNUALLY.

Q. Do you remember how much these payments came to annually?  
A. No.

Q. Was it not about \$90,000 per month?—A. I think so. I should like to make a contract with them to-day in the interest of the railroad at not so large a price as that; but there is a price that they can afford to take, and that the railroads can afford to pay, that would be decidedly for the interests of all the parties. Of that there is no doubt.

Q. What articles of freight can they practically reach so as to injure the freight rates that you can charge?—A. They can reach all classes.

Q. They could not reach fruit?—A. We do not carry much fruit from San Francisco to here. They could not carry fruit; but that is a small item in our business.

Q. They could not carry anything as to which time was more an object than the mere distance it had to go, could they?—A. They run, I suppose, in thirty-five days.

Q. And you run in ten days?—A. We have not yet, and I should not want to ride on a freight car that did it in that time.

## QUICK FREIGHT.

Q. In fourteen days?—A. No. Goods are frequently thirty days going from here to San Francisco. I think that twenty-six days is about the average. General Dodge says that twenty days is quick freight. There is some quick freight. No business man can fail to see, if he goes into the question, that this is a wise thing for both companies to do. It is simply a question of both companies carrying at a fair rate, or cutting it down and carrying it at a rate that does not pay. That is all there is of it. It is either carrying at a loss or carrying at a profit. There is so much stuff goes, and the competition cuts prices all to pieces, and we must carry it at that cut rate, or work in harmony and get fair rates.

## DIVERSION OF FREIGHTS.

By Mr. COHEN:

Q. There is another view of the matter which I would like you to explain. The Pacific Mail can carry everything that the Union Pacific and Central Pacific can, except fruit. They do carry between San Francisco and New York—when they are in opposition, do they not—all classes of freight?—A. Yes; there is no class of freight, except perishable freight, that they do not carry.

Q. What would be the result were it not for this pooling arrangement with the railroads?—A. We do not call it a "pool;" we call it chartering a certain amount of tonnage.

Q. It is not a subsidy, as it is termed. Call it by any term which you please. When they are running without that arrangement they divert a certain amount of tonnage from the English and French ports directly to Aspinwall, which, under other circumstances, would come to New York, do they not? I mean freight shipped from Paris, London, or Liverpool, and intended for San Francisco, comes on steamers that run from the English and French ports to Aspinwall, and the freight is carried from there to San Francisco, instead of coming to New York.—A. I have no doubt that is true.

Q. Therefore the railroad company would get some benefit from the fact that the Pacific Mail in having the freight come to New York...

and be carried directly across the continent, instead of having it go to Aspinwall and through by the Pacific Mail Company's steamers to San Francisco, is not that so?—A. There is no doubt of that.

#### THE SOUTHERN PACIFIC AS A FREIGHT LINE.

Q. You mentioned this morning the fact of the Southern Pacific carrying freight from here to California, but I think you did not mention the element of time. Does not the Southern Pacific demand a portion of the through freight because it can deliver freight from New York quicker than it is carried over the Union and Central?—A. The Southern Pacific is a good line. As to the time it makes as compared with the other lines I am not prepared to say. I think it is the best line for freight originating on the tide or Atlantic coast line; but very much the larger proportion of freight originates inland, which the Southern Pacific does not, to any considerable extent, reach.

G. P. HUNTINGTON.

NEW YORK, Thursday, September 22, 1887.

GBENVILLE M. DODGE sworn and examined.

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. I am a civil engineer.

Q. You have been engaged in that business all your life?—A. Yes.

#### CONNECTION WITH UNION PACIFIC.

Q. What connection had you with the Union Pacific scheme?—A. I commenced making surveys for the Union Pacific in 1853, and I have been connected with it, directly or indirectly, from that time to this, excepting five years during the war; then I was in communication with it and with the Government in relation to it; but I had no official capacity.

Q. After the war how soon did you resume your position as engineer-in-chief?—A. I think it was in May, 1860.

Q. What is your present relation with the company?—A. I am a director.

Q. What part, or how prominent a part, did you take in the preliminary investigations that led to the location of the route upon which this road was built in 1866, 1867, and 1868?—A. I made the locations on the approval of the Government.

#### PRELIMINARY SURVEYS AND ESTIMATES.

Q. Who else was engaged in that work during the time—the work, I mean, of the preliminary surveys and the estimates as to the cost of the construction of the road?—A. During the war Mr. Peter A. Dey was the chief engineer, and had charge of the surveys and locations.

Q. Did your examination embrace the whole country from Omaha to Ogden?—A. My examination embraced the country from Omaha to the California State line.

Q. Did you also make estimates of the probable cost of the construction of this road?—A. I did. I made estimates of quantities, but not of the cash cost. That was an impossible thing to do in those days.

Q. You made estimates of quantities, but did those estimates apply to all the classes of work that were required to be done to complete the road?—A. Yes.

Q. During what years were those estimates prepared?—A. I made them from 1853 up.

Q. I mean those that finally figured when the work was actually done.—A. After 1868 I made them in each year, as the work progressed, or our surveys demonstrated where the line would be built.

Q. The estimates of quantities then represented the amount of clearing required for preparing the ground, the amount of excavation of earth of different qualities, and the amount of excavation of rock, and the amount of fills required, and all these items?—A. Yes; everything.

Q. Did it also include the amount of masonry required for building the culverts and bridges?—A. Everything.

Q. And the number of ties required to be laid on the road?—A. Yes.

Q. Did it also include the quantity of rails required, and fish plates and fastenings?—A. Everything.

Q. Did the estimate also cover the kind and number of buildings required for station houses?—A. Everything. There was nothing connected with the road but what it covered.

Q. Do I understand you to say that you did not figure at all, in dollars, as to the probable cost of this work?—A. Not at first; not until after the prices were fixed by the contractors.

Q. Were you also supervising engineer during the progress of the work to inspect it as it progressed from time to time?—A. Yes; for the survey.

#### EXPLANATION OF THE WITNESS'S FAILURE TO APPEAR BEFORE THE WILSON COMMITTEE.

Q. Do you remember the occasion of the Wilson Investigating Committee in 1873?—A. I do.

Q. Do you recollect the fact that among other general subjects that were very prominently examined on that occasion, the question of the actual cost of the road, as compared with its cost measured in bonds and stocks, was much talked of, and a good deal of evidence taken on the subject?—A. I should say, in relation to that matter, that during all that investigation I was in Texas, and knew nothing about it except what I may have seen in the papers or in the reports. I was not present at any of it.

Q. In order that you may, if you desire, make an explanation with regard to one or two passages in the report, I will call your attention to the fact that the report contains the following statement:

The presence, as a witness, of General Grenville M. Dodge, chief engineer, under whose supervision the principal part of the work was done, could not be procured, although diligent efforts were made to that end; and telegrams were sent to him inviting the attendance of the witness, and the deputy sergeant-at-arms was sent after him, who has diligently sought for him for weeks, but has been unable to find him.

Is there any explanation you desire to make with regard to the accuracy of that statement, or otherwise?—A. Simply this: That at the time that investigation was being made I was building a road in Texas, known as the Texas Pacific; I had about forty days, I think, to make a completion of the road there, to save the charter of the company from losing the subsidy. Mr. Thomas A. Scott, for whom I was at the time, and who was at the head of the company, wired me that it was necessary for me to appear in Washington until the road was completed. When it was completed I came North, and wired the committee.

was prepared to appear before them; and so wired the attorneys, but they did not see proper to call me. I afterwards did appear before a committee there, and made whatever explanations they wanted of me.

#### HIS APPEARANCE BEFORE THE JUDICIARY COMMITTEE OF THE HOUSE.

Q. Before what committee was that?—A. Mr. Hunton's committee—the Judiciary Committee of the House in 1876.

Q. Were you examined at length with regard to this matter?—A. Everything they wished to know of me.

Q. Did your examination turn on the cost of the construction of the road and the transactions connected with its construction?—A. I do not think they went into an examination of the cost of the road; but it is impossible for me to state now what they did go into.

Q. Was your examination a protracted one?—A. I think they had me before them twice or three times, two or three hours at a time.

By Commissioner LITTLE:

Q. Was that testimony printed?—A. Yes.

Q. What committee was this—a Congressional committee?—A. Yes.

Q. A committee of investigation?—A. A committee of investigation, as I understood, for some purpose; I do not recollect what.

Q. Who was the chairman of the committee?—A. Mr. Hunton, of Virginia, I think.

#### HOW THE MOUNTAIN-CROSSINGS WERE DETERMINED.

By Commissioner ANDERSON:

Q. Give the Commission, in a general way, a statement as to the nature of the road from Omaha to Ogden, referring to any special point where the difficulties of construction were very great or different from the ordinary grades that prevail in the country.—A. How much of a detail do you wish me to go into? Of course the key to any line crossing the continent is the crossing of the Rocky and other mountains. As you know, they are the Black Hills, the divide of the continent, the Wahsatch Mountains, the Humboldt, and the Cascade. The line east of the Rocky Mountains was entirely controlled by where we could cross those mountains. It took several years before we could discover that point. It was finally discovered by my running what was known as a foot-line at the base of the mountain, from the Laramie River to the south, and a summit line on the top of the mountain, and finding the lowest point in the summit and the highest point in the plains. That happened to be at Sherman and Cheyenne. That point was discovered or was finally determined in 1866. That, of course, controlled the line from the Rocky Mountains east to the Missouri River. The next point to determine was the divide of the continent. All the attacks upon that country had always been made by the Bridger Line, by the Bridger Pass, and by the South Pass. My early examination, and my examinations when I commanded that department in my Indian campaign, satisfied me that the true line was about half-way between the South Pass and the Bridger Pass. But it was a country wholly unknown. For 300 miles it was occupied by Indians, and nobody had ever theretofore been able to force their way through it. I undertook it with my party, had my chiefs killed, but finally went through myself, forcing the way through, and discovered what I suppose was the true line crossing the divide of the continent. Then I came to the Wahsatch Mountains, which were



discovered by the trend of the Bear River, which cuts them on the north, about 120 miles north of where we crossed. These mountains had been attacked there, before I went there, by Mr. Reed and by a great many others; finally it was discovered that the true line was north of Fort Bridger, up the Muddy to Yellow Creek, across to Bear River, and down the Echo and the Weber to Salt Lake. In an early day it was supposed they could cross the north arm of Salt Lake at what was known as the Bear River arm. My first surveys through there showed through at about 12 feet of water, which we could bridge. My last showed about 19 feet, and it was impossible for us to bridge that depth of water, and that forced us north and over the Promontory to Monument Point. The next natural line was down the Humboldt and up the Truckee and west to the State line. Farther than that I do not know. The Central Pacific determined the line from there on.

#### NO DIFFICULTIES BETWEEN OMAHA AND CHEYENNE.

Q. As far as this road, which you have described, runs from Omaha to Cheyenne, if I understand you correctly, that part was over the plains and presented no difficulties of construction and no point involving large expenditures?—A. No, sir; only the cost of the work at that time was greater than now; it would not involve large expenditures to-day.

Q. You mean that there was nothing unusual in the railroad building?—A. No.

Q. Now with regard to the ascent of the Rockies in passing from Cheyenne to Sherman, did you find it a gradual ascent, or were there peculiar engineering difficulties to overcome?—A. There was no difficulty to overcome there, as compared with any other parts of the mountain. I may state that a locomotive of the Union Pacific road can haul from Ogden to Omaha as many cars as two locomotives of any other line across this continent, or any other that can be discovered, unless you put it right alongside of the Union Pacific.

#### LATER ESTIMATES OF COST OF CONSTRUCTION.

Q. I understood you to say that at a later period, after your estimates of quantities had been completed, you did make estimates as to the probable cost of construction?—A. Yes.

Q. When were the latter estimates made?—A. I think some time along after the partial completion of the road—after I knew what the contracts were and what the actual cost of work was.

Q. After the contracts were entered into?—A. After we knew what the prices of the contracts were.

Q. What contracts do you refer to?—A. I refer to the contracts with the contractors made and turned the prices over to me.

Q. Were your estimates based upon those contracts?—A. My estimates for actual cost were. Almost all my estimates for the company and the contractors were based upon the contracts that the company turned over to me, and instructed me to make estimates upon those contracts.

#### NO RELATIONS WITH CONTRACTORS EXCEPT TO SEE THAT THEY PERFORMED THEIR WORK.

Q. Had you any special relations with the persons and corporations who were the contractors of the Union Pacific—I mean with

Hackett, Davis, or the Credit Mobilier?—A. Nothing, except to see that they performed their work in accordance with their contracts.

Q. Did you ever form any preliminary estimates before the contracts were entered into as to what would be a fair amount to pay for this work?—A. I think that I made estimates upon the work, but my memory does not serve me that I did make any in detail for the company.

#### AS TO ACTUAL COST OF UNION PACIFIC ROAD.

Q. Have you any memoranda or copies of contracts that would shed any light upon the question as to what would have been fairly the cost of construction of the Union Pacific on the line you have described, having in view all the circumstances which prevailed in 1866, 1867, and 1868, so that we can obtain some light as to what the real cost of construction of that road should have been?—A. In the latter part of it—in 1869—when the road had reached Piedmont and Evanston, I went out there and completed the construction of the road myself for the company. I know about what the road cost from Ogden to Promontory. That was 47 miles; that cost about \$87,000 in cash per mile.

Q. What figures have you to show that cost?—A. I have a memorandum that I found that was made at the time. I can furnish it. But the payments that were made for everything is a pretty good estimate of what the cost of the road would have been and what it is now. I know the prices that were paid for work, all the way through, in cash.

#### BASIS OF ESTIMATE.

Q. In order to estimate properly what that particular section must have cost, you would have to base your conclusion upon the statement of the number of yards of earth and rock excavation, the fills required, the masonry, bridging, and cost of rails?—A. Yes; and freight and everything contingent upon it.

Q. Have you memoranda containing these details?—A. I think I have, but I will not be certain about it. I have a memorandum of the cost, or estimated cost, which I made up for the Union Pacific Company when they were about to turn it over to the Central Pacific.

Q. In order to enable us to give the proper weight to your statement we would like to have the material on which you base your computation before us.—A. I will try to obtain it for you.

Q. You have not got it with you?—A. No.

#### 555 MILES BUILT IN ONE YEAR.

Q. Do you recall the prices at which the different classes of work were figured in that estimate?—A. We worked from April, 1868, to May 10, 1869, continuously, through summer and winter. We had not a mile of road located west of Laramie at that time, nor a mile of road graded. In that year we located and built and put in running order 555 miles of road—laying everything from one end and bringing everything from the Missouri River. Of course the cost in winter was extraordinary. I know that we paid, crossing the mountains, as high as \$3.50 per cubic yard of earth which had to be blasted.

Q. When you say "we paid" whom do you mean?—A. I mean that the contractors paid it.

Q. Who was the particular contractor that you refer to?—A. Up the Piedmont it was the Ames contract, I think; from there on I went on

and took charge of the road for the Union Pacific Company, and knew the prices being paid because of that fact.

Q. In regard to the statement which you have made as to the payments made at this particular period—from what source did you derive your knowledge that \$3.50 was paid for blasting rock?—A. From my own memory of the facts. It was an extraordinary thing.

Q. I understood you to say that you had no official connection with the contract companies, excepting a supervision of the work, to see that it was done, and that they were entitled to receive the agreed compensation from the railroad company?—A. I had not, except as I state—that in 1849 I went on and took charge of the road and finished it up for the company.

Q. That was from Ogden to Promontory Point?—A. The work was not finished back. When I went there I think our track was in the Echo Valley, at some place.

#### AS TO METHOD OF CONSTRUCTION AND PAYMENT.

Q. Please describe the process, or method, which applied to that construction—I mean to ask how the men were employed and how the prices were fixed and how payments were made.—A. When I went there the contracts, as a general thing, had already been made to certain parties, and a good many of the contractors having failed, the company had to then step in their place and complete the work; that is, the contracting company had to step in and take their places, and pay the men, and for everything to complete the road. We were pushing for Humboldt Wells. We graded our road nearly to Humboldt Wells.

Q. You are referring now to the construction between Ogden and Promontory Point?—A. I am referring to the construction from there to Piedmont.

Q. How far is Piedmont from Ogden?—A. About 120 miles.

Q. Do I understand, then, that the books of the Union Pacific should show the actual payments in cash made for all the work done between Piedmont and Promontory Point, not through any contract with any contractor, taking the work at satisfactory figures, but the payments made directly on estimates for the quantities of work actually done, and at prices fixed for the job, or piece, as you may say?—A. I do not know anything about the books of the Union Pacific Railroad. Mr. Mink can answer that question better than I can.

Q. You can tell how the payments were made—whether there were as many yards found by you to have been excavated by persons with whom you had made a bargain at so much per yard, or whether those payments were made on any contract for the completion of the work?—A. I cannot state as to that, because I do not know.

#### WHAT THE BOOKS SHOW.

Commissioner ANDERSON. Perhaps Mr. Mink can inform the Commission whether this part of the Union Pacific was constructed and paid for by the Union Pacific under any contract, or whether the books will show that it was construction directly done by the company and without the intervention of any contractor.

Mr. MINK. My understanding is that it was done under the Davis contract, and the books show that the money was charged to the Davis contract.

Commissioner ANDERSON. But do the books show that the prices charged for the work was according to the terms of the Davis contract?

or were the prices charged based on estimates showing the quantity of work done, of different qualities, with the prices fixed, applicable for the material, at so much per yard?

Mr. MINK. As I recollect it, it was a specified sum per mile for the road and equipment.

**DID GENERAL DODGE DO THE WORK FOR THE RAILROAD COMPANY?**

Q. General Dodge, with that explanation from Mr. Mink, is it not likely that you were mistaken in saying that you did the work directly for the company; and is it not the fact that you must have acted as the agent representing the company, and merely representing the company, in seeing that the amount earned per mile, under the Davis contract, had accrued?—A. I cannot tell that. I went out by order of the president, and took charge of the work, and closed it. Who it was charged to, or anything of that kind, I do not know. The work was quite a great deal of trouble there, and they were anxious to have it completed.

**HIS REPORTS BASED ON MILEAGE DONE.**

Q. What I want to get at is whether the reports that you made to the Union Pacific road about payments were based on estimates of the number of yards of work done, or whether those reports merely showed that a certain lineal distance of the road had been completed, so that the person entitled to pay would be entitled to receive a payment at so much per mile.—A. My estimates, as chief engineer of the road, and my recollection is that they were based right upon the contracts.

Q. Based upon contracts per mile and not upon contracts per quantity?—A. Yes; that is my recollection. That was my estimate to the company.

**ACTUAL CASH COST OF ROAD BETWEEN OGDEN AND PROMONTORY.**

Q. Then is your statement that the road cost \$87,000 per mile based upon the fact that that was the contract price per mile in that part of the construction; or does that answer mean to convey to the Commission the idea that the quantity of work, as measured by you, would have been fairly worth, at the market prices then prevailing, the sum of \$87,000 per mile?—A. The price was based upon the actual cash cost price of the work. It was made up for the purposes of settlement with the Central Pacific road between Ogden and Promontory. We built there, and we sold them the road.

Q. Was it the actual cash cost under the contracts made for building the road at so much per mile, or was it the actual cost according to the contracts made with the persons who were paid cash value for the work done?—A. As I understood it, it was the actual cash cost to the men who actually built the road.

Q. If that be so, will your memorandum on which you base your conclusion show that fact?—A. I think it will.

Q. Can you let us have that to-morrow?—A. I will try to.

Q. How did the work between Ogden and Promontory Point, as to the quantity of work to be done, compare with that part of the work between Omaha and Cheyenne?—A. It was much heavier.

Q. How did it compare with that part of the work between Cheyenne and Piedmont?—A. That is a hard question to answer without figur-

## THE FARTHER WEST THE GREATER THE COST.

Q. Which would cost the most per mile?—A. The west end would cost more per mile. There you had a longer distance to haul your rails and ties, and a longer distance to haul your provisions and men. The farther west you went the more the road cost.

Q. But as to the depth of the cuts, the quantity of masonry required, and the fills to make, how was it?—A. Taking the road from Cheyenne to Promontory Point it would be a fair average to put in the mountains and plains per mileage of excavation.

## TOPOGRAPHY FROM CHEYENNE TO PROMONTORY POINT.

Q. I do not quite understand you?—A. Of course when you leave Cheyenne to go over the mountains you have got very heavy work; but when you cross Laramie Plains you have not got it as heavy. When you get into Rattlesnake Mountains you have heavier work again. When you cross the divide and go down Bitter Creek it is not so heavy. When you strike the Wabash Mountain range the work increases. But if you take an average, the part, for instance, from Ogden to the east base of Promontory is light, while the last part up the mountain is very heavy, because there we were climbing the mountains.

Q. Then the work from Ogden to Promontory, taking the whole 47 miles, may be considered as presenting a fair average cost of the mountain portion of the construction?—A. A fair average of quantity, not of cost.

Q. A fair average of quantity as compared with the whole line from Cheyenne to Promontory?—A. I do not want you to think that I state that the whole cash cost of the road was at that rate.

## FROM OMAHA TO CHEYENNE, CASH COST \$30,000 TO \$35,000 PER MILE, EQUIPPED.

Q. Now, with regard to what would have been a fair estimate of actual cost between Omaha and Cheyenne during the years of actual construction, can you give us any information? By actual cost I mean taking a number of yards of work to be done, and the other work to be done, what would have been the fair cost of that work to the contractor, in 1868, with, say, 10 per cent. added for cost of supervision and attention?—A. From Omaha to Cheyenne I suppose that the work cost perhaps in cash something like from thirty to thirty-five thousand per mile.

Q. What do you include in that?—A. I include a completed road, the equipped road, and everything. That includes \$7,500 per mile for equipment.

Q. Then, as I understand the whole statement made by you, it is that from \$30,000 to \$35,000 per mile would be a fair estimate of the cost of construction, in 1868 and 1869, of that part of the road from Omaha to Cheyenne, and \$35,000 per mile from Cheyenne to Promontory Point?—A. I only gave you the cost of 47 miles there.

Q. I understood you to say that \$37,000 per mile would be a fair average to take, taking the whole road from Cheyenne to Promontory Point, good and bad?—A. Not at all; I only spoke of the road from Ogden to Promontory.

## COMPARISON OF COST BETWEEN CERTAIN LINES.

Q. I ask you to compare the cost and quantity of the work from Ogden to Promontory Point with the quantity and cost of the work which you had to do from Cheyenne to Piedmont. Which of those two would

be the more expensive?—A. It would be according to when the work was done. If one was done in the winter and the other in the summer there could be no comparison.

Q. Referring at present merely to the quantity of work to be done, which of the two sections per mile would present the larger quantity of work between Cheyenne and Piedmont as compared with that between Ogden and Promontory, mile for mile; or you can take any other subdivision that may be more convenient?—A. One is distant over 400 miles and the other about 47, and it is pretty hard to compare them.

Q. Then take any other subdivision that your greater familiarity with the subject will prompt, starting from Cheyenne, and let the Commission know how the quantity of work to be done over these different sections compare.—A. Our heavy work was from Cheyenne to Laramie.

Q. How many miles is that?—A. It is hard to remember those things. There is one division of the road that I now forget. I wish to say that it is a long time since I have given any attention to distances there. If you have a railway guide here you could get that.

Q. I will put the question in this way, and you can perhaps answer it to-morrow when you bring your detailed statement. Can you furnish this Commission with an estimate from such material as you may have in your possession, and from your memory, of the fair average actual cost of the construction of this road, stated by divisions, commencing at Cheyenne and extending to Promontory Point?—A. I have none of those estimates. They are all with the company. I left all my papers with the company when I left the company.

**PORTIONS OF ROAD OVER THE ROCKIES AND THE WAHSAATCH COST OVER \$85,000 PER MILE.**

Q. Is there any portion of the road between Cheyenne and Ogden that, taking into consideration its distance from the place from which the materials proceeded when it was constructed, cost as much as the sum you have stated as the cost from Ogden to Promontory Point?—A. Yes; there are portions of the road I have no doubt over the Rocky Mountains and over the Wahsatch that cost more per mile than that.

Q. To how many miles of the road would that statement apply?—A. I think all the road from Piedmont down through Echo cost more money than that. It was built in the winter, when we paid enormous prices.

Q. You mean that the part from Piedmont to Ogden would cost more than the part from Ogden to Promontory?—A. A good portion of it was heavy rock work, and it must have cost a great deal more than that for that part of the road.

Q. Is there any portion of the road between Cheyenne and Piedmont that would cost more per mile, having in view the different distances of transportation, and the period of actual construction, than the sum you have named as being the cost from Ogden to Promontory Point?—A. There are miles on the Black Hills which cost more; but taking the average cost through, I do not know that there is.

**ACTUAL COST OF ROAD FROM CHEYENNE TO OGDEN MUCH LESS THAN \$87,000 PER MILE.**

Q. Then, taking the whole range from Cheyenne to Ogden, would it be your judgment that the actual construction cost more or less than \$87,000 per mile?—A. A great deal less.

Q. Can you, within limitations as to an approximation, state about what, in your judgment, that would have cost at that time, or did cost?—A. You can get at the exact cost of that line in cash. I think they have it. I think it has been made a part of the records of the Government.

Q. Do you mean in the Wilson committee report?—A. I think it is there; yes.

Mr. JOHN F. DILLON. That states the cash cost of the road.

The WITNESS. That is better testimony than mine, because they knew exactly what it did cost. A statement made twenty years after is a mere matter of guess work as to the actual cost of the road; but you have data which give it officially.

Commissioner ANDERSON. I think if General Dodge will bring us the data which will give us the cost between Ogden and Promontory Point, it will be all that I desire to ask him. [Addressing the witness.] Can you bring us that to-morrow?

The WITNESS. Yes.

Mr. JOHN F. DILLON. I call your attention to the fact that this calls for the cost of construction five years before and five years after construction.

The WITNESS. I can give the cost then and now.

Commissioner ANDERSON. The act says five years before the actual construction and five years after, the object being to show that it cost more at the time of the actual construction than it would have cost at either of the other dates.

The WITNESS. When would be the five years after?

Mr. JOHN F. DILLON. In 1875. Then I would like to have you state what it would cost to build the road now?

The WITNESS. I have built roads almost every year since, and if I had time I could give you the information.

The Commission then adjourned to Friday, September 23, 1887, at 10 o'clock a. m.

No. 10 WALL STREET, NEW YORK,  
Friday, September 23, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

GRENVILLE M. DODGE, being further examined, testified as follows:

COST OF ROAD FROM OGDEN TO PROMONTORY.

By the CHAIRMAN:

Question. Have you in your possession the estimate which you were requested to present to the Commission this morning, as to the cost of construction of the Union Pacific?—Answer. I have an estimate here from Ogden, west, which I spoke about—47 miles.

Q. What does the estimate contain?—A. It contains the entire cost of that work.

Q. On what was it based?—A. It was based on the actual cost of the contracts.

By Commissioner LITTLE:

Q. Is that an estimate, or an account showing the cost?—A. That is the cost.

Q. It is not estimated, but the actual cost?—A. It is the actual cost.

By the CHAIRMAN:

Q. "Cost of Union Pacific Railroad from ten hundred and for mile post to Promontory Summit, 45.73 miles, \$37,138.86 per mile, \$1,000,224.06"; what is included in the actual cost?—A. Here is the in items: Grading, masonry, bridging, rock work, and everything. On this side is the grading, masonry, bridging, track, tanks, and buildings, telegraph, labor since laying track, engineering, and amount complete the road. That amount required to complete the road is the Government required.

Q. How much equipment is there in that?—A. There is no equipment in that.

Q. What would be the estimate for cost of equipment upon that of the road?—A. We placed upon the road, I think it was, \$7,500 mile.

Q. So that the actual cost of \$37,000 per mile, with the addition \$7,500 for equipment, would bring the actual cost and estimated cost of equipment to \$37,108.86 plus \$7,500, or \$44,638.86?—A. Yes.

Q. Will you give us a copy of this, or will you submit this paper to the Commission?—A. I want to retain this, but I will have a made of it, if you like.

The following is a copy of the statement referred to:

*S. R. Reed's statement of cost of grading from Ogden to Promontory Summit.*

[Station 456 to Station 2200, 17.44 miles.]

	Cubic yards.	Cost per cubic yard.	Amount.
Earth excavation.....	133,000	.28	37,240
Do.....	119,591.75	.25	29,898
Do.....	4,031	.28	1,128
Do.....	5,400	.40	2,160
Do.....	147,721.75	.474	69,840
Do.....	175,100	.24	42,024
Do.....	9,301	.52	4,836
Do.....	33,003.75	.55	18,152
Do.....	9,300	.57	5,301
Do.....	17,349	.60	10,409
Do.....	40,567	.664	26,938
Do.....	477	.664	317
Do.....	790	.70	553
Do.....	1,250	.744	929
Do.....	19,488	.75	14,616
Do.....	11,310	.60	6,786
Do.....	1,147	1.00	1,147
Loose rock.....	3,010	1.75	5,267
Do.....	25,435	2.00	50,870
Solid rock.....	42,813.4	5.00	214,067
Earth excavation.....	148,154	(*)	397,000
Loose rock.....	4,004	(*)	10,010
Solid rock.....	8,107	(*)	20,267
Extra work:			
Rock excavation.....			20
Clearing, water hauling, &c.....			20
Limber for dump boards, &c.....			2
Total.....			1,305,000

Company work, cost covered by pay-roll.



Cost of work done by Union Pacific Railroad between Promontory Summit and Monument Point.

— miles.

— dollars per mile.

\$100,000 7/10.

Grading:

Earth, \$135,575.50; rock, \$210,000.00 .....	\$345,575.50
Masonry .....	5,370.70
Making roads, hauling water, grubbing, and clearing .....	30,845.00
Telegraph lines .....	5,833.60
Engineering, superintendence, and contingencies .....	40,362.05
	<hr/> 444,207.25

Cost of Union Pacific Railroad from one hundred and fortieth mile-post to Promontory Summit.

6 1/4 miles.

\$1,100,000 dollars per mile.

\$1,100,000 3/4.

Grading .....	\$1,184,101.70
Masonry .....	15,029.94
Grading .....	335,104.09
Work, material and laying .....	1,510,749.74
Buildings and buildings .....	82,218.21
Telegraph .....	13,045.05
Telegraph laying track .....	175,854.69
Engineering and contingencies .....	328,944.65
Amount to complete road .....	<hr/> 361,842.00
	<hr/> 4,000,224.00

Now, beginning with the point of construction of the Union Pacific on the Missouri River, and giving it by miles, what was the actual cost of Cheyenne?—A. That is a matter that it is impossible for me to give; as it is sworn to, in the Wilson report, by the auditor of the contractors.

#### AS TO EARLY ESTIMATES.

Q. Did you make any estimate at the time about what would be the actual cost?—A. I did not make any estimate of the cost on each section; I made estimates of all the quantities, which I returned to the Company, and whenever it was known what the work was costing, and they asked for an estimate of the cash cost of certain portions of it, I would furnish it.

Q. What estimate did you make from the Missouri River to Omaha and Cheyenne per mile?—A. I have not got that and could not tell; but I have here, as I find on looking over my papers, an estimate made evidently from near the one hundredth meridian to Ogden.

Q. How far west of the Missouri River is the one hundredth meridian?—A. About 217 miles. This is made in my own handwriting, here in New York, upon a sheet of their office paper, upon which an estimate has been made for the company. That would give my idea of what the cost would be of the work. Probably this was made in 1868, because it was made after the quantities were all known.

Q. How does that compare with your estimate given yesterday of the cost from Omaha to Cheyenne, where you said the cost per mile was about \$30,000 to \$35,000?—A. That is the east end of the road, and was the very lightest work.

Q. Did that cover the entire road from Omaha to Cheyenne?—A. I am sure that no more guess-work. It was an estimate made without

any data; you asked my opinion, and it was only an opinion; I objected to giving an estimate, and you asked me for my opinion.

Q. Is your opinion to-day the same as yesterday?—A. Yes.

FROM 100TH MERIDIAN TO OGDEN ESTIMATED TO COST \$50,000  
MILE.

Q. What is your opinion as an engineer as to the cost from Cheyenne to Ogden?—A. I have got it here from the one hundredth meridian to Ogden an estimate made at the time. I make that cost, as my estimate at the time, as \$30,037,250; that is 732 miles; that is a paper that I found; it shows it is made from accurate data.

Q. Seven hundred and thirty-two miles from what point?—A. It is near the one hundredth meridian to Ogden; that estimate was upon a condition of building the road, as we were then building it; when they came to Piedmont, and we went into the work in the winter, the cost of the work done there in the winter was certainly double what it would have been under these circumstances.

Q. That would be at the rate, then, from the one hundredth meridian to Ogden, of about \$50,000 per mile?—A. Yes; something like \$50 per mile.

Q. So that, as an engineer, making an estimate and giving an opinion as to the cost of construction of that road, at the time, it is the rate of \$30,000 to \$35,000 per mile, from the Missouri River to the one hundredth meridian, and from the one hundredth meridian to Ogden, at the rate of \$50,000 per mile, on the average?—A. Yes, the average.

Q. And that from Ogden west, 40 miles, the figures you have given as the cost was the actual cost at the time of the construction?—A. Yes; I want to say that from Piedmont to Promontory the actual was a good deal more than this estimate, for the reason which I gave—that it was built in the winter. We built the road from the Wahkiakum Mountain in the winter when the snow on a level was at the top of telegraph poles. Men worked there and blasted the rock and earth the winter months.

Q. Then whatever the cost as charged to the company, in excess of the rate per mile given by you as an engineer, is a sum added as a result of the time at which you built the road?

The WITNESS. I do not understand the question.

Q. The estimate given by you from the Missouri River to Cheyenne and from the one hundredth meridian to Ogden, is an estimate of actual cost, as charged upon the company's books; and any excess that estimate is the result of the time during which the road was built and the obstacles that you met with?—A. I do not know how it is charged upon the books. I suppose the charges upon the books of the company are the cost in securities. This statement is the estimate of the cost in cash. Mr. Mink can answer the question of cash as shown on books better than I can.

#### BASIS OF THE ESTIMATE.

By Commissioner ANDERSON:

Q. In whose handwriting is this estimate?—A. I do not know where it is. I suppose, though, that it is in the handwriting of one of the engineers in my office.

Q. Is that the original paper that was prepared at the time?—A. That I cannot state. That is a paper that I found among my own

pers. I recollect making this up; and I have no doubt that this is the original paper.

Q. You are sufficiently familiar with the figures in detail to recognize it as being either the original, or an exact copy?—A. Yes.

Q. From what material was that statement made up?—A. All the grading, excavation, and everything else, was made up from the statement furnished by Mr. Reed, the superintendent of construction; the masonry, and track material and laying, tanks and buildings, telegraph, and such things were made up from data furnished by the engineers, showing the cost of each different part of the construction.

Q. But, as I understand it, the estimate which you have must have been made up after the whole work had been completed?—A. This was made up at the time we sold this road, or were about to sell it, to the Central Pacific. It was made up to show the exact cash cost at that time.

#### ESTIMATE NOT MADE UP FOR PURPOSE OF OBTAINING PAYMENTS.

Q. It was not made up then for the purpose of obtaining payments as the work progressed from the Union Pacific?—A. No; it has nothing to do with that. Those estimates are entirely different.

Q. Now, with regard to the rates at which each kind of work was charged, from whom did you obtain those rates?—A. They are put down here as stated by Mr. Reed; others were probably obtained from the regular vouchers, as to the cost.

Q. If you say they were obtained from vouchers, do you say it as a surprise, or as a fact which you know?—A. I suppose I called upon each of the departments which had expended this money to report the amounts that had been expended upon such and such work, and that was furnished to me, and I compiled that and made a statement from it.

Q. Mr. Mink has stated that the actual payments made by the Union Pacific Company for this work were made under contract at so much per mile, and that the payments were not made in kind.—A. I called upon the contractors and superintendent of construction, who laid out the work for the contractors; that was Mr. Reed. He furnished me with the actual cash cost.

Q. If the contractors were to make a statement they would naturally employ their own superintendent, and estimate at so much per day; and they would necessarily state to you what, in their judgment, the work was worth per yard, and what the masonry was worth per yard, but they would not state to you the exact amount paid by them in wages to the men they employed?—A. I do not know why they should not.

Q. The contractors would naturally not pay for the work per yard, but would pay the men whom they employed to do the work their wages?—A. A portion of this work was contracted to other contractors.

Q. By whom?—A. By Mr. Reed, the superintendent of construction.

Q. Whose superintendent?—A. The contractors' superintendent.

Q. What is his name?—A. Samuel B. Reed.

#### THE DAVIS CONTRACT.

Q. What is the name of the chief contractor for whom he was chief superintendent?—A. This was under the Davis contract.

Q. Then the superintendent of the Davis contract would submit certain portions of the work, and report to you the rates at which he had paid for it for account of Mr. Davis?—A. Yes.

Q. To what extent have you knowledge that the work was done in that way, and not by the direct employment of gangs of men, and foremen, to whom wages were paid?—A. I was on the ground when most of this work was done; a part of it was done by the contractors and a part by what they call the company, and if you look at this in detail you will see that it is made up in that way showing what was done by the different parties.

Q. Do you know what was the rate per mile for that work under the Davis contract?—A. I do not know. It is a matter of record.

Q. Is it not possible that in order to make a settlement with the Central Pacific you were instructed to make up a statement of cost by distributing the rates paid for the different grades of work, so as to make the cost substantially equal to what the Union Pacific were compelled under the Davis contract to pay Davis for that work and so enable the Union Pacific to be reimbursed the actual cost to the Central Pacific?—A. No; not in making up a statement of this kind.

Q. But in making up statements of that kind, if you took the rates for the different grades of work as to that portion which was not sublet to contractors, and simply figured up what the total cost would be at these several rates, is it not clear that you would not obtain the actual cost unless the rates which were given to you for the different grades of work were the exact equivalent for the rates actually paid, or the cost, by reason of the rates of wages that were to be paid for the work actually done?—A. That is a pretty long question, and I shall have to digest it a little before I can answer. I can state in a few words what my understanding of this is. To my best ability, in my position as chief engineer, I obtain the actual cash cost of this work by going to the proper sources for it; and that is what I returned to the company to enable them to settle with the Central Pacific.

#### STATEMENT ABOVE GIVEN SHOWS ACTUAL COST TO CONTRACTORS

By the CHAIRMAN:

Q. Do you understand that that paper represents the actual amount of money paid out by the Union Pacific road for the construction of this piece of road?—A. I understand that to be the actual amount paid out in cash by the contractors.

By Commissioner ANDERSON:

Q. And not the cost to the Union Pacific? The Union Pacific may have paid a great deal more.—A. The Union Pacific base their contract upon a different principle entirely. This is actual cash cost. That is what my memory is, that I was instructed to obtain the actual cash cost of this road—Ogden to Promontory.

#### WITNESS RELIED ON MR. REED'S WORD.

Q. Now, taking up some of these figures in detail, you enter on this statement 188,098 cubic yards earth excavation at 30 cents per yard, and carry out the amount as \$56,429.40. Who was it that paid 30 cents per yard for that earth excavation?—A. Mr. Reed.

Q. And what information have you that he did pay 30 cents per yard for that earth excavation?—A. His mere statement to me. He was the superintendent of construction.

Q. Is there anything else on which you base it—any books which you examined belonging to Mr. Reed or to Mr. Davis, to which you can refer

a poor authority for saying that the actual cash cost to Mr. Davis there, through his superintendent, Mr. Reed, was 30 cents per yard for that work?—A. I certainly never examined the books of Mr. Reed or of anybody else when he made his statement to me officially of what he paid for work.

Q. Is your explanation the same as to all the items which follow that item in regard to this earth excavation—being the whole column, and running from 30 cents per yard to \$1 per yard?—A. It is the same. It is his statement of cost as made to me.

Q. I find charges for excavating loose rock at \$1.75 and \$2 per yard, and \$1 per yard for solid rock. What is the basis on which you found the entries which are made in this account?—A. He furnished them to me.

Q. They are also Mr. Reed's statements?—A. Yes.

Q. And so with regard to the following items: "149,154 cubic yards of earth excavation, company work, \$367,489.67." What is the meaning of that entry, "Company work"?—A. There was a portion of that excavation across the salt desert, and a great deal of it was under water, and portions of it, if I remember rightly, we could not get a contractor to work, and the company had to put their own men in and do the work.

THE "COMPANY" MEANT THE CONSTRUCTION COMPANY.

Q. That is, the Union Pacific Company?—A. The contractors. When he speaks of "the company" he speaks of his own company. The contracting parties there, when they let contracts, of course they had to reserve their own forces, and their own force would go in and help the contractors, and push on the work where it was not going on fast enough. I judge that that refers to that. I know that in that class of work over the overflowed desert, where it was under water, the men had to go in up to their waists to work.

Q. Then this is the construction company that you refer to?—A. Yes, sir.

Q. Do you know what its incorporated name was?—A. I do not know as it had any incorporated name, except that Mr. Reed was the superintendent of construction for the contractors.

Q. There must have been some organization that we can refer to for the purpose of asking where its books or records are?—A. It is under the Davis contract, I suppose.

THE DAVIS CONSTRUCTION COMPANY.

Q. Then, calling it "The Davis Construction Company" (for want of a better name), do I understand as to this figure, for this 149,154 yards of earth excavation, as to which no price is given per yard, but only a lump sum for the cost—that you made that entry on the statement made by Mr. Reed to you?—A. Yes.

Q. And you did not examine the books of the Davis Construction Company?—A. No; I examined none of the books.

Q. The entry, "Company work, cost covered by pay-roll," applies to the earth excavation which I have just examined you about; and also to the item of "loose rock," which is carried out at \$262,478.35. Did you yourself examine those pay-rolls?—A. No, sir; of course not.

Q. Then there are three entries following those which I have just examined, under the head of "Extra work, rock excavation, etc., etc., lumber for dump boards, &c.," the three

\$20,945, \$30,898.75, \$3,919.35. As to those items, is the source of your authority the same—information given by Mr. Reed?—A. Certainly.

Q. And no personal examination of pay-rolls or books?—A. No.

Q. Who is Mr. Reed?—A. He was superintendent of construction for the contractors.

Q. Is he now living?—A. I think he is, but I do not know.

Q. Have you any idea where these books are to be found which contain these entries?—A. No.

#### WITNESS'S SOURCES OF INFORMATION.

Q. The figures as to which I have been examining you contain the cost of grading of some 53 miles of road west of Ogden?—A. Yes.

Q. Do I understand you correctly, that the proportionate part of the grading charge for the 45 miles sold to the Central Pacific, between Ogden and Promontory Point, is carried in as the first item on the left-hand page of this statement, which is entered as "grading, \$1,154,101.70"?—A. I suppose it is; I have not gone through the figures. In fact, I have no doubt that that is the proper cost and charge.

Q. Do I understand the other items entered on the left side of this statement, representing the masonry, bridging, track, engineering and contingencies, and amount to complete road, were different items which were grouped together in order to make up the bill to present to the Central Pacific?—A. Yes.

Q. From what source did you derive the item "masonry, \$13,635.94"?—A. I suppose I obtained it from the contractor who did the work. I do not know who it was.

Q. Do you know whether it was obtained from an examination of any book at all?—A. I do not think that I examined the books.

Q. You merely took the statement?—A. I took the statements called for them from the different engineers and heads of departments.

Q. The heads of what departments?—A. The heads of their departments.

Q. That is, the Davis Construction Company?—A. Yes.

Q. Also distinguishing between the Davis people and the Union Pacific people?—A. Yes.

Q. Now, as to "bridging, \$330,103.08," was that obtained in the same way?—A. The same; all of it.

#### BRIDGES EXAMINED BY ENGINEERS.

Q. Did you make any special examination of the amount of bridging that was done, in order to test the accuracy of this statement?—A. I did not myself, but my engineers, of course, examined all these matters as the road was built and completed.

Q. Did they examine for any purpose other than to ascertain that the bridges were properly built?—A. And as to the amount of material in them.

Q. Did they examine them for the purpose of ascertaining what would be the fair cost?—A. Probably not.

#### WHAT IS INCLUDED IN THE ITEM, "TRACK, MATERIAL, AND LAYING."

Q. This item of "track, material, and laying, \$1,510,749.74," from what source did you derive that?—A. The same as all the rest.

Q. What does that item include, the rails?—A. Yes.

Q. And fish-plates and fastenings?—A. Yes.

Q. Does it include the ties?—A. I suppose it does; yes. It includes the track, material, and laying.

Q. Do you know the weight of the rail which was laid there?—A. Six pounds.

Q. Was it an iron rail?—A. Yes, sir. There were no steel rails in those days. It was American iron.

Q. Did you make any computation or examination for the purpose of examining this apparently large charge for 45 miles of track?—A. I have not since I have seen the paper.

Q. At what time did you?—A. I suppose I did when I made the statement of cost, but I cannot remember it.

Q. Do you remember whether you did or not?—A. No; that was 25 years ago.

Q. What proportion of the expenses included in the item would be covered by the rails?—A. I cannot tell without going into it and figuring upon it.

Q. All that it does include, as you can judge from the other charges, which cover all the rest of the work, is the track, the fish-plates, the fastenings, and the ties?—A. And the laying—all the cost of the track, and the surfacing.

Q. It does not include any proportion of the road-bed?—A. No, sir; not the grading.

#### WHAT PROPORTION WOULD BE REPRESENTED BY THE RAILS.

Q. Can you not tell us, under the contract for the rails, the fixtures, fastenings, the ties, and the leveling of such portions as might be required for laying, what proportion would be represented by the rails?—

A. Generally the track costs about one-third to one-half of the total cost of the road.

Q. But assuming that all your grading is done, and all that you have to do is to put the ties on, purchase the rails and fastenings, and lay the rails on, including the labor of preparing the bed for the ties, do you mean to say that the rails do not represent more than one-third of the cost of the whole work?—A. Of the whole cost of a road?

Q. No. Assuming the bed to be all prepared, and the items are the rails, the rails, and the laying.—A. The road-bed is a small part. For instance, no one could tell there, because he would not know what the freight upon those rails was. If I had the items by me I could tell. The freight on our railroads there as a general thing was as much as the cost of the rails, and the freight upon the ties was near what the ties cost.

#### COST OF WORK IN WINTER EXTRAORDINARY.

Q. Do you not know what the ties cost?—A. I have not a detailed statement now. I heard Mr. Huntington say yesterday that those that were on the Wahatch cost \$1.75. He asked the man that was hauling them there. The ties for all that work were brought from the rear in the winter. That work was mostly done in the winter and spring, and it cost double, and probably treble, what it would have cost done in the summer. There was a piece of work that was done in the winter in Weber valley, and when the ground was covered with snow. I saw the track laid on the road-bed there when it was solid ice, and I have seen the whole track, train, locomotive, and everything on it slide right into the ditch at once. Therefore the cost of winter work was an extraordinary cost, on account of the time of the year that it was done.

Q. We understand from your statement that we may safely conclude that the cost was excessive and unusual, but what we desire to know is, whether we can accept this estimate as coming from a person who critically examined the books, disclosing the actual payments, or whether the whole foundation for this estimate is that Mr. Reed made certain reports of figures to you. Of course the difficulty is as to the amount of reliance that can be placed upon it. So if you can give us any other source of information as to this large item for track it will lend force to your statement. As it is, it is simply information given by Mr. Reed.—A. I have no means of aiding you as to that.

Q. You have no means of making it any more reliable than it is in your testimony?—A. No; but I have no doubt that it is correct.

Q. You will perceive that the amount of this item alone, for track, material, and laying, is about \$33,000 per mile?—A. Yes.

**COST OF ROAD FROM PIEDMONT TO PROMONTORY \$90,000 PER MILE, CASH.**

Q. That is as much as you have estimated the entire cost of grading and building the road and everything else between Cheyenne and Omaha?—A. Yes. The grading is a small item in building roads. If I remember rightly, the road from Piedmont to the top of Promontory Mountain cost over \$90,000 per mile in cash.

Q. Then these other items which you refer to in this paper are all based on this same information received by you either from Mr. Reed or from some other person in the employ of the Davis Construction Company?—A. Yes, sir; so far as 45 miles are concerned.

**AMOUNT PAID BY CENTRAL PACIFIC TO UNION PACIFIC \$2,698,620.**

Q. Do you know what the amount was that was paid by the Central Pacific Company to the Union Pacific Company for this work?—A. I do not.

Commissioner ANDERSON. Mr. Mink, do you remember?

Mr. MINK. It was \$2,698,620.

Q. Can you now answer the question from the information furnished you by Mr. Mink? Will you accept his statement?—A. Yes; \$2,698,620.

**WHY THE UNION PACIFIC ACCEPTED SO MUCH LESS THAN COST.**

Q. Can you explain why the Union Pacific Company accepted a sum largely less than the statement which you handed us showing the actual cost?—A. I cannot. I know that there was a great contest over it; and we preferred to sell rather than they should build a road alongside of us.

Q. Can you inform us what was the cost per mile for this part of the road under the Davis contract?—A. The Davis contract was for \$15,629,000 for 171 miles. This is the cost to the contractors. The cost to the railroad company was \$23,431,768.10; that is \$137,000 per mile to the railroad company. The cost to the contractors, as appears from the figures contained in the Wilson report, was about \$90,000 per mile. The above figures are furnished by Comptroller Mink, and are taken from the figures contained in the Wilson report.

**REFERENCE TO TEXT OF OAKES AMES CONTRACT AND DAVIS CONTRACT.**

Commissioner ANDERSON. In this connection I call the attention of the Commission to the Oakes Ames contract, at page 766 of the Wil-



report, and to the Davis contract, which embraces the part of the road now under examination, at page 768 of the report, the price fixed by the Davis contract being referred back to the stipulation of the Oakes Ames contract.

Mr. JOHN F. DILLON. Those prices mentioned in the Oakes Ames contract are cash, and the actual cost to the company as expressed in mortgages and stock would necessarily vary from that.

#### HOW THE ESTIMATES COMPARE WITH COST IN NORMAL TIMES.

Q. In the estimate you have given of about \$35,000 per mile as the cost from Omaha to the one hundredth meridian, and \$50,000 per mile from the one hundredth meridian to Ogden, are those your estimates of the actual cost of the work as actually done, or would that have been the ordinary cost in normal times and under ordinary conditions?

—A. The \$35,000 estimate was a matter of judgment, which you asked for yesterday. I then had no figures with me. I found among my papers a rough estimate, which was made by myself, of the cost from the one hundredth meridian to Ogden, made some time before completion of road, and that is based upon prices being paid for work at the time, and was evidently made for the purpose of ascertaining about what the actual cost in cash would be under the then circumstances. But from Piedmont beyond, that part was built under extraordinary circumstances, and that estimate would not apply from Piedmont to Ogden; but from there east it would.

Q. From there east it contains sufficient margin to cover any special circumstances of weather or distance? or is it the labor actually required in the building of the road during that period of construction that makes the difference?—A. In making my estimate, I just took the quantity and the price paid and ascertained what amount that would make. I have the actual quantities before me in this paper.

#### COST FROM PIEDMONT TO OGDEN.

Q. Now, taking the work from Piedmont to Ogden, 110 miles, what, in your judgment, should be added to the estimate you have just made, in order to cover the peculiar difficulties which attended the construction as it really occurred?—A. When I was out there they were doing the work, and I thought that the actual cost under favorable circumstances for work done in reasonable time would have to be added three or four times; but I find that the actual cost for this work done in winter was only about double. Men who went out in the morning with overcoats on, and would have to work with overcoats on all day, were able to do very large days' works.

Q. Is it your judgment that on the estimate made by you for that 110 miles, if doubled, this Commission can safely assume that the actual cost of construction did not exceed the estimate so doubled?—A. That would be my judgment, but you can ascertain the actual cost. I think my estimate is made with a view of covering the cost under the same circumstances as we had been doing the work.

#### PROBABLE COST OF UNION PACIFIC.

Q. Accepting, of course, your explanation that this is a basis of approximation, can you give that as your estimate of the actual cost of this road: the rate of \$35,000 per mile from Omaha to the one hundredth meridian, which

That would be \$36,000,000 from the one hundredth meridian to Ogden; and to this amount there should be added for the 110 miles from Piedmont to Ogden about \$50,000 per mile (doubling your estimate for the 110 miles), making \$5,500,000, and these three sums added together, namely \$8,645,000, \$36,000,000, \$5,500,000, making \$50,145,000, form your estimate of the probable cost of construction as it occurred?—A. Yes; if you have the distances and figures right.

#### AS TO MR. DEY'S ESTIMATES.

Q. Do you know anything about the estimates which have been prepared by Mr. Dey?—A. No; I do not.

Q. Did you hear from him what his estimates were, and did you hear that they differed from yours?—A. I do not know. Mr. Dey was on the road before these surveys were made upon this line. I do not remember receiving anything from him, but I used to hear from Mr. Dey often.

Q. Have you any knowledge of the circumstances that led to his resignation?—A. I have not, only what I have heard and seen since. I was not there; I was in the South then.

Q. You have no knowledge derived directly from him or from the officers of the company?—A. I have not, except what was said in conversation. Mr. Dey had been in an early day my own chief—a man that I respect very highly, and that was a matter that I never discussed much with him.

#### NO KNOWLEDGE OF SO LOW A FIGURE AS \$15,000 PER MILE.

Q. Have you any knowledge of a section of the Union Pacific having been built by a person named Bushnell?—A. I have not.

Q. Have you any knowledge of the actual construction of some portions of this work, under some contract, made as low as \$15,000 per mile, exclusive of stations?—A. I have not.

#### AS TO ITEM OF \$74,000 ESTEEMED AS PAID TO GENERAL DODGE FOR AIDING LEGISLATION.

Q. I desire to call your attention to a passage in the report of the Wilson committee, with which you are doubtless familiar, and ask you what explanation you desire to make with regard to it. Referring to a certain amount of money which the committee think should be reimbursed to the company, or proceedings taken to collect them, I find the following reference: “\$126,000 were paid to C. S. Bushnell on the 1st of March, 1871, and denominated special legal expenses, which were disposed of as follows: First, to G. M. Dodge, for services in procuring the passage of the act of March 3, 1871, in relation to transportation by rail company for the Government, \$74,000.” The other portions of the item do not contain your name, and I do not call your attention to them.—A. You will find my testimony upon that before the Hunter committee, and a clear explanation of it, much better than I can give now, because it was fresh in my mind then.

Q. We would prefer to have the explanation direct.—A. If you will give me the Hunter book I will read it to you.

Q. We have not got it here; have you got it? If you will hand it to us that will be an answer.—A. It is in their printed report. Mr. Bushnell's testimony also covers that fully.

Q. Will you read it just as it is there?

The witness read the following extract from Pub. Doc. Mis. 176, 44th Congress, first session, House of Representatives:

Q. In some investigation that has taken place in regard to this matter, was it not so that a sum of money, probably \$12,000, had gone into your hands?—A. No; I think not; I think you have reference to Mr. Bushnell, probably.

Q. Mr. Bushnell, instead of you?—A. Yes, sir; you no doubt refer to the Wilson investigation. If you had the Wilson report here you could see what connection I had with that matter.

Q. But you can state it now?—A. I suppose you refer to a check for about \$24,000 that was paid to me by Mr. Bushnell.

Q. Yes; state your connection with that.—A. That is all the connection I had with it. He paid me that amount of money.

Q. What for?—A. Upon a call of Union Pacific stock. I had a call upon him of Union Pacific stock, and that was the amount that was due from him.

Q. What do you mean by having a call upon him for that stock?—A. I bought the call on him of the stock at about twenty-three, I think, or something like that, and when the stock went up that was the difference.

THE WITNESS. Then they asked me an explanation of what a put call was.

Q. Is that all the explanation contained in the book from which you are reading?—A. That is about the substance of it. There were more questions asked me; but that is all in relation to this.

Q. Was the voucher which was prepared for this payment signed by you?—A. I do not know that it ever was.

DOES NOT KNOW WHETHER HE HAS SEEN VOUCHER OR NOT.

Q. Have you ever seen that voucher?—A. I do not know whether I have or not.

Q. Have you ever heard that the Union Pacific have in their possession a voucher which states on its face that this money was paid to you for services in procuring the passage of the act of March 3, 1871?—A. No; I have not.

Q. You never heard that?—A. I never heard it. I know that I was there for Mr. Bushnell on that service; and that is the way he paid me—by giving me a call on the stock. In fact I went there and obtained the passage of that bill.

Q. Then the agreement with regard to the call had some reference to the passage of the bill?—A. Yes; that was his inducement for me to go there.

Q. State what occurred between you and Mr. Bushnell at the time the call was given to you.—A. It is pretty hard to do that. I had already been obtaining from Congress a separate bridge bill, for building a bridge across the Missouri River in connection with the Union Pacific; but I failed in that, and when I was at home I received a dispatch from Mr. Bushnell, and also one from the president of the road, asking me to go to Washington and aid in this matter.

A "CALL" ON THE STOCK.

Q. That was Mr. Sidney Dillon?—A. No; Mr. Scott, I think, asked me if I would go to Washington and aid in the passage of that bill, in order to obtain bonds or something with which to build the bridge. So I went; and when I was there Mr. Bushnell, I suppose, wanted me for my services. I told him that I could not stay there and give my services for anything of the kind; and then he gave me a call upon the stock, and I sold it at a profit, and he paid my expenses.

Q. How many shares of stock did the call cover?—A. That is more than I can tell you; I do not remember.

Q. Was the call in writing?—A. I think it was; but Mr. Bushnell will probably remember that better than I do.

Q. Was it signed by Mr. Bushnell individually, or on behalf of the company?—A. It was by him individually. I do not know that the company had anything to do with it.

Q. What advantage would it be to Mr. Bushnell to get that act passed personally?—A. I think he was a very heavy holder of the stock of the company, and was there representing a great many other holders, and it would be a great advantage to the stock of the company if this bill passed.

Q. Was he a director of the company at this time?—A. I think he was; but I believe that he had some contract in relation to the bridge, which, if we got it through, the interest on that would be reduced very much, and it would be a great benefit to the company.

Q. Do you know if his bargain with you was made on behalf of the company, or on behalf of himself?—A. On behalf of himself, as I understood it; but still it might have been on behalf of the company. I do not know. He can answer as to that.

#### WHY THE CHARGE WAS MADE TO THE COMPANY.

Q. If made on behalf of himself, can you explain why the payment was charged to the company? If the contract with you was made on behalf of Mr. Bushnell individually, can you explain why the amount paid to you was charged to the company?—A. I think I can. Mr. Bushnell owed me this money and told me that there was a certain amount of money due him from the company; and when they paid him he paid me that check for my part of it.

Q. That would not explain why he should charge the amount paid to you to the company?—A. That he can explain; I cannot explain these things.

Q. Why did you not call the stock?—A. I had rather take the difference. I did not care to pay for the stock.

#### WHAT IS A "CALL"?

Q. For the benefit of the Commission please explain what a call is.—A. You had better get some "put and call" broker to do that.

Commissioner ANDERSON. I will state: A call is a contract made which the party giving the call agrees that the party to whom the call is given shall have the right to demand from him a delivery of the stock, at a specified figure, at any time during the period limited by the call.

#### SERVICES OF WITNESS AT WASHINGTON.

Q. What services did you render with regard to the passage of the bill? How long were you at Washington, and how extensively did you work?—A. I was there quite a time—from the time the bill was presented until it was passed.

Q. Was it a month?—A. Yes; I think more. I think it was two months; but I cannot tell that exactly. I gave my attention right to it. I understood the matter thoroughly—the necessity of it, and everything else about it; and there was no reason why the bill should not be passed. It was a proper bill to pass; and it enabled us to build the Missouri River bridge.

Q. Did you remain at Washington continuously all the time?—A. I think I did; all the time.

Q. How often do you suppose you appeared before the committee?—A. I cannot tell. I went before them several times, and I went to see nearly every member of the House and every member of the Senate.

Q. Were you compelled to employ any assistance to get the facts?—A. No; I don't think I did employ any one. I might have employed stenographers.

Q. This payment, then, covered your own individual services?—A. My own individual assistance; it was for my own benefit.

#### INFLUENCING LEGISLATORS.

Q. Was any money used by you for the purpose of influencing any member of the committee, or any legislator, in procuring the passage of this bill?—A. Certainly not. I have been to Washington ever since I have been connected with the Union Pacific Railroad; I have been called there upon nearly every measure; and I never saw the necessity of such a thing, and I do not think a man would dare to do it; I would not. There was no necessity for such a thing.

#### AS TO SIOUX CITY AND PACIFIC RAILROAD.

By Commissioner LITTLE:

Q. You were at one time a director of the Sioux City and Pacific Railroad?—A. I think I was at one time, but I could not state positively unless you have the data. I have been a director of common roads; I cannot tell; I think I was.

Q. Were you therapeutically connected with the road?—A. No; I don't think I ever attended the meetings; it is possible I may have done so.

Q. Do you know who built that road?—A. John I. Blair built it, I think.

Q. Our examination of the books failed to disclose that John I. Blair built the road?—A. Then I am mistaken. I only know it from the fact that he built a good many roads through Iowa. I have no knowledge, but the supposition that I have in my own mind.

Q. We fail to find any history of its construction, or any paper or book in relation to its construction, and we fail to ascertain what construction company, or what individual or individuals, built the road?—A. I think if I had anything to do with it, it was after it was built and completed. I know that I had nothing to do with it when it was being constructed.

Q. As a director did you take any active part in the management of the property?—A. Not at all.

Q. Did you ever attend any meetings of the board?—A. I would not like to say that I did not or that I did. I do not remember. I do not even know why I was made a director there.

Q. You practically know nothing about the construction of the road or its operation?—A. I know nothing about it.

#### CHARACTER OF THE COUNTRY.

By the CHAIRMAN:

Q. What do you know about the country through which it passes?—A. It is a road running down through the Missouri Valley, across to

commenced giving it a good deal of consideration; and we formulated a plan—two plans; it is impossible for me to state exactly what they were, but I can give the substance. One was a plan in which we calculated the then present value of the debt, and agreed to make a payment that would pay that debt off in a certain length of time. Another plan was one by which we agreed to pay so much per year that should be made a sinking fund, and increase upon the gross earnings. I went to Washington with the propositions, and went before the Secretary of the Treasury, Mr. Bristow, and called his attention to it; I got him to consider it; he took it up and made some changes in it; it was then taken before the Cabinet; it was approved; I went with it before the President, General Grant, and he approved it; and they wrote their messages, and were about to present them to Congress, when it commenced getting into the papers. There was an immense short interest in Union Pacific stock here; and they sent representatives to Washington who went to General Grant and made him believe that this proposition of the company was for the purpose of booming the stock, and that laid the plan by. General Grant has told me a great many times since that he regretted very much that he did not put the matter before Congress and settle the thing then. The proposition that we made then would, I think, have paid the debt off within twenty years after it was due.

Q. In what year was that?—A. That was in 1874 or 1875. It was when Mr. Bristow was Secretary of the Treasury.

Q. Were the propositions made in writing?—A. Yes; everything was in writing.

Q. Were they printed at the time?—A. I do not think they were. I have been unable to find, although I have looked everywhere, but have not found a copy of them. Of course if Secretary Bristow is disposed to testify he can tell better than I can about it.

Q. Do you know whether copies are on file in the Treasury Department?—A. I do not. I suppose they are, though, because it was a matter of long calculation and discussion, and it was given a real deal of consideration.

#### PRESENT DIFFICULTIES OF THE UNION PACIFIC.

Q. What advantage, if any, has an immediate settlement with the Government by the road, based upon the commutation allowance, over an extension through a series of years to maturity, and leaving the present arrangement unchanged until maturity?—A. The difficulty with the Union Pacific road to-day is that it is tied, hand and foot. It cannot defend itself. The law that I think was put upon us in 1873 was made for the purpose of destroying the Union Pacific. If we go outside to defend ourselves we must do it indirectly. Whereas if we were allowed to use our credit to defend our territory, and to take care of it, the Union Pacific Railroad property would be one of the best properties in the United States. But it is being destroyed just by the fact that we are tied hand and foot. We are hauled up in Washington, and everywhere else. Everything we do is criticized. It seems that everything we ever did, from the time we started until we got the road built, is treated with suspicion. It is thought that there is something wrong in it. I have been connected with the road, and with every administration of it, and I have seen its best men fail; and I have never yet seen anybody connected with that railroad who did not give his best effort, as he saw it, for the benefit of the property, and for the benefit of the Government. I want to say here that the Government took

any, because the Illinois Central comes into Sioux City from the north, and the Sioux City road from the south.

Q. Would the possession of the Sioux City then be an advantage to the Illinois Central?—A. I cannot see where it would be an advantage to them, unless they have some objective point to the south and west. The Illinois Central always has run into Sioux City on a leased road.

#### FINANCIAL STANDING OF SIOUX CITY AND PACIFIC ROAD.

Q. What, in your judgment, is the capacity of the Sioux City road to pay the Government debt?—A. That is a matter that I know very little about. I would want to see its earnings, which I have never seen independently. I know that in its early days it earned very little money.

Q. I understand you to say that the Sioux City through local traffic would pay operating expenses?—A. That is a mere guess.

Q. With that local traffic in view, what, in your judgment, would be the ability of the Sioux City road to settle with the Government? I am asking for your opinion.—A. I believe that the Sioux City has all that it can do to pay interest on the first mortgage from its earnings. That would be my idea; but it is mere guesswork of mine, because I have never given any thought to it.

#### DEBT OF THE UNION PACIFIC.

Q. Have you given any thought to the subject of the settlement of the debt of the Union Pacific?—A. Yes; I made a proposition once to the Government to settle it, and have given it a great deal of thought.

Q. What proposition did you make?—A. As soon as the Union Pacific got what we call upon its feet, so that we saw it could take care of itself, the company, of course, began to think about the debt. They supposed that they would not be called upon to pay the debt, or any interest upon it, when the road was built.

Q. Why do you say that the road would never be called upon for that?—A. If you had ever traveled through that country, as I did, before the road was built you would not think there was anything in it to pay. The men who knew the country had no idea, in those days, that it would be possible to make a road pay there. Even when I had completed this road, and made estimates to the Union Pacific Railway Company that in five years it would earn \$5,000 per mile, they thought that I was crazy. That was the first estimate that ever was made as to its earnings; but I worked its earnings up to \$5,000 per mile in five years. I do not think there was anybody who would sustain me in that estimate at that time; but we went on, and in ten years earned a great deal more. It then seemed that the country west of the Missouri would never be productive, because of the lack of water. Then came a change of climate and a development of the country, so that people would go into that country and settle; and that has enabled this country to earn the money to pay its interest and dividends upon its stock. If the Government had let us alone, and let us go on and use our credit, and pay the debt when we wanted to, we would have been free from all this trouble. We could have had five, six, or seven thousand miles of branches attached to it as feeders. Take the branches away from the Union Pacific road to-day and it could not pay anything.

#### PLAN OF SETTLEMENT APPROVED BY SECRETARY BRISTOW AND PRESIDENT GRANT.

Q. Now, go back to your proposition about the payment of the debt. State what that was?—A. When Mr. Gould came into the road he

control of the property and give us time. Let us pay this debt the same as we would any debt, by either selling a low-priced bond or fixing it as something that we could meet. If this road was independent of the Government they could issue new bonds the same as all roads do under a system of interest that could be met.

#### JUNCTION OF SIOUX CITY AND UNION PACIFIC.

Q. How far is the southern point of the Sioux City road from the Union Pacific road—the track is what distance?—A. It is at Fremont—just at Fremont.

Q. How many miles is that from the main line of the Union Pacific?—A. It is right at the main line. The Sioux City and the Union Pacific join at Fremont.

Q. Is that the original main line of the Union Pacific?—A. The Sioux City road runs right across from Fremont, on the Union Pacific, and goes to Sioux City.

Q. Who has control of the road between the main line of the Union Pacific and the junction at the Valley?—A. I do not know, but I suppose the Northwestern Company. I have no knowledge of those matters.

Q. Are you familiar with that country?—A. Yes.

Q. What is the distance?—A. I suppose about 30 miles.

#### OBJECT OF CONSTRUCTING SIOUX CITY ROAD.

Q. Was the purpose of the construction of the Sioux City to give an outlet to the Northwestern in Iowa down to the main line of the Union Pacific, and from the Union Pacific to the West?—A. The charter shows that. I suppose that it was. I paid very little attention to those matters. The idea, as I understood it, in the scheme was to give an outlet in Kansas City and Saint Joseph, and another at Council Bluffs, and another at Sioux City.

Q. Were you familiar with the construction of the Sioux City at the time you were connected with the Union Pacific?—A. I knew of the construction. I was not over its line.

#### THE CONTROL OF THE SHORT LINE.

Q. Can you give the Commission the reason for the omission or failure to connect with the Sioux City by which it would be under the immediate control and in direct connection with the Union Pacific?—A. They did build a road to Fremont, to a connection with Union Pacific, did they not?

Q. No; there is a leased line, under the control of another company between the main line and Fremont. The Sioux City seems to have terminated within 25 miles of the Union Pacific and given the short line to the control of a stranger?—A. If I ever knew that fact I have forgotten it.

#### THE BRANCH SYSTEM.

By Mr. JOHN F. DILLON:

Q. You have already expressed an opinion that what is termed the branch system of the Union Pacific is essential to its prosperity?—Yes, sir.



Q. On what is that view based?—A. Branches would develop and control the territory along the line of the road and bring business to the main line, by which we get a longer haul upon it. If we had not developed that country, and some other road had come in and built these branches, we would only have the business contributory to our road along the main line. The efforts of all railroads is to obtain control of as much territory as they can, and especially the farther west they go, so as to get longer hauls on the main line.

Q. Is that the case with all competitors of the Union Pacific?—A.

#### COMPARATIVE COST OF CONSTRUCTION.

Q. Among the subjects of inquiry by this Commission is this: To ascertain the comparative cost of the construction of the road, as compared with what it would have cost with the prices of labor and commodities prevailing five years preceding and five years after the completion of the road. How extensively have you been engaged in building railroads?—A. I have built railroads, or have been connected with building railroads, ever since I was nineteen years old.

Q. The act of Congress allowed the company, I think, until the 1st of July, 1875, to complete this road. Suppose they had taken that time, what would have been the relative cost of construction as compared with the actual cost at the time and under the circumstances under which the roads were built?

Commissioner ANDERSON. The answer to that question can hardly be given, because you do not say when they commenced to build the road. If they commenced in 1867 and ended in 1875 it would depend on the percentage of work done in each of those years.

Mr. JOHN F. DILLON. I want to give it within five years—how much it would have cost if they had taken until 1873?

Commissioner ANDERSON. It seems difficult to answer that unless he says how large a percentage of the work was delayed.

Mr. JOHN F. DILLON. He can give his best judgment.

The WITNESS. If we had taken the whole time from 1866 to 1875 to build the road it probably could have been built for half what it was.

Q. How much more would it have cost, in your judgment, to have completed the work in 1866 than to have taken five years beyond that time in which to complete it?—A. That is a hard question to answer. I built railroads from 1870 to 1875 and I know about what railroads cost then. I suppose that it cost 33½ to 50 per cent. more.

#### WHY THE WORK WAS PUSHED.

Q. Do you know why the work of completion was pushed with such rapidity and at such great cost?—A. It was the demand of the Government and the demand of the country.

Q. Did you have any interviews with any of the officers of the Government about it?—A. Yes; with the President, and with different members of the cabinet, and every one was pressing us. It was desired apparently all over the country. We all felt the necessity of getting the road built.

#### CONVERSATION WITH PRESIDENT LINCOLN.

Q. Did you have any conversation with President Lincoln on the subject at any time?—A. At the common consent of the work I did. When

I first made my surveys I met Mr. Lincoln in Council Bluffs, in 1854 or 1857. He took great interest in them and obtained all the information he could. He owned some property in that town and came there to see it, and I happened to come in from the mountains and met him, and he took great interest in the matter. I was a young man, and of course he got from me all that I knew. In 1863, when I was at Corinth, Miss., I received a dispatch from General Grant, directing me to proceed to Washington, as the President wished to see me. I went there, and he again took up this question of the building of the Pacific roads, having known that I had been connected with it up to that time. He expressed a great desire to have it built. I thought that the Government ought to build it. He seemed to think differently, but he said that the Government was ready to do almost anything that would assure its completion. He said he looked upon it as a necessity. He went through the subject with me, in relation to where the initial points of the road should be. In fact, he said that the Government would do whatever was necessary to insure the people taking hold and building the road.

#### THE OREGON BRANCH.

Q. Did you make any surveys at any time with reference to what was termed the Oregon Branch?—A. I made the original surveys, and I suppose it was from my recommendation that the company took it up.

Q. What was the general nature of that Oregon line?—A. The direction was northwest. It gave us an outlet on the Pacific Ocean at the mouth of the Columbia River.

Q. How far, in a general way, was it coincident with the present line—the Oregon Short Line to Oregon? Were the two lines in the same general direction?—A. No. The Oregon Short Line goes to the north west, and really comes in and joins the Union Pacific a very short distance from the western terminus of the Union Pacific. Everything that goes up over the Oregon Short Line the Union Pacific gets the haul upon nearly its entire length.

Q. What I ask is, what point were you seeking to reach, acting for the Union Pacific, when you made your surveys?—A. I meant to reach tide water at Portland.

#### SEEKING AN OUTLET TO THE PACIFIC OCEAN.

Q. What was the object of the company in seeking that connection?—A. The object was to give it an independent outlet to the Pacific Ocean for the purpose of obtaining the trade from Oregon and Washington Territory, which, we believed, would have a very large trade for us at help maintain and build up our main line.

Q. The company has recently obtained a lease of the Oregon Railway and Navigation Company. Did you investigate that matter, and did it have the approval of your judgment?—A. I did. I went out before the lease was made, I think last November, and made a careful examination of the line and of the country; and I put myself on record as very strongly in favor of obtaining the right of traffic over it by lease, or by some other method, by which there would be no possibility of our losing our right over that road to the Pacific.

#### THE WITNESS ALWAYS WILLING TO TESTIFY.

Q. There have been some statements made in the public press as to a disinclination on your part, or an attempt even, to evade the service

of the process of this Commission to appear and testify. Have you anything to say as to that?—A. I would like to ask the Commission upon what that statement was based. Certainly I have never shown any indisposition to come here. A note to me at my office at any time, or to the president, or to any officer of the Union Pacific Railway, would have brought me. I never knew that anybody had any difficulty in finding me. I saw a statement in the papers that I had been followed 2,300 miles in order to get me here.

The CHAIRMAN. You are mistaken about that. We first sent a note to General Dodge, and in addition to that sent a subpoena, as to any other witness. That was all.

#### AS TO NEWSPAPER REPORTS.

The WITNESS. Here is the statement made in a Philadelphia paper: "Home from California. Work of the Pacific Railroad Commission. Governor Pattison talks of the inquiry in San Francisco. A subpoena for an evasive witness." Then follows: "A clever capture of Dodge." Commissioner ANDERSON. That is a Philadelphia paper, is it not?

The WITNESS. Yes, sir. I would like to read this:

One of the principal witnesses whom the Commission will examine on September 2, when it shall meet in New York, will be General Grenville M. Dodge. The latter has been evading the service of a subpoena ever since the appointment of the Commission. He is considered a very important witness, as he is well acquainted with the secret history of the Pacific roads. He had charge of the construction of the Union Pacific Railway, and was the chief engineer of that enterprise. He is also president of the Construction Company of the Fort Worth and Denver Railroad, a director of the company, and president of the Saint Louis, Des Moines and Northern Railway. The sergeant-at-arms of the Commission chased General Dodge 2,300 miles over the country for the purpose of serving a subpoena on him to appear before the Commission, but the wily general always succeeded in giving his pursuer the slip. Governor Pattison appointed John J. Curley, of the Record, a special sergeant-at-arms for the purpose of serving the subpoena. The necessary documents arrived from San Francisco on Monday night. Mr. Curley proceeded to New York on Tuesday morning, and after four hours hard work finally located General Dodge at No. 1 Broadway, the big Washington building, which contains 300 offices. The general's name not appearing on the directory of the building, it required diligent inquiry to locate him in an office on the eighth floor. Admission to his presence was impossible, but a three hour wait rewarded Mr. Curley with a glimpse of General Dodge as he emerged from one of the four elevators in the building and endeavored to lose his identity in the throng on Broadway. He was soon overtaken, however, and accepted service of the subpoena in the middle of Broadway.

#### THE CHAIRMAN HAS NOT BEEN INTERVIEWED.

The CHAIRMAN. I will say that at no time during my association with this Commission have I ever given expression to any newspaper upon any question whatever in connection with it. I have never submitted to an interview upon any subject at any time; furthermore, I did not know that you had been subpoenaed until some time subsequent to your subpoena; furthermore, while at Council Bluffs we simply addressed a letter to you, hoping to find you at Omaha, and then on the failure of that notice, and in order to carry out what we believed to be our duty under the law, we sent a subpoena by the sergeant-at-arms. That is all that the Commission has done in connection with the service of a writ upon you. As to your efforts to evade the subpoena, I was not aware of any such allegation, and did not know anything at all about it, and have no knowledge now upon the subject.

The WITNESS. This purports to be an interview with you, Mr. Chairman, and I supposed that it stated the facts. Did you address a letter to me at my home in Council Bluffs?

The CHAIRMAN. I sent Mr. Walsh, the sergeant-at-arms, over.

The WITNESS. If a letter had been addressed to me it would have reached me. I was here in New York until the 27th of April, then I went West with Mr. Adama, stopped at Denver, attended public meeting at Pueblo, rode across the country to Fort Worth, Tex., and came back here. Mr. Adama, when he got here, told me that he had heard that you were going to examine me here; and I supposed that when you wanted me you would send for me. I saw this article, and there was a column in the New York papers also about it. I do not like to be placed in such a position.

The CHAIRMAN. The Commission is not responsible for that in any way. Have you any further suggestions to make to the Commission?

The WITNESS. I have not.

The CHAIRMAN. Have you any further information to give?

The WITNESS. I have given all that I know of. I shall be glad to give you anything that you ask me for.

Q. Were you connected with the Union Pacific during the presidency of Mr. Scott?—A. Yes.

#### WITNESS WAS A DIRECTOR.

Q. Were you a member of the board?—A. Yes, sir; I was a member of the board for a long time, I think. I believe that I was a member of the board all the time, except one or two years, when Horace Clark was president.

Q. Do you recall the compensation paid to Mr. Scott as president of the Union Pacific during that time?—A. No; I do not. I was in Texas and did not attend the meetings of the board.

Q. Have you any knowledge upon the subject of what sums of money were paid to him for assuming the presidency of the Union Pacific?—A. I have not.

#### HOSTILE INDIANS AN ELEMENT OF COST.

I would like to say that there is one element of cost in building the Union Pacific Railroad not yet stated. The road from Loup River to Green River had to be surveyed and constructed when the Indians virtually had possession of that country, and were at war. A great deal of stock was taken from the contractors, and numbers of their men were killed. In surveying the line not a mile could be run except under the protection of troops or armed men, and the chiefs of four or five parties were killed while engaged in the performance of their duty in the field. While the Government aided us in every way possible by furnishing military escorts and trying to protect us to the best of its ability, it was impossible to give complete protection to men stretched out for hundreds of miles grading, cutting ties, laying track, and everything connected with the construction of the road. I have myself stood at the end of the track and seen the Indians swoop down and drive off hundreds of head of stock near the graders, and get away with them before they could be intercepted, as the cavalry along our line in those days was limited in numbers. When the graders would go out to work each day they would have to carry their muskets and stack them at the dump or in the cut, ready for use at any moment. I remember once or twice, when I had been out with the Government commissioners examining the road, the Indians cut our trains off by burning bridges ahead of us. This was a continual source of anxiety, cost, and trouble.

daring the entire construction of the road to Green River, and it was a percentage of cost that could not be estimated, because no person would do work as cheaply where he had to risk his scalp as he would in a country free from such troubles, like Iowa and Illinois.

#### THE UNION PACIFIC CAN PAY IF IT GETS AN EXTENSION.

I wish also to say, from my knowledge of the Union Pacific road and its capabilities, that there is no question in my mind but what if the Government will give the company an opportunity by allowing it time, or allowing it to issue a bond of low rate of interest to meet the Government debt, they can pay it and make the property one of the best railroad properties in the United States. They must immediately repeal the law of 1873 to enable the company to use its credit with which to build branches to defend the main line, in which the Government has so much interest. The Government, in my opinion, should allow the company to invest the amount of the sinking fund at this time in its hands in building branches to the road, taking in lieu of the sinking fund either the first mortgage upon the branch, or a bond of the Union Pacific Railway upon the branch. There is no question but that the Union Pacific could pay the interest upon this bond, thus increasing the sinking fund itself much more rapidly than it is increasing now. I think that the branches already built (which we have had to build indirectly) have been the salvation of the main line of the Union Pacific Railway. Without those branches I do not believe it to-day would be able to earn its interest, much less pay anything to the Government. I remember distinctly that it was Mr. Lincoln's idea that the saving to the Government by the building of the road would compensate for any aid the Government might give it. I also remember that in 1865-'66, when I made the Indian campaigns in this country, where the transportation in these campaigns from the Arkansas River to the Yellowstone was said to have cost over \$12,000,000, had the Union Pacific been in existence it need not have exceeded \$1,000,000 to subdue those Indians. In fact, by the completion of the road, the Indian troubles were virtually settled.

#### THE COMPANY'S EARNINGS ENCOURAGING.

There has been a wide-spread belief throughout the country that the Union Pacific Railway Company was not disposed to pay the Government, or pay its interest, but that is not a fact. From the time the railway company was able to make any payment they sought a settlement with the Government. If the settlement which was proposed by the company when Mr. Gould was president, and which was fully agreed upon by the President and Cabinet, had been carried out at least one-half of the Government debt to-day would have been wiped out; for the earnings since that time have shown that it was amply able to make the payments then proposed.

#### STOCK-JOBBER OPERATIONS INTERFERE.

The Government was then frightened out of a settlement by a mere stock-jobbing operation in Wall street; and my experience is that in every attempt that has been made since to settle with the Government it has been defeated by just such operations as defeated us then.

The desires and advances and efforts of the company have invariably been laid aside upon the strength of any report or any lie that

could be started against us through the press, or any other way, help a stock operation. It is the Government and Congress that are blame to-day for the Union Pacific Railway Company not having paid or provided for the payment of the Government debt long before it the interest was due.

GRENVILLE M. DODGE.

10 WALL STREET, NEW YORK,  
Friday, September 23, 1887.

JOHN M. THURSTON, being duly sworn and examined, testified follows:

By the CHAIRMAN:

Question. Where do you reside?—Answer. At Omaha.

ASSISTANT ATTORNEY OF UNION PACIFIC—HIS DUTIES.

Q. Are you connected in any way with the Union Pacific Railway Company?—A. Since the 1st of July, I think, 1877, I have been the assistant attorney of the Union Pacific Railway for the State of Nebraska.

Q. What were your duties as assistant attorney?—A. My duties have been confined almost wholly to the actual trial of litigated cases mostly in the United States circuit court for the district of Nebraska and in the State courts of that State, and in a general way having under my charge the interests of the Union Pacific Railway Company in the legislature of the State. My employment by the Union Pacific Railway Company was subject to the condition that I was only to devote such time as they needed to their service, and I was permitted to continue the practice of law upon my own account.

Q. Who was the principal solicitor of the company?—A. Mr. A. Poppleton.

Q. Were you subject to his orders?—A. Within the line of duty which I have stated, I was.

COMPENSATION.

Q. How were you compensated, by special case or by a salary?—A. My first engagement was made with the then general superintendent afterwards called the general manager, S. H. Clark, who arranged with me the terms of my employment and proposed to pay me a salary at the commencement of \$3,000 per annum. The idea was that if I proved efficient and matters were satisfactory my salary would be increased. On making the actual arrangement with Mr. Poppleton I discovered that Judge Wakely, who then held the position which I was to assume, under his arrangement with the Union Pacific Company was entitled to three months' notice before terminating his contract with them. Mr. Poppleton for that reason paid me one-half salary for the first three months, so that my real salary commenced three months after my employment.

VOUCHERS.

Q. Did you render vouchers for your salary and for the expenditures which you made from time to time?—A. I did.

Q. Were the vouchers subject to the approval of Judge Poppleton?—A. A part of them. The vouchers for my salary, as arranged with

Poppleton, were subject to his approval. Some time early in the year (I cannot tell without referring to the vouchers, which I saw and looked over on Tuesday for the first time), Mr. S. H. H. Clark made me a voucher for \$500.

#### INCREASE OF SALARY.

Q. What year was that?—A. I should judge it was very early in 1879. I had called Mr. Clark's attention to the fact that he had promised me an increase in salary. He then said that he was not prepared to make a regular increase, but he made me a voucher for \$500, which was in addition to my then regular salary. In December, 1879, if I am not mistaken about the date, Mr. Clark, the general manager, wrote me a letter in answer to my request for an increase in salary, which letter I filed with Mr. J. W. Gannett, the auditor of the Union Pacific Railway Company, in which letter he stated that he had considered my request for an increase of salary, and that in response to it he would make me a voucher on the 31st of December for \$1,000, which was to be an addition to my salary for the then current year; that from the 1st of January following my salary should be \$5,000 per year, but that for reasons personal to himself he preferred that the additional \$2,000 should be carried by separate vouchers, subject to his own approval. So that for the year 1879 I received in addition to my first stated salary a voucher, early in the year, for \$500, a voucher on the 31st of December for \$1,000, making my salary for 1879 \$4,500. From that time on I drew my salary under two systems of vouchers; one at the rate of \$3,500 per year, subject to Mr. Poppleton's approval, and the other for \$3,000 per year, subject to Mr. S. H. H. Clark's approval.

#### ATTENDED THE LEGISLATURE OF NEBRASKA.

Q. When did you first attend the legislature of Nebraska in reference to the company?—A. I attended the legislature for the Union Pacific Railway Company in a certain instance, and for a special purpose, before my regular employment by them, at the session of 1879, if my memory serves me as to the date. I attended there on the special employment of Mr. Clark, and went to Lincoln, taking with me the draft of a resolution prepared by Mr. Poppleton, which it was desired to have passed, if possible, by the two houses of the legislature. That resolution was a resolution directed to the Congress of the United States, concerning bill, commonly known as the Crouse prorata bill, which was being urged by the Burlington and Missouri River Railroad Company, for the purpose of compelling the Union Pacific to prorata with it at points of connection; that is to say, to take its business at a prorata, for the distance passed over, of the entire sum charged for the whole distance. This resolution was a resolution drawn somewhat in this general way, asking Congress to pass a general prorata bill compelling all railroads to prorata with each other, and asking it to oppose any special prorata bills in the interest of any one company, or directed solely against any one company. That resolution was introduced into both houses of the Nebraska legislature one morning and was passed by a unanimous vote, and, I think, perhaps was a sort of surprise, as I think but very few people in the legislature knew what they were passing. After the passage the Burlington road concentrated a large number of people in Lincoln for the purpose of securing a reconsideration. I had had a resolution signed by the officers of the two houses, and telegraphed

Washington, within fifteen minutes after its introduction, as passed by the unanimous vote of both houses. Then they attempted for the balance of the session to reconsider it. I stayed there to do what I could to prevent a reconsideration. For that service I was paid whatever I charged for it; I forget how much.

#### SPECIAL SERVICE.

Q. In addition to the compensation allowed you regularly by the company, you were paid an additional compensation, and your expenses during the year 1879 at the session you refer to?—A. This was in 1877. This was before my employment as an attorney of the Union Pacific. I was employed for this special purpose, and up to that time I had had no connection with the Union Pacific Railway Company.

Q. How long during the session of 1877 did you remain at Lincoln in this special service?—A. My judgment is that I was there during the last two weeks of the session.

Q. Who assisted you at the time?—A. No one.

Q. Had you present with you any employes of the company detailed to assist you at that time?—A. I had not.

#### METHODS USED TO INFLUENCE LEGISLATION.

Q. What effort did you make to prevent the passage of the resolution reconsidering the original resolution?—A. I interviewed as many of the members of both houses as it was possible to see, laid the matter before them, and stated the reasons which the Union Pacific Company urged against the passage of the Orouse pro-rata bill in Congress. I also appeared before the assembled committees of the two houses, and made an oral argument to the same effect.

Q. Did you use any other measures?—A. I did not.

#### SERVICES AS TO MERRICK COUNTY BONDS.

Q. Where did you meet the members of the legislature?—A. I met the members of the legislature at whatever place I could see them most conveniently. For the most part I saw them at their seats on the floor of the house, or at the hotels. Perhaps there is one matter that I overlooked here in replying to your question asking me when I was first employed by the Union Pacific Company. I was employed on a special service as far back, I should say, as 1875. I was sent for by Mr. Poppleton, and was employed to represent the Union Pacific Railway Company in a series of joint discussions in Merrick County, Nebraska, in which county the Burlington road, under the name of one of its organizations, was attempting to carry bonds. I went through that county and participated in a series of joint discussions with an attorney from Lincoln representing the Burlington road. The bonds were defeated. I charged compensation for that; I have forgotten the amount.

Q. Were the discussions at public meetings?—A. Yes; joint discussions.

Q. What charge did you make to the Union Pacific Company for your services?—A. I do not recollect. I think I charged them something like twenty or thirty dollars a day for the time actually employed.

Q. Were there any legal services rendered during your employment during that time?—A. Only as I have stated.

Q. By public speeches?—A. Yes.



Q. I hand you a voucher reading:

1875, AUGUST 27TH.

*Union Pacific Railway Company to John M. Thurston, Omaha, Nebr., Dr.*

For professional services in opposing issue of bonds of Midland Pacific Railroad Company in Merriek County, by public speeches, and cash paid expenses ..... \$435

I ask you if this is the bill referred to in the statement you have already made?—A. Yes; that is the charge which I made at that time. I also returned to that county and made one speech afterwards, for which I made another charge.

Mr. JOHN F. DILLON. You claimed Merriek County as a part of your territory, and thought that the Burlington Company was invading it; is that it?

The WITNESS. That was as it was submitted to me. I was not in the employ of the Union Pacific at that time. I was given a large number of facts, which I digested as hurriedly as I could do, and went up there and commenced this series of joint meetings.

Q. Were your services at that time, and the public speeches which you made, solicited by the company?—A. Yes; I was sent for by Mr. Poppleton, and asked if I would go and perform that service.

Q. After the session of 1877, when did you attend the next session of the Nebraska legislature?—A. I presume I was there for a part of the session in 1879. I was there a part of that session, I think.

#### RAILWAY LEGISLATION.

Q. What was pending, of interest to the Union Pacific Railway Company, in the Nebraska legislature in 1879?—A. It is impossible for me to state what bills were pending at any particular session. It is, however, a fact in the history of the legislature of Nebraska that for the last six or eight years there have been introduced a very large number of bills aiming to reduce the rates of transportation on all railways in the State, both passenger and freight; also perhaps different methods of what the railways considered unfair taxation; and also regulating the operation of their roads in the various ways that legislation seeks to control them. How many bills were introduced in the legislature as far back as 1879 I am unable to state. My judgment would be, however, that at recent sessions of the legislature there have been from one-third to one-fourth of all the bills introduced directly affecting the railway interests.

Q. Have the bills been regarded as bills hostile to railways?—A. Yes; wholly so. They have been so regarded from a railway standpoint.

Q. Have any of the bills been enacted into laws?—A. They have; yes.

#### MULTIPLICITY OF BILLS INTRODUCED.

Q. What proportion of the bills introduced as hostile to the railroads have been enacted into laws?—A. There have been but very few hostile enactments; the proportion I am unable to state. The fact of it is that almost every member of the legislature has in a general way duplicated every other member's bills. There has been a great deal of strife in the Nebraska legislature by the members to see how many bills they could introduce for the satisfaction of their constituents attacking railway interests. There were not enough avenues of attack open

Mr. Shelby was a member of the legislature, but when he was a member I have not the slightest recollection.

#### EMPLOYMENT OF MR. CRAWFORD.

Q. Do you recollect a Mr. Crawford who assisted you?—A. I am looking over this voucher a receipt from Mr. Crawford for \$100. I have no recollection in the world about it.

Q. Are you acquainted with Mr. Crawford?—A. Yes.

Q. Was he employed by the company during your attendance at the legislature in the interest of the Union Pacific?—A. Mr. Crawford was employed there last winter, during the months of February and March.

Q. Was he employed by you?—A. No, sir; but he was employed away from Lincoln very much of the last session of the legislature and another gentleman there reported to me that he wished Mr. Crawford to stay there. Mr. Crawford had been there on his own hook, what reason I do not know, only as he stated, that he was a strong Democrat and wanted to oppose the election of a man who was attending to prodlint both parties to secure his election as United States Senator. After the Senatorial fight was over, a gentleman who was the employ of the Union Pacific told me that he would like to have Mr. Crawford remain there. I authorized him to have Mr. Crawford remain at a salary of \$200 per month for the rest of the session of the legislature.

#### WITNESS OBJECTS TO GIVING NAMES.

Q. What was that gentleman's name?—A. Well, Governor, I have no hesitation in giving you or any member of this Commission, if you want to call them as witnesses, the names of any men who were at Lincoln; I am perfectly willing to give them to you in that way; but less you require me to put it in this record (not knowing what the wishes are about it) I prefer not to do so. If to give you personally the names of any persons who were employed there will serve your interest, I will gladly do it.

Commissioner LATTIN. Do I understand, Judge Thornton, that you desire to give these names to the Commission privately?

The WITNESS. Yes; if you wish me to do so. I do not know, unless they are given an opportunity to appear before the Commission, what they might feel sensitive about having their names entered in this record through my lips, but I will give you the names of every person who has in any manner been employed by the Union Pacific Railway Company in attendance at the sessions of the Nebraska legislature.

#### MR. LEE A WITNESS.

Q. Are you acquainted with Mr. Lee of Omaha, or Lincoln?—A. Do not recollect any Mr. Lee; no, sir.

Q. Was he employed by you in the session of 1879 in any capacity or by Mr. Hanlon? I hand you a voucher and ask you to examine it.—A. I don't recall any Mr. Lee. That Mr. Lee [referring to voucher], whoever he was, was certainly not in attendance at Lincoln upon the session of the legislature. It is very likely that that Mr. Lee was in attendance at Lincoln as a witness, or for some purpose connected with some pending litigation.

Q. Was he employed in any way in the interest of the Union Pacific Railway Company in preventing or obtaining legislation?—A. I am certain that I never had anybody at Lincoln in the employ of the Union Pacific Company by the name of Lee; and that \$28 item I can only explain on the theory that he must have been there as a witness in some Union Pacific lawsuit, and that I paid his hotel bill or expenses.

#### AS TO MR. HANLON.

Q. What was Mr. Hanlon doing there during that session?—A. As I have stated, Mr. Hanlon was there; sent there, I presume, by the Union Pacific Railway Company for the purpose of representing our views on railway questions.

Q. How did he represent them?—A. You will have to ask him for that; I do not know.

#### AS TO MR. GURLEY.

Q. Was Mr. Gurley in attendance upon the session of 1879?—A. Yes, sir. Mr. Gurley has never been in the employ of the Union Pacific Company but once. I employed him generally, last year some time, I think, along about the 1st of June, at a salary of \$100 per month, to continue until his services were dispensed with.

#### DUTIES AT LINCOLN.

Q. What were his duties as to the legislature?—A. I will state to you generally, as to all persons representing the Union Pacific Railway Company at Lincoln, what their duty was. It was allotted among them, to a certain extent—

Q. Who made the allotment?—A. I think perhaps that I told Mr. Gurley what to do; but at the session of the legislature at which he was present I was not there, I might say, more than half of the session. During that time I was very busily engaged in trying cases in the United States circuit court then sitting, and Mr. Manchester, who is one of our regular employes, was there, and I think that he generally directed what these different gentlemen were to do. But the general scope of it was this, and this and no more: Certain gentlemen, I think Mr. Gurley, and if I recollect rightly, Mr. Mercer, who was a regular employe of the Union Pacific Company, were directed to secure, as soon as they could after introduction, copies of all railway bills, and submit them either to myself, or in my absence to Mr. Manchester, or to one other gentleman who was there, and whose name I feel perfectly free to give you individually. But, whoever was there, when it was possible for me to examine these bills I examined them, and then sent such ones to Omaha as I thought needed examination there; received reports from them as to what ways they were looked upon as being dangerous to railway interests, and prepared such amendments as were thought by the officers of the department at Omaha in matters submitted to them were proper, or which, in regard to what might be called legal legislation, I thought were proper means; and these employes of ours at Lincoln were then instructed as to what points we thought the proposed legislation was bad in, from a railway standpoint, and as to what proposed amendments we thought were proper; and they were instructed to secure, if possible, whenever the matters came up for consideration, a public hearing by the committee of the bills referred to; and

instructed to notify me of any time and place fixed for such public hearing, when I would be present; or, if it were necessary for any head of a department or freight or passenger agent to be there, he would be present. They were further under the general instruction to see every member of the house possible and lay before them the railway's views as to the bad character of proposed legislation. This was more particularly necessary for the reason that the reports of the committees of the Nebraska legislature carry but little weight, and are just as apt to be reversed by the action of the house as they are to be adopted, making it, if one wishes to look after the character of proposed legislation affecting any interest, absolutely necessary for some person representing particular views, as you might say, to see every member of the house and lay those views before them.

Q. Did those gentlemen report to you from time to time?—A. They reported to me partially, but there was very little reporting made to me as to what members they had seen, or what particular views the members they had talked to expressed concerning the proposed legislation. I was altogether too busy to attend to any matters of detail of that kind.

#### SPECIAL ABILITIES OF EMPLOYEES.

Q. What special ability had Mr. Crawford in addressing committees of members of the legislature?—A. I don't know. I have heard Mr. Crawford talk but very little.

Q. Have you ever heard Mr. Hanlon talk?—A. I have heard Mr. Hanlon make some observations on various subjects.

Q. What special ability had he in addressing a committee or a member of the legislature upon a question?—A. You are a good judge of that as I am, as you have heard him testify. I presume that was as much on a railroad subject as I ever heard him speak. Mr. Hanlon was a regular employe of the Union Pacific Railway, and was in its employment at the time I was employed, and had been there for years before, and his comings and his goings were not subject to my direction.

#### EXPLANATION OF VOUCHER 53,274.

Q. I call your attention to voucher 53,274, to John M. Thurston, for \$6,262.35, and ask you if you will explain that voucher to the Commission. Read the voucher.

A. It is as follows:

John M. Thurston, of Omaha, June 23, 1870, for expenses incurred and moneys disbursed upon business of the company from April 22 to date... \$6,262.35

#### RESISTING AN ATTACK UPON UNION PACIFIC TERRITORY.

At this date stated, or within those dates, there had been a proposition submitted by the Elk Horn Valley Road to vote bonds in Madison County, and I think some other counties in Nebraska, but more especially in Madison County, which was a county whose business at that time went entirely to the Union Pacific Road, although it lay 30 miles from its track. There was also a proposition submitted to Platte County, Nebraska, at about the same time, which is a county from which our road then ran, and the business of which we had exclusively, to vote bonds to this same Missouri Pacific Railroad, which was the Burlington and Missouri River Railway under another name, for the purpose of building a line to Columbus, in Platte County, to connect

was requested by the general manager of the Union Pacific to take whatever steps could be taken to defeat both those propositions, as it was considered to be a very serious attack upon our territory, and one that the company was justified in resisting and defending, if possible. I went more especially to Merrick County (although other parties went too, and went into Platte County) at the request of Mr. Clarke. This business was not within the line of my employment as it had been agreed upon with the company; and I was instructed that for this service, little or great, I would be compensated. I went into Madison County, which I then reached by a ride across country of 30 or 40 miles; I filled that county with public meetings for thirty days; employed every local man in the county that I could find who could make a speech of any kind; I hired men and teams to go and see every individual voter in the county, as far as possible; and I retained three or four attorneys there, whose duties were mostly in making stump speeches, which may not be a part of the duty of an attorney East, but an attorney West is a poor man unless he does a little of that in connection with his other business. Mr. Clark, as I now recollect, also authorized another party in Madison County to take hold of the matter on his own hook. Parties were also employed in Platte County for the same purpose. As the result of that the bond measure in Madison County, where I was, was defeated. During the time that that campaign was going on we got the county commissioners (or I did) to submit a proposition for the Union Pacific to build a branch line up there. We did that for the double purpose of making a campaign document to beat the other bonds with, and we were also desirous of building a branch line into that territory. After we had obtained the Elk Horn Valley Road the next contest followed right on its heels, in which they pursued the same policy which we had pursued against them; and that county was, you might say, ablaze for another two or three weeks. At the end of that time they beat our bonds, it being necessary to have two-thirds vote to carry the bonds. Their bonds had a majority of the votes of the county, and so did ours; but both series were defeated. Still, I think before the vote was decided we submitted proposition bonds to some precincts in that county, and had another fight over those and carried them. When we got through there there were different bills of expenses coming in, some through me, and some went to Mr. Clark directly. My recollection would now be that of that voucher Mr. Clark had expended money in employing men whom I had in connection with, I should say, covering about half of that amount. I don't remember the exact sums. There was an item allowed me for my services, the amount of which I do not recollect. It may be one of these items; I cannot say about that. I had not thought of this voucher until last Tuesday, since the time it was made. Anyway, some item does represent the amount paid to me for my services, possibly that \$400 item; but my recollection would be that it was more than that. I don't know why I did that amount of work for \$400; I cannot explain that. I ought to have charged a thousand dollars at least, and it is possible that I did; but I do not remember, and I have no memorandum how to govern me. Anyway, when it was all cleared up, my own services, my own expenses, and those made by Mr. Clark were aggregated; and Mr. Clark asked me if I had any objection to signing a voucher for the whole expense for those bond elections, including his disbursements and my own. I did not see the least objection to it, and I signed the voucher; and that is it.

## PERSONAL RECEIPTS.

Q. Did you strike your name out afterwards upon one of the receipts for some money?—A. No, sir.

Q. Will you explain that to the Commission?—A. It was the habit in going anywhere where we needed to expend money to obtain money from the cashier, giving one of these personal receipts, which would be accounted for by voucher. That receipt stood against me in the cashier's office of the company as so much money drawn by me unexpended. On putting in vouchers to cover such moneys these receipts were ordinarily taken back and torn up. They stood for nothing in the world except as representing a personal advance of money, to be accounted for by voucher. I recollect nothing about those receipts, except that I think there is \$400 received by me on April 22. That was when I started out, as I judge, upon that expedition. I took \$400 along for expenses. On May 9 I must have drawn \$100; on May 21 I must have drawn another \$100; and when the voucher was made out which covered the different amounts my name would be either torn off of there or crossed out.

Q. In other words, you had drawn from the company, from time to time, in cash, \$6,262.35 to be accounted for?—A. No.

Q. That is what I wish explained.—A. I don't know just how much I had drawn. I say that Mr. S. H. H. Clark expended a portion of the money to parties that I was not able to cover in this territory.

## AMOUNT OF PERSONAL ACCOUNTING.

Q. How much did you account for, and how did you account for it?—A. I submitted to Mr. Clark my figures, whatever they were. My judgment would be that what was allowed me for my expenses and what I expended would amount to just about half of this voucher. That is my recollection. I see here that Mr. Clark had drawn out \$2,000, which I think was forwarded, and I think he probably turned that over him to a party in Madison County who was working on his employment to defray these bonds.

Q. Did you ever render any other account of that sum of money than the voucher you hold in your hand?—A. No, sir. Well, with this exception: I probably submitted to Mr. Clark a more detailed statement of the expenditures made by me than anything which appears here. That is, I may have done it, and I may not. Mr. Clark would have taken my word for the expenditure of that entire sum without any voucher. If I had told him I had expended that sum, he would have taken my word without question. But, as matter of fact, I did not expend to exceed one-half of the money covered by that voucher.

Q. Did you keep an individual account from time to time of the amount of money expended?—A. I made some memoranda at different times.

Q. Did you submit all the memoranda to Mr. Clark as the general manager?—A. That would be my recollection.

Q. Do you know whether Mr. Clark filed anywhere, in any department of the Union Pacific Company, any memorandum showing in detail the expenditure of that sum of money?—A. I have not the slightest idea.

## HOW COUNTY BONDS WERE ISSUED.

Q. How were the bonds issued in the county?—A. By vote of the people.

Q. Through the county commissioners?—A. Yes. The proposition was submitted to the people to be voted upon; if two-thirds of the vote was cast in favor of the proposition, the county commissioners acted.

Mr. JOHN F. DILLON. Is there anything in this act of Congress which makes it the duty of this Commission to criticize the action of the company in defeating a rival road, or warrants the Commissioners in going into all the details which are now sought to be obtained? Obviously it was an effort to protect the property of the company.

The CHAIRMAN. My next question will lead up to that.

The WITNESS. I have no objection to explain, as far as possible, anything that was done.

#### INFLUENCING VOTES.

Q. Was any part of this voucher expended directly to a voter for the purpose of securing his vote upon the bond question?—A. No, sir.

Q. Were any votes bought with any part of this sum of money represented by the voucher which you hold in your hand? Was any of it paid by the Union Pacific Company for the purpose of securing bonds, or preventing bonds being issued by the counties you have named?—A. Not within my knowledge or belief. I do not think that any attempt was made in that or in any other bond election to buy votes.

Q. Were not sums of money, parts of the voucher that you hold, given to others for the purpose of securing votes for or against bonds?—A. No, sir; not at all.

#### HALL COUNTY BONDS.

I hand you Voucher No. 66456:

*Union Pacific Railway Company to John M. Thurston, Jr.*

Jan. 14, 1879. For expenses and disbursements upon business of the company in Hall County ..... \$336

Please explain that voucher to the Commission.—A. That was the expenditure incurred in the voting of bonds at Grand Island, in Hall County, in aid of the erection of the Union Pacific Railroad shops at that point.

Q. How were the expenditures made by you; directly?—A. No, sir. I think that they were made by the employment of persons at Grand Island to canvass the precincts. I think that there are also some expenditures there for persons whom I employed to attend one or two public meetings which were held, and to make speeches; also the expenses of teams and carriages on election day to bring voters to the polls.

Q. Did you regard the voucher as a sufficient voucher?—A. I have nothing to say on that subject. I considered that it was for my superior officers to say whether they wished any further items of account than the voucher of my expenditure.

Q. That was the only statement of expenditures you filed with the company?—A. I am not certain about that. I have no possible means of knowing, and I have no recollection except as it is assisted by this voucher which is presented to me.

Q. If you filed any other voucher would it appear among the records of the company?—A. There would be no other voucher filed. I may have presented a statement to the general manager of the company. I may or may not; I don't know.

## NATURE OF EXPENSES AT LINCOLN.

Q. I hand you Voucher No. 5144:

*Union Pacific Railway Company to John M. Tharston, Dr.*

Feb. 28, 1879. For amount paid for board, traveling, and other expenses, and disbursements upon business of the company.....

Please explain for what the amount named in that voucher was expended by you.—A. That was for expenses incurred while in attendance upon the legislature at Lincoln.

Q. What was the nature of the expense?—A. This is comparatively a small amount. I should imagine that at least half of it was for bills, carriage hire, and like expenses.

Q. Did you render any other statement to the company of the expenses of that sum of money?—A. That I do not know.

Q. What authority, or what limit, had you for the expenditure of money at Lincoln in the interest of the company?—A. I don't know I was limited at all. My recollection is that at that session of the legislature I was there in person a portion of the time, and that I had a regularly employed attendant on that session of the legislature. I assume that that expense was all, or nearly all (there may be some more I am not certain; I don't think there is much more), of the expenditure upon that session of the legislature, which would include my own board bill, carriage hire, and moneys paid out for clerical assistance in copying bills, writing at my dictation, and matters of that kind.

## PROBABLY NO DETAILED ACCOUNT RENDERED.

Q. Did you keep a detailed account of your expenditures, and enter them upon any book?—A. No; not upon any book. It is quite possible that I may have kept a memorandum; but of the expenditure of amount of money for those purposes I do not think that I kept a memorandum, except the mere entry of the amount on a little slip of paper carried in my pocket.

Q. Have you any of the slips of paper in your possession now? I have not.

Q. Have you any other memoranda which would show the detailed expenditure of the amount named in that voucher?—A. Not of that voucher; no, sir.

Q. Or any other voucher for the Union Pacific Company?—A. I do not think I have any in my possession at all. It was my custom to submit to some officer of the company a statement in a general way of an amount covered by a voucher; and when that voucher was approved, whatever memoranda I had were either turned into the office of the company or torn up. I considered that when I had satisfied my employees as to the character and amount of the expenditures there was no person interested in the matter.

## SUBMITTED MEMORANDA.

Q. Then in addition to the vouchers I have handed you your recollection is that from time to time you handed in memoranda of expenses?—A. I will not say that I handed in any memoranda, but my recollection is that I submitted them.

Q. And that the memoranda were returned to you by the company?—A. I should say that on such a voucher as that, whatever memorandum



I had, as soon as I had satisfied the general manager of the company of the character of the expenditure, the memoranda was simply torn up—the voucher representing the disbursement.

Q. The purpose of my examination is simply, under the provisions of the act of Congress, to ascertain as to the sufficiency of these vouchers. We have found large numbers of vouchers, consisting of mere general statements, without giving any details. Therefore I am trying to ascertain if there is any other detailed statement which the Commission can secure. If so, we would be glad to have it, to enable us to pass upon these general vouchers.—A. I know of none. My superior officers never required any more of me in the way of vouchers than those you see before you. I think that when I stated to them that I had expended a certain amount of money for certain purposes they considered my statement satisfactory and took my signature to the voucher.

#### FURTHER EXPENSES AT LINCOLN.

Q. Voucher No. 12853:

*Union Pacific Railway Company to John M. Thurston, Dr.*

J. L. Mitchell's expenses and services as attorney .....	\$250
F. F. Ireland's expenses and services as attorney .....	350
Hotel bill, January and February .....	715
Miscellaneous expenses and disbursements .....	500
	1,800

Please explain the expenditure recorded in that voucher?—A. That is for legislative expenses at the session of 1881. It is for the different parties who were employed by me to appear at Lincoln, at different times, for the purpose of looking after legislation affecting railways in the manner I have already stated in my examination. I should say that this voucher was for the total expenses of that character incurred at that session of the legislature.

Q. Were they instructed by you as to their methods of looking after legislation?—A. Yes, sir.

#### CHARACTER OF WORK.

Q. What were they to do in the interest of the company?—A. They were, in the first instance (at least certain designated ones of them), to secure, as soon after their introduction as possible, copies of all bills affecting railway matters, and submit them to me. Through me they were submitted, whenever I deemed it necessary, or they related to a branch of the railroad business with which I was not perfectly familiar, to the officers of different departments of the company to which the proposed legislation related. The views of those officers were obtained and given to me, and if it was thought that amendments were proper for the bills, the character of the amendments were outlined to me, and I prepared those amendments. I then gave these gentlemen representing the company at Lincoln the views of the company upon the character of the proposed legislation; and they were under instructions to see as many members of the legislature as possible, and give them by word of mouth the objections which the company had to the proposed legislation, and explain to them the reasons for those objections, and also present to them the character of the proposed amendments which the railroad company thought were desirable.

## PASSES TO LEGISLATORS AND STATE OFFICIALS.

Q. Had you authority to issue passes to members of the legislature or their friends?—A. At the sessions of the legislature—I was going to say what sessions, but I cannot say what sessions—but at some of the sessions of the legislature while in attendance at Lincoln, passes have been sent to me to be issued subject to my discretion—trip passes; none others. It was, however, the custom of all railroads in the State of Nebraska—the Union Pacific and all others—a custom which antedated my employment with the company—to issue to all members of the legislature, and to all State officials, time passes over the railroad, covering the duration of their terms of office. Except in the case of members of the legislature these passes were made annually to public officers. At the time of my employment with the railroad, it was the custom of all railways, I think, to issue to all members of the legislature annual passes, good for the session of the legislature, over their entire lines. Afterwards and probably more at my instance than for any other reason, the passes which were issued to members of the legislature by the Union Pacific Railway were limited, I think, first to six months, and afterwards to three, and made good only in the State of Nebraska. With the policy of issuing passes to members of the legislature I had nothing whatever to do or say. I found that system in full operation with all railroads in the State of Nebraska when I was employed as an attorney.

## AUTHORITY TO ISSUE PASSES.

Q. Had the subordinates or those employed by you authority to issue to members of the legislature passes while at Lincoln?—A. No, sir, except in this instance; I had but very little to do with the actual filling out of any trip passes issued at Lincoln to any one. There was usually some one there who did that, mostly on his own responsibility; that is, I intrusted him with the responsibility of doing that, and especially in my absence. I was not at Lincoln, I think, over half the time during any session of the legislature; but there was generally some one there, either myself or some one, to whom the authority was delegated, who had the right to fill out a blank pass, good within the State of Nebraska, and to issue it at his discretion.

## MISCELLANEOUS EXPENSES.

Q. In voucher No. 12858 can you explain to the Commission what the miscellaneous item of \$500 was for; it is under date of February 28th, or about that time, at the session of the legislature?—A. That was very largely, if my recollection serves me right, for the hotel bill of myself and these other gentlemen. I think perhaps the hotel bill would cover that; I should say there must be at least one hundred days or more of board.

Q. That is to say, in addition to the bill at Lincoln during January and February, for \$716, the miscellaneous item of \$500 was also for that?—A. No; I was mistaken. I did not glance at the voucher. I had not noticed that there was anything there except the \$716 item. The \$500 item would cover the expenses paid for carriage hire, and matters of that kind. It would also cover payments for clerical work for making copies of all bills introduced, and probably would cover the expenses of persons employed by me, as I might need them, to whom

dictated considerable correspondence, and who prepared for me the drafts, as dictated to them, of proposed amendments. That, in a general way, is all the expense that I know of that is included in that item.

Q. Do you make the same explanation as to the sufficiency of the voucher and the details as to the prior vouchers?—A. I do. The voucher shows for itself, with the exception of that one item.

#### A VOUCHER FOR "SPECIAL BUSINESS."

Q. Voucher No. 14151:

*The Union Pacific Railway Company, to John M. Thurston, Dr.*

Apr. 28, 1881. Travelling and incidental expenses and disbursements on special business under direction of assistant general manager ..... \$500

#### SPECIAL BUSINESS.

Please explain to the Commission the item in that voucher "special business"?—A. On looking that voucher over last Tuesday (which was the first time I had seen it since it was signed) I was unable to satisfy my mind as to what that expenditure was for, more than this: I should say that it must have been for the expenses of some one of the several elections in some one of the counties of the State to carry bonds. I am utterly unable to locate the expenses at any particular county, but I think, and I am satisfied of it in my own mind, that that voucher is for that kind of expense. The legislature was not in session at that time, and that had nothing at all to do with legislative matters.

Q. Were you on such special business under the direct superintendence of the general manager in the matter of looking after counties where the bond question arose?—A. I was. I only looked after matters of that kind when I was specially directed to do so by the general manager or his assistant, or by the general superintendent. My recollection now is that they paid me for special services. I think that portion of the voucher was for my own individual compensation, outside of my regular salary. How much I do not know, as I cannot locate the particular bond election to which that voucher refers.

Q. Were written instructions given you on such occasions?—A. None, whatever.

#### VOUCHER FOR SALARY.

Q. Voucher No. 17775:

*Union Pacific Railway Company to John M. Thurston, Dr.*

Aug. 16, 1881. Special services from June 1, to September 1.....	\$500
Disbursements and expenses on special service .....	185
	<hr/> 685

Will you explain to the Commission that voucher?—A. The first item of \$500 is for my own pay under the increase of salary allowed me by Mr. Clark, commencing on the 1st of January, 1880, as I have already stated. It will be found by the Commission that the two series of vouchers appearing here constitute a payment to me—by one series of vouchers, of \$3,000 per year, and by the other set of vouchers, of \$1,000 per year. As I have already stated, those two series are my own salary, and for no other purpose. I used it all for the use of my family with.

Q. And it was designated as "special services" on the voucher?—A. Yes; it was, in these vouchers. As I have already stated, it was done at the instance of Mr. Clark, the request being conveyed to me by letter, which I filed with the auditor, with the vouchers. I had nothing to do with that manner of receiving payments. It did not make any difference to me how I got my salary so long as I got it.

#### AS TO "DISBURSEMENTS AND EXPENSES."

Q. In whose handwriting is that voucher?—A. That voucher is in my own handwriting. I suppose that Mr. Clark did not care to have it known among the members of the legal department generally that he had raised my salary. The disbursements and expenses for special services of \$185 I have no manner of recollection concerning. They are in my vouchers items of expenses of that character (and I should judge by the amount that this was one of them) where I attended some court, or courts, during this length of time, and paid the hotel bills and expenses of witnesses at the places where I tried my lawsuits. The amount of that item would indicate to me that that was to cover some one or more cases of that kind.

Q. Were you asked by the head of the legal department at any time to designate in your vouchers the cases that you were engaged in?—A. No.

Q. They accepted the general term "disbursements and expenses"?—A. The expenses that were incurred in going out and trying a lawsuit were simply put in as "disbursements and expenses." They did not amount to much. The Commission will see that in the ten years of my employment there was not much money expended in that way. Usually when we went out to try a lawsuit, and had a lot of employes attending as witnesses, we did not require special vouchers for the expenses of every man; but I simply paid the hotel bills for the whole lot, and put it in in that way.

#### ANOTHER SALARY VOUCHER.

##### Q. Voucher No. 24,707:

*Union Pacific Railway Company to John M. Thurston, Jr.*

Apr. 30, 1882. Services as attorney on special business, January 31st to date.. \$500.00

Explain that.—A. That is a part of my regular salary.

Q. Under the circumstances that you have explained?—A. Yes. You will notice that for a while Mr. Gaunett, the auditor of the company, filled out those vouchers; but after that I think I filled them out myself when I wanted to put them in, and the language may vary a little.

#### FOR SERVICES IN CONNECTION WITH BOONE COUNTY BONDS.

##### Q. Voucher No. 25,581:

*Union Pacific Railway Company to John M. Thurston, Jr.*

Sept. 12, 1882. Disbursements and expenses on special business of the company..... \$382.10

#### BOONE COUNTY BONDS.

A. I should say that those expenses were incurred on some bond election, and I think it was on the bond election in Boone County. I am

it positively, but I think so. I know that I conducted that campaign in Boone County, and secured the vote of an issue of bonds as the county could vote—which was 10 per cent. of their assessed valuation. The county got those bonds.

#### BOND ELECTION IN NANCE COUNTY.

Order No. 37,028:

*Union Pacific Railway Company to John M. Thurston, Dr.*

1893. For expenditures and disbursements on special business of the company.

What special business?—A. I should say that that was the expenses of an election, probably in Nance County. I am not quite certain of the location or the dates of those different bond elections. I went to a number of those, and I returned vouchers for my expenses, and this is a voucher of that character for some one of those bond elections.

Is the voucher which you now hold in your hand the same extension would apply to the expenditure as with reference to the vouchers?—A. Yes, sir; in the same manner. I think, perhaps, on each of those vouchers there was some portion of the amount paid me for my services.

#### OTHER BOND ELECTIONS.

Can you give to the Commission the number of bond elections in which you participated in?—A. I think so. There was a bond election in Boone County, as I have stated, in which we antagonized the issue as to the Elk Horn Valley road. Following that was an election in some county in which we endeavored to secure the issue of bonds for our branch line. Following that was an election in certain precinct of the same county in which we did secure precinct aid to the full extent that it could be voted in the precinct through which our branch line passed.

#### PRECINCT BONDS.

How were the precinct bonds issued?—A. Precinct bonds are issued in our State by virtue of an election held in the precinct upon the call of the county commissioners, which call is issued upon petition of the freeholders of the precinct. The vote being favorable, the commissioners, in the name of the precinct, issued the bonds. In addition to those I have named, I took part in the election which resulted, as we claimed, in carrying bonds in Pierce County, Nebraska. Those Pierce County bonds, however, were enjoined by the action of the courts, and I think that, pending the preliminary injunction, we abandoned the intention of extending our branch line into Pierce County, and therefore refused to carry on the litigation, and did not get the bonds. Then I had charge of the bond election which resulted in voting a limit of bonds in Boone County, to which the county was entitled 10 per cent. of their assessed valuation. We secured those bonds. I was in charge of the bond election by which the bonds of Grand Island precinct, in Hall County, were voted to aid in the construction of the branch line; and also the construction of the branch line north to Howard. I was also to a certain extent (not so actively in person) in securing the voting bonds in Hall County for the extension of the branch line from Grand Island to Saint Paul, Nebr. I was also in charge of the

bond election by which bonds were voted in Fallerton precinct, Na County, to aid in the construction of the branch there. I also had more or less to do with opposing the proposed voting of bonds by county through which our road ran, including Merrick, Platte, and some of counties, in favor of our competing lines.

Q. In all of the elections which you have named sums of money were expended in looking after the bond election?—A. Yes, sir.

#### A BILL FOR BOARD.

Q. Voucher No. 34,134:

*Union Pacific Railway Company to John M. Thurston, Dr.*

1883. Hotel bill of self and employes of the company at Lincoln for January and February ..... \$90

Please explain that service rendered by the employes?—A. I think this receipted bill explains the voucher. That was simply for our board as is shown there. I think they figured that by the day. It is not a light board bill.

Q. What employes were there during that session of the legislature?—A. I was there myself; I think Mr. Manchester was there; I think had a clerk there about that time. Whether any of that board covered the rooms which Mr. Hamlin occupied a portion of the time, not, I do not now remember. I have not looked at the bills sufficient to state. It does seem to me that at different times I employed for five lawyers—perhaps that is too many—three or four or five lawyers to come there for a week or two at a time, from different parts of State. I have no way of refreshing my recollection about that, think perhaps I did. But there were but very few people there at session of the legislature representing the railway company. In fact there were not enough there to properly examine, let alone present objections of the railway company, the bills introduced, and give them such consideration as they ought to have.

#### FOR SPECIAL SERVICES.

Q. No. 41,029:

*Union Pacific Railway Company to John M. Thurston, Dr.*

1885, Oct. 17. For expenses and disbursements on special services of the company direction of the general manager.

I understand this to be the voucher you have referred to as the one of voucher in connection with the arrangement made with Mr. Clark?—No.

Q. Please explain that voucher to the Commission?—A. I had forgotten any such voucher as this when I examined it last Tuesday; it is, of a voucher of that late date. I think that voucher is to cover matter of expense for persons employed at Lincoln during the legislative session of 1885. The management of the Union Pacific Railway Company changed along in 1884 sometime, and my recollection is that for all of the expenses of the persons attending the legislature in 1885 were paid by me; and that the cashier of the company held my individual slip, like the one or two you have seen here, for the money, and that the account was not closed up until this date.

Commissioner LITTLE. How much is that?

Witness. One thousand dollars.

whose handwriting is this voucher?—A. That is in my own hand.

#### FOR EXPENSES DURING LEGISLATIVE SESSIONS.

Voucher No. 57031.

*Union Pacific Railway Company to J. M. Thurston, Dr.*

1886. For expenses during the year 1886 on special services under direction of the president..... \$5,500.00

than the items accounted for in the separate bills, amounting to will you explain the balance of the voucher?—A. The moneys by me on the balance of that voucher were received just prior to the commencement of the last legislative session, and were designed for the expenses of the legislative session of January and February. Members of the company would understand the fact that the cashier's office was changed into that of assistant treasurer. Omaha, the habit which we had formed of going there and putting our individual receipts and drawing out money whenever we did, and accounting for it afterwards, was broken up, and it was the practice for me, as I would want money to pay parties at, to go to the cashier's office any day I wanted it, and draw a certain amount of money. I would want money before I could make a voucher and put it in. In addition to these items, and some out-of-pocket expense of my own, the balance of the voucher, I think of it, was used by me in paying parties and expenses at the last of the legislature.

#### AS TO SPECIAL DIRECTIONS.

What special direction had you from the president?—A. I simply followed the direction of Mr. Adams, who instructed me that I was expected in charge and look after the matters of legislation affecting the interest at the coming session of the legislature; and I was instructed to use my own judgment entirely with reference to the matter. Are the sums of money expended in the same way as the expenditures you have already named?—A. In the same way exactly.

#### AID FOR BRANCH LINES.

Call your attention to one item of the voucher, "Services and expenses in procuring aid for branch line, \$2640."—A. I had forgotten that as that much of an item. Mr. Heggen was engaged in voting bonds for the Saint Joseph and Western road; and in connection with that requested by me to take charge of the matter of ascertaining for the aid of the Union Pacific Company the probability of our securing proposed branch lines. It is a fact that the Union Pacific Railway Company have had in contemplation for some time the construction of branch lines in the State of Nebraska, which they have (almost absolutely necessary for the preservation of their future business). They have made preliminary surveys, and laid out lines, and stated the matter of the probability of securing aid from different counties and precincts along the proposed lines, hoping and expecting that (particularly true at this time) that that session of Congress

or the forthcoming session, would take such action with regard to legislation affecting their interests as would leave them in the near future free to go on and prosecute these enterprises. The failure of Congress to act simply put an end to them. I have no idea of the financial situation of the company, but I know that the failure of Congress to terminate the present possibility of the company to go on and build these branch lines.

#### NO MONEY EXPENDED TO SECURE VOTES.

Q. During your attendance upon the legislature during the years you have named, while in the employ of the Union Pacific Railway Company, were any of the sums of money named in the vouchers which have been presented to you, or in any other voucher paying the money of the Union Pacific Railway Company, expended for the purpose of securing from members of the legislature their vote or support of measures?—Not one dollar.

Q. Have you any knowledge through any other source of the expenditure by any other person of the money of the Union Pacific Railway Company, or of any other money, for the purpose of securing the vote or support of members of the legislature in the interest of the Union Pacific Railway Company?—A. I have not; and in my own judgment no money, not a dollar, has ever been used for any such purpose.

By Commissioner LITTLER:

Q. My recollection is that there is a voucher, to which your attention has been called, for about \$15,000?—A. Yes.

#### MARKET VALUE OF VOTES.

Q. Assuming that you had undertaken to use that sum of money directly for the purpose of buying votes in one of those counties, where the people mostly own their own lands, how far would you have succeeded? My object is to ascertain whether there is any established market value for votes out there?—A. It depends upon what kind of votes you mean. I have no means of judging except from rumors, and I do not like to put myself on record as supporting rumors. There never is an election there, nor anywhere else, I guess, but what the newspapers are full of alleged uses of money.

Q. From your knowledge of the character of your people through those country counties, what is your opinion as to attempting to carry an election by means of purchasing votes, where they were not in favor of the proposition? Could it have been done at all?—A. In the State of Nebraska, its more newly settled counties, where these propositions have been voted upon, are settled in very large part by men who carried muskets on the Union side, in what is now called "the late unpleasantness;" and in my judgment those men cannot be bought.

#### BORN IN THE EAST, THROUGH NO FAULT OF HIS OWN.

Q. You were born in the East, I have understood you to say?—Yes; but not through any fault of my own.

Q. How, in your opinion, does the integrity of your people compare with that of the people of Pennsylvania and New York, when it comes to buying votes?—A. I can only judge by what the newspapers say. Those people have a bad reputation in the newspapers.



## AS TO WITNESS'S WILLINGNESS TO TESTIFY.

The WITNESS. There was some comment in the newspapers in my State about my having been fishing when the Commission was at Omaha; and I wish to submit some telegrams that passed between myself and the Commission at that time. I would like to have them attached to my testimony.

The CHAIRMAN. You may read them.

The WITNESS. The first is a telegram from Windham, Minn., dated June 29, 1887, to A. J. Poppleton, the general attorney for the railway company at Omaha.

I have just ascertained that the Commission wish me as a witness. I had no intention that I was wanted, or I should have been in Omaha. It would break up the plan of myself and wife for our summer vacation to return now, but I am most willing to appear; and if the Commission require can be with them on Friday morning; or I can meet the Commission at any time or place they may name. Please arrange for me, and telegraph me here, care of John G. Redding.

J. M. THURSTON.

To that I received the following answer:

OMAHA, NEBR., June 29.

To JOHN M. THURSTON (care J. G. Redding),  
Windham, Minn.:

Poppleton out of town. Have notified Commission of your willingness to appear. They do not wish to cause you any inconvenience, but would prefer to have you appear on Friday next. If it suits you better they will take your testimony at Kansas City the latter part of next week, or in New York next September.

Please answer.

G. M. CUMMINGS.

To that I answered, at about 2 o'clock the next morning, as I was changing cars at Worthington:

G. M. CUMMINGS,  
Omaha:

You best meet Commission in New York in September at any date they may name. Please express my thanks for their courtesy in the matter.

J. M. THURSTON.

I have appeared here at my own expense, and am glad to do so. I do not charge the Government anything for it; and I wish to thank the Commission for their kindness in excusing me at that time.

10 WALL STREET, NEW YORK,  
Friday, September 23, 1887.

JOHN CHARLES FRÉMONT, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. General Frémont, you were engaged, I believe, at one time in connection with the construction of what was known as the Leavenworth, Pawnee and Western Railroad?—Answer. I was.

Q. What connection had you with that enterprise—I mean from what year to what year?—A. In 1863 and 1864.

Q. Who was associated with you?—A. Samuel Hallett.

Q. Please give us a short statement of how your connection related with that railroad, and generally what happened with regard

the construction or development while you were connected with it to whom it was afterwards passed.—A. The story of it may be a longer if I give it in that way. Perhaps I could better give it in answer to questions.

#### PURCHASE OF LEAVENWORTH, PAWNEE AND WESTERN RAIL.

Q. We wish it more to fill in the historical sketch that we to the construction of that road from its inception, in 1861, down to consolidation.—A. Samuel Hallett and myself negotiated with president and directors of what was then the Leavenworth, Pawnee and Western Railroad Company. We purchased it, and began payments for it at the end of May, 1863. The payments for the road continued along until they were finished in October—at the end of October—of the same year. The negotiation was with General Jan Stone, General Thomas Ewing, jr., Colonel Isaacs, and Mr. McDevitt. The payments were made at different times to these gentlemen, at last payment was made to Washington Hunt as trustee. The sum for the road was \$203,000, which I paid.

#### CHARACTER OF THE PROPERTY PURCHASED.

Q. Please tell us what it was that you bought, and how far the construction had proceeded.—A. There was little or no construction I bought it, so far as I remember. Perhaps some surveys had made and some grading begun; but I do not remember of any construction worthy of note having been made at the time we purchased.

Q. Had there been any titles to land obtained through contracts with the Indians?—A. The titles to land, I think, had been acquired from the Pottawatomie and Delaware Indians. The road was considered to own over two million acres of land, of which the principal part was obtained from the Indians.

Q. So that what you bought was substantially the franchise of a road under its charter, and such rights as had been acquired from tribes of Indians, and such surveys as had been made?—A. Ex-

#### NO PROGRESS MADE IN CONSTRUCTION.

Q. Please describe the construction after you acquired the line so far as it went.—A. I scarcely remember, as the construction was unimportant, so slight after I acquired it, because I held it but very short time, and estrangements took place between Samuel Hallett and myself, and from that time nothing was done. That took place in 1864.

#### CANADIAN CONTRACTORS.

Q. Then the enterprise simply languished during those two years; nothing special being done about it?—A. Pretty much so. The tract had been made by the contractors of the Leavenworth, Pawnee and Western road, with a Canadian firm; and they were to a certain extent more or less at work at the time we bought it; but very little advance was ever made. Attempts were made to continue the building of the road by that same company; and contracts were made to complete it in January, 1864, but nothing was done under them.

#### SALE OF ROAD TO KANSAS PACIFIC COMPANY.

Q. How did the interest in the enterprise pass from you and Samuel Hallett, and to whom did it pass?—A. It passed from me to the

Pacific Company. I think that Mr. Filley, of Saint Louis, who was a director of the road, was the person with whom I had the transactions and negotiations; and the assets, all that we had, were turned over to him for the company. That was some time in December, 1864.

Q. Do you mean Chauncey E. Filley, of Saint Louis?—A. I don't know whether his name was Chauncey or not.

Mr. JOHN F. DILLON. I think his name is G. H. Filley.

The WITNESS. Then it was not Chauncey. It is a long time ago, and I do not remember; but it was to a Mr. Filley, of Saint Louis, one of the directors of the road, that we transferred what we had.

Q. After December, 1864, you had no personal knowledge of the construction whatever?—A. None.

Q. And had no interest in the Kansas Pacific after that date?—A. Some other except to receive the payments which were made to me of the sum for which I sold it. I paid for it \$263,000, and I received for it about that sum.

#### CERTIFICATES ENTITLING HOLDERS TO STOCK.

Q. What knowledge have you of certificates, not of stock, but certificates entitling the holders to receive stock in the company, which purported to have been issued before you and Mr. Hallett acquired your interests in 1863?

The WITNESS. Do you refer to the list of which some mention has been made in the newspapers?

Commissioner ANDERSON. Yes.

The WITNESS. Those two lists were turned over to me among the papers showing the condition of the property at the time of its transfer to me.

#### THE INTERVIEW REFERRED TO BY GENERAL STONE.

Q. Were you present at the interview referred to by General Stone in his testimony, by which it appears that certain entries or memoranda were made on the face of that list?—A. I cannot say. I may have been present, but I doubt if I was. They were turned over to me among the other papers, and were laid away and treated as dead letters, pretty much. They were never given any effect to, but remained in that condition until I transferred the property to the Kansas Pacific.

Q. You say that you do not remember whether you were present at that interview or not, when these remarks were noted by Mr. Stone. As he described it, a number of gentlemen were present, and the remarks noted by him appear to have been the result of an interchange of sentiment among the gentlemen present; and these memoranda were entered in the margin of the paper. Do you recollect being present at an interview of that character? I may say that General Stone does not know that you were present. I merely inquire for your memory about it.—A. I was about to say that among the number of interviews that we had in the course of the negotiations it would be difficult for me to say at which particular ones I was present; but I have no recollection of having been present at any such interview as you mention.

Q. Where is the original of this statement which was prepared and which you say was handed over with the other papers?—A. I do not know where they are at this time. They may be among my papers, or they may have been transferred with the papers showing the condition

of the company at the time I sold it to the Kansas Pacific. I had a number of papers at the burning of Morrell's fire-proof warehouse on Fourth avenue, and they may have been there. I have been surprised to see how many duplicates of those, or copies of those, were out. They were never put out by me.

#### DOES NOT KNOW HOW THE PAPERS BECAME PUBLIC.

Q. The paper, I presume, was in manuscript?—A. In manuscript. There were two papers; one referred to the Delaware and Pottawamie land business, and the other to the Congressional affairs.

Q. You have no idea at whose instance or on whose motion this manuscript found its way into print?—A. I have not.

Q. Please look at the copy I now show you, and state whether you recognize it as being a copy of the paper you have referred to.—A. It appears to be the same, though I gave much less attention to this particular paper than to that which had on it the names of the parties reporting to influence members of Congress.

Q. That appears to have on it the memoranda, if you will examine it.—A. This is not the paper which I had. It is not a copy of that paper. The paper which was turned over to me was much more full than that, and there were many names on it which I do not see here.

Q. Do you know Mr. Clark Bell and Mr. McDowell whose names appear to be affixed to the certificate stating this to be a copy?—A. I know Mr. Clark Bell very well.

Q. Did he do business for you at any time? Would it be possible that he had the possession of the original paper?—A. No; I should think not. This may be a copy, but so far as my recollection goes there are discrepancies. It does not address itself to my memory as being quite the same as those which were turned over to me. The papers are certainly resemble each other, but it is impossible for me to say that it is a full copy of those which I had.

Q. Is there any special difference which strikes you, such as the absence of any particular name, or of any particular remark?—A. There are some names which I remember as being on the other paper that are not on this.

#### WITNESS HAS NO PERSONAL KNOWLEDGE.

Q. Have you any personal knowledge whatsoever as to the facts which are alluded to in this paper? I mean as to the fact of the delivery of any certificates to the parties named; or facts relating to services which they were not supposed to recollect; or facts relating to the times which actuated the policy which is indicated under the column "remarks" to be pursued in respect to these different persons?—A. No. I have no personal knowledge whatsoever in regard to those matters. All this business took place a year before I bought the road.

#### NO EFFECT GIVEN TO THE CERTIFICATES.

Q. And your best recollection is that you were not present when the column of remarks was written; and that you did not receive from any of your predecessors in this interest any information relating to the persons named on this paper. Is that correct?—A. That is my general recollection. It would be difficult for me to say that I never heard anything from them with regard to these things. They were turned over

among papers which went to show the condition of the company. I knew that no effect whatever was given to the certificates. No stock or bonds were ever transferred by me to any one of the parties named on these—any of them.

Q. Do you know whether, subsequent to the time when you passed the property over to your successors, any proceedings were had with regard to these certificates, or whether any of them were recognized?—

A. No, I do not. There might be a recollection of some things floating in my mind, but I would not be willing to speak of it or mention any name unless I had positive personal knowledge; because a stigma of that kind once affixed does not go away.

Q. We do not ask for the names. Have you any general information derived from your great familiarity with the western country, and with the relations of the Union Pacific to the Government, that you desire to say before the Commission to help us in our investigation?—A. No. I know not nearly so much as those more nearly engaged. It has always been an object of interest to me, but I do not know anything which would be of special interest to you which you do not already know.

#### WITNESS WAS NOT ENGAGED IN SECURING PASSAGE OF BILLS.

##### \* By Commissioner LITTLER:

Q. I understand you to state that if the list shown you contains a list of names to whom promises of stock, or other valuable thing was given, to any public man, either in Congress or out, you had nothing to do with it?—A. Nothing whatever.

Q. You were not engaged in the business of bribing members of Congress about that time?—A. No; I was in the field about that time, and pretty actively engaged—at the time of the passage of that bill.

Q. If anything of that kind was done it was done without your knowledge, and you had nothing whatever to do with it?—A. Entirely without my knowledge. All that I know of that part of the business of the road, or the passage of the bill, is contained in those papers.

10 WALL STREET, NEW YORK,  
Friday, September 23, 1887.

THOMAS EWING, being duly sworn and examined, testified as follows:

The CHAIRMAN. I believe your name was referred to in a deposition made before this Commission by General Stone, referring to some matters connected with the early history of the Kansas Pacific Road. I understand that you desire to make some statement, and we shall be happy to hear it.

#### CONNECTION WITH LEAVENWORTH, PAWNEE AND WESTERN COMPANY.

The WITNESS. I have asked this opportunity to make a statement regarding my connection with the Leavenworth, Pawnee and Western Railroad Company, which in 1862 became a branch of the Pacific Railroad, and especially to tell what I know about certain contracts that have been made by that company in aid of the passage of the Pacific Railroad law—that of 1862.

I was connected with it as a director about one year—from June, 1861, to June, 1862; but never had an active part in its management. The real managers of the company were the president, J. H. McDowell, the vice-president, A. J. Isaacs, and the treasurer, General J. O. Stone. They had absolute control of the affairs of the company for more than a year before I became a member of the board, and for a still longer time after I left it to enter the Army. They went to Washington at the opening of the session of Congress of 1861-'62, to aid in passing the proposed Pacific Railroad bill. I did not go there until late in the season, in fact until after the bill had passed the House of Representatives and was well on its way in the Senate. I remained there but a few weeks and left before the bill passed the Senate. I never again met with the board or executive committee, for the reason that immediately on my returning to Kansas I was offered and accepted a commission to raise the Eleventh Kansas Infantry Volunteers, and I thereupon dropped the business of the railroad company, and never had anything to do with it thereafter.

#### CONTRACTS FOR STOCK AND LANDS.

While in Washington on that occasion, I recollect to have joined with one or more of the gentlemen named in executing four or five contracts with persons whose names are set down in the list in regard to what General Stone was recently examined by this committee. The company had at that time a charter, some surveys from Leavenworth, a right of purchase of certain lands of the Delaware. It had nothing else except the hope of being made part of the Pacific Railroad, which the Kansas people greatly needed and desired to have built. There was no possibility of building it except with Government aid. The people of the country were then both ignorant of and inattentive to the pressing national need of the Pacific Railway, and the feasibility of construction; the immediate war exigencies absorbing all interest. To pass the bill it was indispensable that the subject should be thoroughly and ably presented to Congress and the country through the press and by personal discussion with committees and members of Congress. The company had no means whatever to obtain such service except by contracts for stock and lands, the value of which were wholly dependent upon the passage of the bill. I am not at all willing to admit that such employment of men was proper. Like contracts are recognized and enforced by the courts as legitimate, and every man knows that no measure of mixed public and private interest is ever enacted in Congress without any State legislature without employment of men to present and discuss it before committees and in the press.

#### NEVER HEARD OF THE LISTS UNTIL 1872.

I never heard of these lists until 1872. General Stone is reported to have testified that they were prepared in the fall of 1863, a year and half after I ceased to have any participation in the affairs of the company. I never heard of one-fifth part of the contracts named in the lists. More than half of the names mentioned in them are of persons I never knew nor met. Whatever contracts may have been made by any of the gentlemen named while the Pacific Railroad bill was pending in Congress before I went to Washington and after I left there, I know nothing whatever about. There was no occasion to have the same made known to me, and they were not. The only contracts were

in those lists as published of which I was cognizant, according to the best of my recollection, are those with McBratney, Lathrop, Lathan, Johnson, and King. I may have known of one or two others, but with the list before me I cannot recall any. I never knew of any contract or arrangement with McDowell. The contracts, so far as I had any knowledge whatever of them, were made in consideration of legitimate service of the character I have indicated. I never knew or had reason to believe that any person with whom any contracts were made had or professed to have any corrupt or improper understanding or arrangement with any member of Congress respecting the bill.

By Commissioner ANDERSON:

Q. When did you first learn of the existence of this list?—A. It was during the campaign of 1872 in Ohio, when it was published in some one of the New York papers.

Q. And you examined it, I suppose, at that time, as well as later?—A. I did; and I came out with a card stating in effect, but more briefly, what I have said here.

#### USE MADE OF CERTIFICATES.

Q. Was the use made of the certificates you have referred to in the cases specified by you limited to those persons themselves, or were those contracts delivered with the right to them to use them in any way they pleased for the purpose of bringing about desired legislation?—A. The contracts were all personal with them, and I may say that I never knew of any stock being issued; they were simply contracts for stock.

Q. That is all they profess to be, under General Stone's testimony. Were these contracts that were prepared in the four or five cases that you know of, limited to promises for stock, or did they also embrace some of the lands?—A. My impression is that several of them embraced lands—the contracts which I have named here.

Q. There is one named in addition to those you have mentioned—Washington Cheever. Do you recollect him?—A. I recollect the person, but I have no recollection of any contract with him.

Q. Was any one of these contracts, or any promises for stock, or for land, used with your knowledge or consent in any manner, directly or indirectly, for the purpose of influencing any member of the legislature?—A. So far as I know, or have reason to believe, they were not.

Q. So far as you had authority or intervention of your own it would have been without your sanction and without your privity?—A. Definitely so.

#### ISSUE OF STOCK.

By Mr. JOHN F. DILLON:

Q. You were a director from 1862 to 1863?—A. From 1861 to 1863.

Q. In this list there are two columns, one giving the number of shares subject to assessment, and the other the number of shares not subject to assessment?—A. Yes.

Q. And there is a summing up, as follows:

Number of shares subject to assessment.....	70,110
Number of shares not subject to assessment.....	13,020
Original stock subscribed to organize the company.....	2,350

At the time when you were connected with the company had any road been constructed?—A. None.

Q. Do you know the extent to which at that time stock had been issued?—A. My impression is that there had been but a small amount.

stock issued up to the time that I ceased to have any knowledge of the company or its affairs.

#### A PAPER COMPANY.

Q. That is to say, in 1862, when you left, it was substantially a paper company, whose hope of living depended upon being recognized by the act of Congress?—A. That was substantially the situation.

Q. And with no money in its treasury?—A. No.

Q. And no stock had been sold or paid for in cash?—A. Nor were there any responsible stock subscribers. That is to say, General Stone, I think, subscribed for all the capital stock; but it was well understood that he was not able to pay for it; and there were a few shares to each director. When I came into the board I recollect that I was put down as a subscriber for five shares. General Stone had subscribed, for the purpose of keeping control of the company, to a majority of its capital stock.

The Commission then adjourned to Saturday, September 24, 1887, at 10 o'clock a. m.

NO. 10 WALL STREET, NEW YORK,  
Saturday, September 24, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

#### COMMUNICATION FROM JOHN M. KASSON REQUESTING INVESTIGATION OF A REPORT CONCERNING HIMSELF.

The chairman laid before the Commission the following communication, which was read and ordered spread upon the record:

CONSTITUTIONAL CENTENNIAL COMMISSION,  
No. 607 WALNUT STREET,  
Philadelphia, September 21, 1887.

Hon. RONALD E. PATTERSON,

*Chairman of Pacific R. R. Commission, 10 Wall Street, New York:*

SIR: A gentleman has just shown me the brief report of a New York Journal of an examination of G. P. Huntington, esq., touching certain letters written by him some years ago. In this report it appears that my name was mentioned in one of his letters as follows:

"Senator Kasson is an able fellow, and we have never lost any money on him."

The report never appeared before in this form and connection to my knowledge. I now come to you, whose report is that of an honorable man, and ask you to probe the meaning of that phrase to the bottom, by examining Mr. Huntington, and any and every other agent of the Pacific coast, on the question whether the indication of that expression, or the actual fact anywhere was or is that, at any time or place or under any circumstances or in any form, Mr. Huntington or his company ever paid or offered to pay any money or other compensation, or to "lend" any money to me, or were ever asked for any money or other compensation by me; in a word, whether my hands are clean or not.

I have the honor to request that you append this letter to your report, and that you incorporate in it the result of your inquiry.

I am, sir, your obedient servant,

JOHN M. KASSON.

#### NO EVIDENCE REQUIRING INVESTIGATION.

Commissioner ANDERSON. In regard to the request contained in this letter, I desire to say, so far as my own judgment is concerned, and I presume I merely echo the judgment of every member of this Commission, that no evidence whatever has been placed before this Com-



mission tending to show, in the slightest way, that Mr. Kasson has received any money or anything of value from the Central Pacific Railway Company, or from any of its agents or officials. I therefore move that, as to that request, a member of this Commission be authorized to acknowledge the receipt of Mr. Kasson's letter, and incorporate in that letter the statement just made by me, and to state that we do not deem it necessary to make any further inquiry, as far as that matter is concerned.

The motion of Commissioner Anderson was agreed to, and he was requested to send a reply to Mr. Kasson's letter.

The Commission then adjourned until Wednesday, September 28, 1887, at 10 a. m.

10 WALL STREET, NEW YORK,  
Wednesday, September 28, 1887.

MR. COHEN. I have been asked by Mr. Jackson, the agent of Senator Jones, to submit this affidavit to the Commission, explaining the transaction between Senator Jones and the Southern Pacific Company, or whoever bought the Los Angeles and Independence Railroad. It is sworn to before the United States commissioner at San Francisco. You have already had Mr. Jackson's deposition upon other matters.

THE CHAIRMAN. Do you wish to read the affidavit?

MR. COHEN. I simply wish to let it go on the record. I do not care to read it. The affidavit is presented at Mr. Jackson's request.

AS TO SALE OF THE LOS ANGELES AND INDEPENDENCE RAILROAD.

Mr. Jackson's affidavit is as follows:

#### ADDITIONAL AFFIDAVIT OF JOHN P. JACKSON.

In the matter of the examination into the affairs of the Central Pacific Railroad Company.

STATE OF CALIFORNIA,  
City and County of San Francisco, ss:

JOHN P. JACKSON, being duly sworn, comes and makes the following statement: In the proceeding before the Commission at the Palace Hotel, in the city of San Francisco, on the day of , 1887, the Commissioners propounded a question to the honorable Leland Stanford, then a witness before said Commission, as follows: "Have you paid any money for the purpose of influencing legislation to John P. Jones?" Which question the said witness, by the advice of his counsel, refused to answer.

Affiant further says that he is informed and believes that certain letters written by C. P. Huntington to David D. Colton and certain other letters or copies thereof, written by David D. Colton to said C. P. Huntington, are within the control of said Commission. That the said Commission intended to annex said letters to their report which they are required to make to the President under the act of Congress from which they derive their appointment. That the parties having the immediate custody of said letters and said copies, which were intended to be so introduced before the said Commission, have been enjoined by the circuit court of the United States from the production of said letters or disclosing of their contents; that affiant is informed and believes that the said letters or the said copies contain statements of certain money transactions between the said C. P. Huntington or the said David D. Colton or the said Central Pacific with the said John P. Jones.

That the said Commissioners have left the city of San Francisco since the said Stanford was examined, and are about to meet for further examination into the affairs of the Central Pacific at the city of New York.

That affidavit will not be presented at the city of New York at any session that may be held there, but for the purpose that his knowledge and information concerning the affairs of John P. Jones may appear for the information of the said Commission, and in case the injunction restraining the production of the said letters or the disclosure of their contents may be removed, he makes the following statement:

For the last twelve years I have been the agent and attorney in fact, under an unlimited power of attorney, of Senator John P. Jones, of Nevada, and have transacted all his business in the State of California. During this time Senator Jones sold to C. P. Huntington and associates the Los Angeles and Independence Railroad and wharf for about \$250,000, being about one-half its cost price. It was paid for in installments. Previous to the coming due of one of the said installments General Colton wrote in one of the said letters to C. P. Huntington not to pay the next installment due, as Mr. Jones owed them money. The facts in the premises were that the only money owed by Mr. Jones was the sum of \$5,000, which was due for back taxes on the Los Angeles and Independence Railroad; and this amount of money affidavit paid to Mr. A. N. Towne, general manager of the Central Pacific Railroad. This I believe to be the only money transaction that took place in the last twelve years between the Central Pacific Railroad or its owners and said Senator John P. Jones.

I make this affidavit in case the said letters may be admitted or Senator Stanford may be required to answer the questions, which, under the advice of counsel, he has declined to answer, so that the facts may be before the Commission and this statement may be incorporated in the testimony accompanying its report, the information being particularly in my possession.

J. P. JACKSON.

Subscribed and sworn to before me this 31st day of August, 1897.

L. S. B. SAWYER,

Commissioner U. S. Circuit Court, Northern District of California.

#### COMMISSIONER ANDERSON'S REPLY TO MR. KASSON.

Commissioner ANDERSON. I desire to say that I have written to Mr. Kasson a letter in reply to his letter of 23d.

Commissioner Anderson's letter is as follows:

UNITED STATES PACIFIC RAILWAY COMMISSION,

30 Wall street, New York, September 24, 1897.

Hon. JOHN A. KASSON,

924 Fifteenth Street, Washington, D. C.

DEAR SIR: The United States Pacific Railway Commission has this morning received your letter of the 23d instant. As requested by you, the Commission has directed your letter to be entered on our minutes, and requested me on its behalf to acknowledge its receipt, and to answer the same.

We have made every effort to have the original Colton letters before us for the purpose of our investigation, but their production, as you doubtless know, has been prevented by the action of Mr. Huntington himself, or of his representatives.

The letter in question was sent to Mr. H. from the printed record in the Colton suit. The exact language of the sentence to which you refer is as follows:

"Mr. Kasson has always been our friend in Congress, and as he is a very able man, has been able to do us much good, and he has never lost us one dollar."

It is of course quite possible that the word printed "lost" is "cost" in the manuscript.

In relation to your request for a further examination, the following is an extract from the minutes of the Commission:

"Commissioner Anderson stated:

"In regard to that request, I desire to say, as far as my own judgment is concerned (and I presume I simply echo the judgment of every member of this Commission), no evidence whatever has been placed before this Commission tending to show in the slightest way that Mr. Kasson has received any money or thing of value from the Central Pacific Railway Company, or any of its agents or officials. I therefore move as to that request, that a member of this Commission be authorized to acknowledge the receipt of Mr. Kasson's letter, and to incorporate in that letter the statement now made by me, and to state that we do not deem it necessary to make any further inquiry in the matter referred to."

"The motion was agreed to."

With the assurances of our sincere respect, I remain,

Yours truly,

E. FLATTERY ANDERSON.

## AS TO DISSENTING OPINION OF JUDGE HOFFMAN.

Commissioner ANDERSON. I have also written to Mr. Carey, United States district attorney at San Francisco, ordering some copies of Judge Hoffman's dissenting opinion in the matter involving the right or duty of the courts to compel Mr. Leland Stanford to answer the questions put to him by the Commission which he has refused to answer. I stated in that letter that it was the desire of the Commission that the matter should be carried to the Supreme Court of the United States for review, if the rules of practice permitted that to be done. I stated, however, as a result of my own examination that I could find no method in the existing provisions of law by which the order of the United States circuit court in the matter referred to could be appealed; that it did not seem to be susceptible of an appeal, and I now see that Judge Hoffman has stated the same thing.

Mr. COHEN. When was that opinion filed?

Commissioner ANDERSON. It appears in this morning's New York World, as a telegraphic dispatch from San Francisco.

## MR. COHEN DENIES THE EXISTENCE OF A CERTAIN LETTER.

Mr. COHEN. I desire to say that I have examined the Colton correspondence, and that there is no such letter as you examined Mr. Huntington about—a letter stating that there was nothing lost by Mr. Keasler. Mr. Huntington never wrote any such letter.

Commissioner ANDERSON. I do not think we can receive any such statement in the absence of the letters. The letters should be produced.

Mr. COHEN. No letter can be produced that does not exist.

Commissioner ANDERSON. I say no statement about letters should be made, since the letters are not produced.

Mr. COHEN. In the course of my practice when I have stated that I know a thing as a fact, I have generally had proper credence given to my statement, and when I say that there is no such letter, I mean it. I say further, that it should have been the part of the Commission to satisfy themselves that the allegation they were examining Mr. Huntington about, and which was intended to reflect upon the character of a public man, had some foundation.

Commissioner LITTLE. How are you able to state, Mr. Cohen, that there is no such letter?

Mr. COHEN. Because I have gone through all the letters.

The CHAIRMAN. If we are going to examine Mr. Cohen, we will put him on the witness stand.

Commissioner ANDERSON. I object to these statements about the letters.

Mr. COHEN. I have a right to make the statement.

Commissioner LITTLE. Are you testifying, or are you stating this rhetorically?

Mr. COHEN. I am stating this as counsel.

Commissioner ANDERSON. Counsel for whom?

Mr. COHEN. For the Central Pacific Railroad Company and its directors and members. I say that Mr. Huntington never wrote any such letter.

Commissioner LITTLE. If you want to make a statement as a witness, you will bear you.

Mr. COHEN. I have made my statement.

The CHAIRMAN. Mr. Cohen is through. He simply wanted to place his statement on the record. We have no objection to that.

10 WALL STREET, NEW YORK.

Wednesday, September 23, 1891.

HORACE WHITE, being duly sworn and examined, testified as follows:

The WITNESS. I appear here as a volunteer, through the courtesy of the Commission.

## A VOUCHER EXPLAINED.

On examining the testimony given by Judge Usher, I see that he said a voucher which had been submitted to the Commission purporting to show that I had put in a bill for \$745 for services of some kind. I find that Judge Usher was quite unable to explain the appearance of that voucher, and so stated to the Commission.

## WITNESS PRESENTED NO BILL FOR HIS SERVICES.

I wish to say that I never put in any bill for services to the Union Pacific Railroad, or to the Kansas Pacific Railroad, or to any Pacific railroad. I was a member of the bondholders' committee of the Kansas Pacific Railway, which company went into bankruptcy in 1875. There was a committee of nine bondholders appointed to assist the receivers in the discharge of their duties. I was one of the nine. There was a special committee of three, consisting of Mr. L. H. Meyer, Artemus H. Holmes, and myself, who did most of the office work. I was not at that time engaged in any other work, consequently I was able to give most of my time to these duties. In the course of our duties it became necessary to send somebody to Washington to assist in securing the passage of a bill to compel the Union Pacific Railroad Company to prorate with the Kansas Pacific Railroad Company. The Union Pacific Railroad Company was required by its charter to receive freight at Cheyenne and transport it to the western terminus of the road at Ogden on the same terms that it received its own freight at Omaha or Council Bluffs, but it refused to do so, and, refusing to do so, the Kansas Pacific Company believed, and the bondholders believed, that they were disabled from paying their interest, and that the bankruptcy of the road was in consequence of such refusal. The Kansas Pacific Company and the bondholders, of course, were at variance on a good many points, but they were in entire harmony on that point, and both agreed that it was necessary that a bill should be passed to compel the Union Pacific Railroad Company to perform its duty in that regard in order that the Kansas Pacific Company might meet its interest obligations. I was designated as one member of the committee to go to Washington on that business, and Mr. Holmes was designated as another. I was there several times, and was there two or three months altogether, and paid my own travelling expenses and hotel bills and printing bills.

## ASKED AS TO EXPENSES, HE STATED THE AMOUNT.

Now, as to this voucher of \$745, the only way I can account for it is this: Mr. Carr, the president of the Kansas Pacific Company, was there at one time when we were all of us engaged in this endeavor; and my recollection is that he asked me what my expenses had been and that I told him and that he drew a draft on his treasurer at Saint Louis and handed it to me to pay my expenses. That is my recollection. The voucher, which purports to be for services, does not seem to have any

signature, either mine or anybody else's. I have never seen that voucher, but I intend to see it if I have to go to Omaha to look at it. I have no recollection of it myself. I intend to see whether any signature is attached to it. I only desire to see it because I never put in any bill for services to the Union Pacific or the Kansas Pacific or any other Pacific company.

I remarked that I was in Washington on this business several months. I have in my hand here a volume of literature compiled on our side on that subject, a volume of 747 pages. My small contribution is bound up in that volume. Judge Usher, I observe, has a low opinion of it. In that I agree with him.

By Commissioner LITTLE:

Question. If you ever received the money evidenced by this voucher you think it was for your expenses, hotel bills, &c., while you were in Washington?—Answer. I do, sir; emphatically.

Q. And that you never received any consideration and never charged any for your services?—A. I know that positively.

#### EVIDENCE THAT THE BILL IS NOT FOR SERVICES.

Is not the fact that the bill is so small pretty conclusive evidence that you never made out a bill for your services?—A. Well, I never asked for such low wages as that since I arrived at man's estate. If, after deducting expenses, there was any balance left it was so small that I could refuse to accept it for services.

#### A LETTER TO JUDGE USHER.

Judge Usher is considerate enough to say in his testimony that he never liked me, because I was always attacking Lincoln in my newspaper during the war. I have written a letter to Judge Usher to say that I was not an editor of any newspaper during the war and that the question of his personal likes or dislikes was not made a subject of inquiry under the resolution of Congress which appointed this Commission. That is my "ut-for-tat." I have nothing further to say, unless you gentlemen wish to ask any question.

The CHAIRMAN. I believe we have nothing further.

The WITNESS. I desire to thank the Commission for its courtesy.

#### LETTERS AND DOCUMENTS ACCOMPANYING MR. WHITE'S COMMUNICATION.

Mr. Horace White subsequently addressed the following letter to the Commission:

New York, October 15, 1867.

TO THE UNITED STATES PACIFIC RAILWAY COMMISSION:

GENTLEMEN: Since I appeared before you as a witness I have been allowed to take home the files temporarily, and I now present to you for inspection, the original voucher which purported to show that I had rendered a bill for "services at Washington" to the Kansas Pacific Railway in the year 1878, for the sum of \$746, or had rendered that sum for services rendered to said company. You will observe that this voucher is not signed by me, and that there is attached to it, by pasting, a paper, purporting to be the handwriting of Mr. R. E. Carr, the then president of the company, containing a memorandum of six payments, in words and figures following, viz:

Board & food, board bill	\$72.85
J. M. Woolworth, legal services	1,200.00

Horace White, expenses at Washington (order of H. Villard)..... \$74.  
 R. S. Elliott, printing and advertising..... 50.  
 Geo. L. Voss, calculations made by him (on grades and curves)..... 24.  
 J. H. Riekey, one month's services..... 24.

It is plain that the person who made up the voucher in my case from Mr. Carr memorandum used the word "services" when he should have used the word "expenses." This confirms my recollection of the matter, as already stated in my testimony.

Yours, truly,

\* HORACE WHITE

I certify that the memorandum referred to by Mr. White contains entries above indicated.

CHAS. P. YOUNG, *Secy*

THE UNION PACIFIC RAILWAY COMPANY,  
*Boston, October 7, 1878*

MY DEAR WHITE: I inclose you the vouchers you requested. The delay is plain in the accompanying papers to Comptroller Mink.

You will observe that these vouchers, although made out in your name, do have your signature, which is only found on the two drafts drawn by Mr. Carr. Explanation seems very plain that, after paying you \$743, Mr. Carr, instead of making his voucher for expenses, made it for "services." This, I believe, is your explanation of it.

Will you please return these documents as soon as you get through with them? I remain, &c.,

ISAAC H. BROMLEY,  
*Assistant to President*

HORACE WHITE, Esq.,  
*Editor Evening Post, New York, N. Y.*

THE UNION PACIFIC RAILWAY COMPANY,  
*Omaha, Neb., October 4, 1878*

DEAR SIR: As requested in your telegram of September 30, I send you herewith Kansas Pacific voucher No. 594, favor of Horace White, \$745, with all papers belonging to same, and voucher draft 3333, by which it was paid.

We had some difficulty in finding the papers; hence the delay in forwarding the same.

Yours, truly,

ERASTUS YOUNG,  
*Auditor*

OLIVER W. MINK, Esq.,  
*Comptroller Union Pacific Railway Company, Boston, Mass.*

[Voucher.]

G. E. department, No. 534. For November, 1878. Account legal expenses.  
 Paid Dec. 11, 1878.  
 Draft No. 3331.

The Kansas Pacific Railway (S. T. Smith, receiver) to Horace White, of Washington D. C., Dr.

Pay A. H. Culaf, cashier, address, St. Louis, Mo., for the account and amount per original bill rendered, filed in the auditor's office, and certified by receiver in 1878.

Feb. 13. Services at Washington, order H. Villard, receiver:

January 30, 1878.....	\$74.
March 13, 1878.....	24.
	<hr/> 98.

Seven hundred and forty-five dollars.  
 Approved.

H. T. S.,  
*Auditor*

Examined, registered and approved.

H. C. CLEMENTS,  
*Auditor*

[Voucher.]

Charge G. E., legal expenses. M. L., mileage. Month Nov., 1878.

Kansas Pacific Railway to Horace White, of Washington, D. C., Dr.

1878.

Feb. 12. Pay A. H. Calef, cashier, address, St. Louis, Mo., for services at Wash-  
ington, order H. Villard, recv.:January 30, 1878..... \$500.50  
March 13, 1878..... 245.00

745.00

Paid Decr. 11, 1878, dft. No. 3263.

For approval of C. S. Greeley, ex. rec'r.

See letter from him Dec. 23rd, 1878. A. O. L. No. 2761.

Receipt of Horace White attached.

For approval of H. Villard, ex. rec'r.

See his letter Dec., 1878. A. O. 20 of 1878.

Approved.

S. T. SMITH,

Receiver.

[Endorsed:] Horace White, Washington, D. C. Per A. H. Calef, cashier, St.  
Louis, Mo., Nov., 1878.

\$745.00.

[Kansas Pacific Railway; S. T. Smith, Receiver.]

NOTE.—This draft is valid only when dated and signed by A. H. Calef, cash'r,  
and accompanied by a ———, dated and signed by H. C. Clements, Asst and Act'g Au-  
ditor.

\$745.00.

Voucher draft No. 3263.

KANSAS CITY, December 11, 1878.

Cashier for receiver Kansas Pacific Railway, St. Louis, Mo., pay to the order of  
myself seven hundred and forty-five dollars, in payment of amount voucher favor  
Horace White, Washington, D. C., for services, January 30th and March 13th, '78.

Dated at Kansas City, Dec. 11th, 1878.

A. H. CALEF,

Cashier.

MENOIR.

(Stamped on face:) Not for payment; for remittance or credit only. Kansas Pacific  
Ry.: Paid: Dec. 12, 1878, Kansas City, Mo. Auditor's office.(Written across face as follows:) U. S. Circuit Court, Dist. of Kansas. Approved.  
H. P. Dillon, Special Master.(Inferred:) For credit account of Horace White on books. C. S. Greeley, H'y Vil-  
lard, Rec'r. A. H. Calef, cashier. Menoir.

\$500.00.]

WASHINGTON, January 30, 1878.

At eight pay to order of Horace White, esq., five hundred dollars, for value re-  
ceived.

ROB. E. CARR,

Gen'l M.

To A. H. CALEF,

Cash'r, St. Louis, Mo.

(Stamped on face:) Receiver's office, Feb. 5, 1878. K. P. R. W.

[Indorsements.]

Pay McGinnis Bros. &amp; Fearing, or order.

HORACE WHITE.

Pay A. Lane, esq., cash'r, or order.

McGINNIS BROS. &amp; FEARING.

Pay J. C. Van Blaroom, acting cashier, or order, for collection, on account Fourth  
National Bank.

A. LANE,

Cashier.

Received payment.

J. C. VAN BLAROOM,

Cashier.

[ \$245.00. ]

WASHINGTON, D. C., March 12, 1878.

Pay to the order of Horace White two hundred and forty-five dollars, value received, and charge the same to account of

ROB. E. CABR,  
Gen'l M.

To A. H. CALKE,  
Cash'r, St. Louis, Mo.

(Stamped across face:) Receiver's office, March 16, 1878. K. P. R. W.

(Indorsed:) Pay Jas. Wormley or order. Horace White. James Wormley. Pay L. Levering, cash, or order. Riggs & Co. L. Levering.

10 WALL STREET, NEW YORK.

Wednesday, September 28, 1887.

I. E. GATES, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. I am a clerk and assistant in the office of the Central Pacific Railroad Company, or the Southern Pacific now.

#### CONNECTION WITH CENTRAL PACIFIC.

Q. How long have you been connected with the Central Pacific Railroad Company?—A. It is about eighteen years, I should say, since my first connection with the company.

Q. Have your functions always been discharged in New York city?—A. Yes, sir.

Q. Under whose immediate direction are you?—A. That of Mr. C. F. Huntington, the vice-president of the company.

Q. Do you occupy the same room with him?—A. I do not at present. In the beginning I did for a short time.

Q. Where was that room?—A. At No. 34 William street.

Q. How long did you occupy the same room with him?—A. I should say but a few months. I could not tell exactly how long.

Q. To what place did you then move?—A. My own particular office was moved into an adjoining room.

Q. But still at No. 34 William Street?—A. Yes.

Q. How many years did you remain there?—A. I could not tell without referring back. We remained there until the plastering broke through over our heads when they were pulling down the building.

Q. To what place did you then remove?—A. To No. 9 Nassau street, the Duncan building.

Q. Were you with Mr. Huntington or with the Central Pacific as early as 1873?—A. Yes.

Q. What books did you then keep for Mr. Huntington?—A. I did not keep any books for him.

Q. What books did you keep, if any?—A. I did not keep any books. It has never been my duty to keep books, nor any part of my duty.

#### DUTIES.

Q. Please state, then, what your duties were.—A. As nearly as I can describe I was a general assistant to Mr. Huntington, but not a book-keeper.

Q. What did you help him in—in what kind of transactions?—A. In any transactions that he committed to me for attention. I acted under his orders.



Q. Was not his business attending to the interests of the Central Pacific—the purchase of material for that road, and the sale of its securities in general?—A. He probably could tell what his business was better than I could.

Q. I am not asking you whether he could or could not. I am asking you what you know about his business, derived from your employment and acquired in the discharge of your duties?—A. He was vice-president of the company and the executive officer of the company in New York.

Q. What I want to get at is what you did for him, and for that reason I refer you to things that he did in which you say you assisted him.—It is a very difficult matter to specify.

#### GENERAL SUPERVISION OF WORK.

Q. Did you visit or communicate with persons with whom he had negotiations for the purchase of rails, for instance, for the road?—A. Perhaps, on occasions, I might have done so. For instance, if he had a contract for rails with any manufacturing company, after the contract was made I might be intrusted with seeing that it was carried out and that the deliveries were made. I would be intrusted with general work of that kind.

Q. That business of seeing that such a contract was carried out would involve visiting the parties selling the rails, or receiving statements from them as to the forwarding of the rails, and also involve the making of certain payments to those persons in satisfaction of their contract. Is not that so?—A. So far as payments are concerned, it would involve seeing that a check was drawn and sent to them at the proper time when payment was due—under Mr. Huntington's direction.

#### HOW CHECKS WERE DRAWN.

Q. Did you have any connection with that part of the work—seeing that a check was drawn and sent to them when the proper time came?—A. I should say that I did. I should say that I might have had something of that kind to do. For example, Mr. Huntington might say, "So many rails have been delivered under such a contract. Send a check to A, B, or C in payment for them."

Q. When he would say that, who would prepare that check and sign it?—A. He signed the checks himself.

Q. What signature did he affix to those checks?—A. His own signature.

Q. C. P. Huntington?—A. C. P. Huntington.

Q. Simply that?—A. Simply that. His official title was probably added on the check.

Q. You have seen several thousand of those checks, have you not?—A. Yes.

Q. Do you know whether or not his official title was printed under the name as written?—A. I could not say as to every case, but generally that was the fact, that the name was written and the title of "Vice-President," or "V. P.," printed on the check. It was the official check of the company.

#### BANK ACCOUNTS.

Q. Upon what banks were those checks drawn?—A. Different banks.

Q. Please enumerate.—A. I think that for a time they were drawn on Fisk & Hatch, and subsequently we had an account in the Fourth National Bank.

Q. In what bank was your account kept in 1873 and 1874?—A. I should say in the Fourth National Bank; but I am not positive about that without referring to dates.

Q. In whose immediate charge were those check books?—A. The man who had the handling of the checks and the filling out of them was one of the clerks in the office.

Q. What was his name?—A. There have been different clerks. Sometimes a Mr. Emery wrote the checks.

Q. Please give his full name?—A. W. C. Emery.

Q. Where does he live?—A. He lives in the Twenty-fourth ward of the city of New York, I think; but I could not give you his exact address.

Q. Did you ever give him instructions which led to the filling up of checks?—A. Under Mr. Huntington's directions I may have done so.

Q. Was the same form of check used?—I do not mean the same nomenclature, but a printed check drawn to the same order from 1851 down to date?—A. We have always used a printed form of check. Of course, in changing from one bank or banker to another we have had different checks.

#### FORM OF CHECK.

Q. Please state what the "order" was, in the form used by you—whose order were those checks printed?—A. My name was generally printed on the face of the check.

Q. "I. E. Gates"?—A. Yes.

Q. As holding office of any kind?—A. No.

Q. Simply the person?—A. Simply the person.

Q. So that before negotiation your indorsement would always be necessary?—A. Yes.

Q. After the check had been filled up and signed by Mr. Huntington what was the course of business?—A. I do not know that I understand you exactly.

Q. After the check had been filled up and signed by Mr. Huntington some steps would have to be taken in order to make the check effective?—A. It would require my indorsement, of course.

Q. I asked what was the course of business. Would Mr. Huntington hand the check to you?—A. Not necessarily. He might say, or perhaps would say, to the book-keeper who wrote out the check, "Fill out a check for John Smith," or whoever it might be. That would be done and presented to me for indorsement.

Q. How could he fill out a check to John Smith if the check was already printed to the order of I. E. Gates?—A. He would write across the back of the check, "Pay to the order of John Smith," and I would sign it.

#### INDORSEMENTS.

Q. What was the order of proceeding in order to make it effective?—A. The name of the party to whom it was to go would be indorsed on the back of the check.

Q. How would the knowledge as to a particular kind of indorsement be derived? That is, how would the person who drew the check know to whose order he was to direct it to be paid on the back of the check?

A. He would know by Mr. Huntington's direction.

Commissioner ANDERSON. Exactly; that is what I want to know.

The WITNESS. Yes.

Q. Was not his business attending to the interests of the Central Pacific—the purchase of material for that road, and the sale of its securities in general?—A. He probably could tell what his business was better than I could.

Q. I am not asking you whether he could or could not. I am asking you what you know about his business, derived from your employment and acquired in the discharge of your duties?—A. He was vice-president of the company and the executive officer of the company in New York.

Q. What I want to get at is what you did for him, and for that reason I refer you to things that he did in which you say you assisted him.—A. It is a very difficult matter to specify.

#### GENERAL SUPERVISION OF WORK.

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Q. Please enumerate.—A. I think that for a time they were on Fisk & Hatch, and subsequently we had an account in the National Bank.

## SPECIAL BANK ACCOUNT.

Mr. COHEN. What kind of an account are you speaking of, Mr. Anderson?

Commissioner ANDERSON. Any special bank account.

The WITNESS. Any other bank account for the company?

Commissioner ANDERSON. Yes.

The WITNESS. Of course he had his private bank account.

Commissioner ANDERSON. I am talking now of the account from which the funds of the company came—the account with Fisk & Hatch and the account with the Fourth National Bank are the only accounts you recall?

The WITNESS. They are. On reflection, I think at one time we had an account with Eugene Kelly & Co., and possibly at one time with Speyer & Co., bankers, with whom there were dealings.

Q. Who made the stub entries in the check-books?—A. The clerk who drew the check.

Q. Mr. Emery?—A. The clerk who drew the checks. Sometimes Mr. Emery might be absent and some other clerk might draw them.

Q. Do you still hold the same position with reference to the Central Pacific Company?—A. Substantially, yes.

## THE STUB CHECK BOOKS.

Q. When did you last see these stub check-books?—A. I do not know that I have ever seen any of them since they were completed, in fact. When one check-book is used up, the covers are taken off and the checks and stubs are kept for a time, and are then disposed of, I suppose, as being of no further use.

Q. You say you "suppose." Is that merely a supposition, or do you know that those checks and stubs have been disposed of?—A. If they are in existence I do not know where they are. My impression is that they are not in existence. I cannot say positively.

Q. How long have you known them to be kept after the check-book was filled?—A. I have no definite knowledge about that—no knowledge of any definite time.

Q. To what officer of the company were they customarily delivered?—A. I do not know that I could trace the history of them at all after they are completed—after the last check is taken from the book.

Q. I do not ask you to trace their history; I ask you if you know what officer of the Central Pacific Company those check-books would be delivered to?—A. I do not.

Q. Can you give this Commission any light as to where they should look, or what officer they should examine, for the purpose of ascertaining the stubs of the check-books used by Mr. Huntington from 1873 to 1880?—A. I cannot.

## NAME OF WITNESS UPON VOUCHERS.

Q. Are you aware that in many of the vouchers which Mr. Huntington was in the habit of remitting monthly to San Francisco your name was entered opposite many and large sums of money in the body of the voucher as sent to San Francisco?

Mr. COHEN. What paper is that that you are reading from, Mr. Anderson—the paper that you are examining the witness from?

Commissioner ANDERSON. I am not examining the witness from that paper.

Mr. COHEN. You consulted a paper before you asked him that question—I would like to see what that paper is.

Commissioner ANDERSON. You are welcome to see the paper that I hold in my hand; but I am not examining the witness from any paper. [Handing a newspaper to Mr. Cohen.]

Mr. COHEN. I see it is a copy of the New York World of January 15, 1887. Well, the World is good authority on many subjects.

The WITNESS. In the first place, I do not know that Mr. Huntington has remitted any vouchers to San Francisco.

Commissioner ANDERSON. I may say to you that we have seen the papers in San Francisco. Whether they are called "memorandums" or "vouchers," we have seen the papers, and Mr. Huntington has told us that it was his custom to remit many vouchers or memorandums to San Francisco. On many of those the word "Gates" was written, and opposite to the word "Gates" there was written a sum of money in the different cases. Were you aware of that fact?

The WITNESS. I have read statements to that effect in the newspapers.

#### MONTHLY REPORTS.

Were you not aware that between 1872 and 1883 or 1884, it was Huntington's practice to make monthly reports to San Francisco?—Yes; I know that fact—that it was his practice to make monthly reports.

Did you assist him in preparing those reports?—A. I did not.

Did you ever see these reports?—A. I might have seen them some-

Who would assist Mr. Huntington in making them?—A. They were written out as I remember by the clerk, whoever he was, that drew checks—the clerk that kept the check-book and kept the cash account.

How many clerks were there engaged in that business at that time?—A. There was only this one who was engaged regularly in that business.

As I have said, he might occasionally be absent, and some one in the office would take his place.

Do you know that at that time your name was entered very commonly in those reports—that the word "Gates" was written in those reports and a certain number of dollars carried out in the column opposite the name?—A. I saw them before they were sent away, but oftener did not see them. If it was stated, I noticed the fact, of course.

Q. What would you understand from a report so prepared, with the word "Gates" on one line, and a certain number of dollars written opposite—that would you understand to be the meaning of that entry?—I should understand that I had indorsed a check, under Mr. Huntington's direction, in blank, procured the money on it, and handed it to him.

And as far as you remember, did you ever see your name written in those reports and certain figures written opposite the name when the entry did not agree with the entry as made—when the entry did not represent a transaction which had occurred?—A. I have no recollection of ever seeing such a case.

Q. So that we may assume that, as far as your memory serves you, the entries in Mr. Huntington's reports were in conformity with the facts?—Certainly, so far as I can remember.

## CONNECTION WITH CERTAIN CHECKS SIMPLY CLERICAL.

Q. The Commission would state to you that it appears from the ports in San Francisco that between 1872 and 1880 there were over hundred items of the character I have described to you, the amount which will vary from \$200 to \$7,000. Have you any additional explanation to give in regard to these vouchers which we understand from your testimony to represent transactions that did occur, so far as know?—A. The explanation that I can give is this: As I have already stated, checks of that character were drawn by Mr. Huntington's direction. The checks were either handed to him, or possibly, at times, money might have been drawn on the checks and handed to him, and connection with the matter was simply clerical. What he did with money or what he did with the check never came under my observation. It was not my province to know. It did not come within line of my duty.

Q. As to the use made of any of the funds represented by these various checks, do we understand you to state that you have no personal knowledge whatsoever?—A. I have no personal knowledge whatsoever excepting, possibly, in some cases I may have paid some money; if so, small amounts, either to General Frauchot or Mr. Sherrill; beyond that I have no knowledge.

Q. Do you remember the legislation pending in Washington, and state of affairs pending there in the spring of 1878?—A. I have no recollection of it.

## NEVER IN WASHINGTON.

Q. Do you remember that the Wilson Committee was then engaged investigating the Pacific railroads?—A. I very likely knew of it at time, but I could not say now whether it was that year or some other year, or what committees there were. I might say here, for the information of the Commission, that I know very little about Washington matters. I have never been in Washington in my life, and was not before any committees.

## RAILWAY LEGISLATION.

Q. You remember, as matter of fact, that there was an occasion when the Pacific railways were examined and a report was made to Congress in regard to bringing a suit against the Union Pacific through the Attorney General?—A. I remember that fact; yes.

Q. Do you remember that at or about that time you had interview with Mr. Huntington in regard to these proceedings in Washington specially bearing on those matters?—A. I do not recollect any special interviews.

Q. Do you remember the fact that a bill was reported in Congress 1878, looking to proceedings against the Central Pacific, and the appointment of a special committee to examine the affairs of the Central Pacific?—A. I remember that such a committee was appointed, year I do not remember.

Q. That there was a bill for the appointment of such a committee?—A. Yes; I remember that that was the fact.

Q. Do you remember whether the committee itself was appointed?—A. No, I do not know.

Q. What became of that bill?—A. I do not know.

Q. Do you remember any circumstances connected with its defeat?—A. No, I do not.

## AS TO THE WILSON COMMITTEE'S CALL FOR BOOKS AND PAPERS.

Q. Do you remember that during that same investigation a very urgent call was made by the members of the Wilson Committee on Mr. Huntington for the production of the books and papers showing the cost of construction of the Central Pacific Railroad?—A. No, I do not remember any such call.

Q. You have never had any conversation with him relating to these subjects, then—the subject of the books or of the demands that have been made by Congress for their production at this time?—A. I cannot say that I never had any conversation with him about it, but I do not remember now any special conversation when the matter was discussed between us.

Q. What I want to know is whether you remember that he reported to you in conversation, after his examination in Washington, that members of the committee, or persons representing the Government, had pressed for an inspection of those books at that time?—A. I do not remember any such report made by him to me. He would not naturally report such a thing as that to me, I not being an officer of the company.

## AS TO DISAPPEARANCE OF BOOKS.

Q. Did you ever hear Mr. Huntington refer to the disappearance of any of the books of the company or any books in which the Central Pacific Company had an interest?—A. I have no recollection of ever hearing him speak of any disappearance of books.

Q. Books of the Contract and Finance Company?—A. I do not remember. That company never had any books here in New York City that I ever saw.

## PURPOSE OF EXAMINATION.

MR. COHEN. I will ask the Commission if this testimony is taken for purpose of contradicting Mr. Huntington. He is your witness. You have sworn him and taken his testimony on the subject.

COMMISSIONER ANDERSON. We want to get all the light we can as to the missing books, Mr. Cohen. I will not say what the purpose of examination is.

Q. You say you have occasionally made small payments to Mr. Francis and Mr. Sherrill. Where did you see those gentlemen?—A. I do not think I said I had done so. I said I may have done so. I do not recall any particular instance, but I may have done so.

Q. Do you remember those gentlemen?—A. Yes.

Q. Did you know them?—A. Yes.

Q. Where were you in the habit of seeing them?—A. More frequently in our office than anywhere else. In my own room.

Q. Is the Central Pacific office?—A. Yes.

## PERSONS CONNECTED WITH WASHINGTON BUSINESS.

Q. What other gentlemen connected with your Washington business have you ever seen at the office of the Central Pacific Company?—A. I have met Mr. Henry Beard occasionally in the Central Pacific office, and Mr. Boyd.

Q. Have you named all the persons connected with your Washington business who have been seen in the office of the Central Pacific Company in the last year or so?—A. I should be

very difficult to recall all the parties I may have seen in seventeen years; but I do not remember any others who have been connected particularly with our business there.

Q. Have you at any time seen in the office of the Central Pacific Company any members of Congress?—A. It is quite possible that I may have seen members of Congress in the office. I cannot now recall whom.

Q. You have no recollection of any specific person?—A. No.

#### REGARDING MR. HUNTINGTON'S CORRESPONDENCE.

Q. Who received Mr. Huntington's correspondence in the morning?—A. I think the usual custom in the office is for Mr. Phillips, one of the clerks in the office, to take the letters from the postman who delivers them in the office. Certain letters pertaining to certain matters that he knows about he opens himself, and attends to himself. At the period to which you refer letters went directly to Mr. Huntington's desk.

Q. Did he answer his letters himself?—A. That was his usual custom.

Q. Did he keep letter-press copies of all letters written by him, or did the company keep such letter-press copies?—A. The company kept copies of letters on their own business. As to Mr. Huntington's correspondence, he is able to answer for himself.

Q. You say you are an officer of the Central Pacific Company?—A. No, sir; I did not say so.

Q. Or that you were connected with the Central Pacific? I so understood it.—A. I am not an officer of the Central Pacific Railroad Company.

Q. You were an officer of the Central Pacific Railroad Company during the period I have referred to?—A. I was not.

Q. In whose employ were you?—A. I was in the employ of the Central Pacific Railroad Company and in that of other companies—not exclusively of the Central Pacific Company.

Q. We will not split hairs as to whether you were an "officer" or an "employee." You received money for your compensation from the Central Pacific Railroad Company?—A. Yes.

Q. And does it strike you as extraordinary that you should be called upon to explain the disposition made of the letters of that company merely because they were written by its vice-president, Mr. Huntington?—A. Yes; I should think it extraordinary, especially when the vice-president, who in himself an officer, has been examined by you.

#### LETTER BOOKS.

Q. Can you tell me where the letter books are that you refer to?—A. No; I cannot.

Q. In whose custody were they while they were in your office?—A. They were not in my office.

Q. In whose office were they?—A. In the office of the company.

Q. In the general office?—A. Yes.

Q. You cannot give us any information as to their whereabouts?—A. I cannot.

#### NO KNOWLEDGE OF MONEYS BEING PAID TO INFLUENCE LEGISLATION.

Q. Have you any knowledge, during the whole period of your employment by the Central Pacific Company, of the use or application of any of the moneys represented by the checks indorsed by you for the





Q. You spoke of its being a common custom in New York to have checks printed to the order of some employe in offices doing a large business. Would it be practicable for the vice-president of such a company as the Central Pacific to sign a check as it was called for during the business hours of the day?—A. It would not. We sometimes cash 400 or 500 checks in a day.

BOOK-KEEPER WOULD INDICATE THAT CHECK WAS DRAWN TO ORDER OF WITNESS.

Q. In the monthly report spoken of by Commissioner Anderson, that was sent by Mr. Huntington to California. If the book-keeper saw a check drawn to your order, without any explanation, would he put in the report something to indicate that the check had been drawn against the bank, to your order, without making any explanation about it?—A. That would be all he could do.

By Commissioner ANDERSON:

Q. Were you in the habit occasionally of seeing the entries on the stubs of the check-books?—A. No, sir; I very rarely saw them. So far as I remember I very rarely saw the entries on the stubs.

STUB ENTRIES WOULD GIVE NO FURTHER INFORMATION.

Q. Under any of the cases of the unexplained checks, have you seen the stub entries, so as to know whether the entries on the stubs would give the Commission any more information than you have been able to give it?—A. So far as I remember they would give no further information.

Q. Is there any place that you know of where that information can be obtained?—A. I do not know of any.

Q. That is to say, do you know any person of whom we may inquire as to the application actually made of all these moneys of the Central Pacific Company which cannot be traced beyond your indorsement?—A. No, sir.

By Mr. COHEN:

Q. Would not that be shown in the books kept by the Central Pacific Railroad Company in California?—A. It would be shown there anywhere.

By Commissioner ANDERSON:

Q. Why do you say it would be shown there? Do you mean it is to assert that it is shown on those books?—A. No. The books in California I have never seen or examined. The monthly statements are sent here, and the books are kept there.

Q. The books cannot show any more than the monthly statements unless the keeper of the books should get his information from some source other than the monthly reports?—A. No.

By Mr. COHEN:

Q. The books in San Francisco are the proper place in which to enter the details concerning the business of the company?—A. The books in San Francisco show the general business of the company.

Q. And that is the only place where such details are kept?—A. It is only place where such details are kept.

Q. Have the letter press books that have been required about here been in your possession, or under your control?—A. They have not been in my possession or control.

V. E. GARY

Commissioner ANDERSON. Mr. Colburn, can you give us any light in regard to the custody of the stub check-books, or letter-press books, that have been alluded to?

Mr. COLBURN. None whatever. That matter is not in my line at all.

Commissioner ANDERSON. Do you know in whose line it would be?

Mr. COLBURN. No.

CALL FOR STUB CHECK-BOOKS, LETTER-PRESS BOOKS, AND ORIGINAL CHECKS.

Commissioner ANDERSON (addressing Mr. Cohen). We make a formal call on the company to produce its check-books containing the stubs of checks drawn on Fisk & Hatch, on the Fourth National Bank, Eugene Kelly & Co., and on Speyer & Co. between 1872 and 1880. In regard to the letter-press books, we also call on you to produce them for the same period, with this explanation, that if those books are very numerous, and you will let me know where they are, I will go personally and select such of the letter books as we may want. We also call on the production of the original checks pertaining to the stubs, for the same period.

10 WALL STREET, NEW YORK,  
Wednesday, September 25, 1887.

Mr. JOHN F. DILLON. I beg leave to read an official communication from your body, signed by T. J. Potter, vice-president of the Union Pacific Railroad Company. It explains itself, and is as follows:

COMMUNICATION FROM VICE-PRESIDENT POTTER, OF THE UNION PACIFIC, ON THE RELATIONS OF THE MAIN LINE TO ITS BRANCHES.

UNION PACIFIC RAILWAY,  
OFFICE OF THE VICE-PRESIDENT,  
Omaha, Neb., September 19, 1887.

To Messrs. PATTERSON, ANDERSON, AND LITTLE,  
United States Pacific Railway Commission:

Understanding that, at your session at Omaha, you had expressed a desire that officers of the Union Pacific Railway would submit written statements of their views on matters falling within the scope of your investigation, I have taken the liberty of offering you briefly some facts and suggestions which occur to me as having direct bearing on the relations of the subsidized, or main line, to its branches, and which have already been treated as an important matter of inquiry by you.

After the construction and successful inauguration of the Union Pacific Railway as a main or trunk line and the most important link in the chain of roads designed by the Government and people of this country, to permanently bind the Pacific States to the Federal Union, it became evident to the managers that the enterprise would not long continue self-supporting, if left dependent on the transcontinental traffic—between the Atlantic and Pacific coasts—for which it must compete with the cheaper transportation of the ocean, as well as other transcontinental railways then projected. The company was compelled in self-defense, for self-preservation, to push out feeders, or branches, into sections capable of agricultural development, and into mining districts and the live-stock regions, from which a supporting traffic could be drawn to the main line, and, at the same time, occupy territory which would otherwise be invaded by competing railways. In this it was simply following the well-established policy of every large and successful system of railways in the United States. As the Illinois Central, the Burlington, the Northwestern, the Rock Island, and the Great Northern, have all within my personal knowledge that the Union Pacific has followed the example of other corporations in its policy of securing divisions of joint revenue which gives them a larger share than is accorded to the main line. I may add,

diction, that in most cases to which I have referred the allowances to branch and connecting roads have been more liberal than those made by the Union Pacific under its constructive mileage system. You will note that in the cases I refer to there is the same diversity in the divisions made as obtains on our line. This arises from the varying circumstances which surround each case, and which must be determined on its merits, without regard to others.

I know of no exact, arbitrary rule by which to determine in all cases the rate which the compensation of branches or connections should bear to trunk lines, and do not believe any such rule can be formulated. The whole situation in every case must be taken into account, and the conclusion arrived at should stand, or be varied only in the light of experience and by actual results.

When a new feeder is built into an undeveloped or partially developed section the manager should carefully estimate the volume of traffic and travel he can command for a given period; the average length of haul; the return loading for his cars; the grades to overcome; the best manner to utilize the power and equipment, and the forces necessary to man and operate his road at the least cost. His judgment, then, as to the relative ratio this branch should receive must be experimental and subject to change when the conditions change. But if this branch is so located that it can connect and sell its traffic to another and competing line, whatever that line would pay for the traffic should be the measure of its rights against the parent company, or should, at least, have great weight in determining them.

It seems to me this last consideration has been disregarded by the Union Pacific Company in fixing its present low divisions for some of its most important branches.

At the present time the Union Pacific Company operates nearly 5,000 miles of branches. Of these the constructive mileage divisions on about 350 miles are, in the following joint freight earnings,  $\frac{1}{4}$  miles to 1 mile of the main line; 500 miles,  $\frac{1}{4}$  mile to 1 mile; 1,000 miles,  $\frac{1}{4}$  miles to 1 mile; 125 miles, 2 miles to 1 mile.

If this method of dividing it will be observed that branches get this allowance only upon traffic actually interchanged with the main line, and only upon the actual distance it transports the property. It may have all the outlays incident to collecting, storing, loading, and switching, for a haul of 5, 10, or 20 miles against a possible haul of 500 or 1,000 miles over the main line, and if, by competition or for other cause, the main line is forced to reduce its rates on business interchanged with branches taking constructive mileage divisions, these branches must stand their pro rata proportion of such reductions.

Now let me direct your attention to a few of the many cases analogous to ours, in which branches are given special advantages on joint traffic by constructive mileage, percentage, or arbitrary divisions.

The Illinois Central allows its branches an "arbitrary" of 25 per cent. for any distance until the haul on the main and branch lines becomes equal, when the divisions are made pro rata per mile. Thus for a haul of 10 miles on the branch and 90 miles on the main line the branch would receive 25 per cent. of the joint rate, though its service represents only 10 per cent. of the total haul.

As the Illinois Central Company pays to the State 7 per cent. of its gross earnings, the same question was raised several years ago by the legislature that has been raised by Congress in respect to the Union Pacific and its branches. Under the impression that the Illinois Central management was favoring its branches for the purpose of reducing the gross sums from which the State received its 7 per cent., a legislative committee was appointed to investigate and report. After thorough examination, including the testimony of disinterested experts, the policy of the company in developing and sustaining its branch system was fully vindicated.

One of the complaints made in the State's behalf in this case was that the Illinois Central had improperly allowed a branch \$21.25 for its haul of 112 miles while taking for its main line \$5 for 51 miles "car haul," the through rate per car-load being \$25.25.

In its report upon this and other charges the committee says:

"This question of 'car haul' is one on which the committee had grave doubts as to its justice and fairness, compared with a due and proper regard for the interests of the State, if being entitled to 7 per cent. of the gross earnings of the Illinois Central Railroad on its lines in Illinois, as provided by its charter. But, after the most diligent and impartial inquiry and careful consideration, your committee have concluded that the fixed car haul rate of \$8 from Gilman to Chicago, a distance of 51 miles, is substantially a fair and just proportionate allowance to the main line in its earnings; and that a fixed car haul rate of \$1 is a fair and just proportionate allowance from Kankakee to Chicago, a distance of 51 miles.

"And such conclusion is based upon the following, among other reasons:

"First. As far as we could learn, and as shown by the testimony of other railroad managers who have no interest in the question, it is the universal rule of an auxiliary line to get a much larger proportionate share of the car haul rate than the main or trunk line, because the auxiliary line, or 'feeder,' has all the trouble and expense

of originating or producing the freight; they perform all the station service, switching and train service, and in many cases for only a short haul; whereas the main line has no extra train service, station service, or switching service, but simply adds it to their regular train, and, with little or no cost to them, deliver the car to its destination.

"Second. The auxiliary line that produces the business must and should have the greater per cent. proportionate to the mileage, for the reason that they have to keep up their track, station, and train service, with a comparatively small volume of business; whereas the main line requires but little if any extra track, train, or station service, to carry these through car hauls to their destination, and on account of their larger volume of business can afford to do it at a low rate.

"Third. We think it a fair rate for the reason that other roads offer to take the car hauls of the Gilman and Springfield to Chicago, from Gilman, at a fixed car haul of \$7 per car, and we think it best for the interests of the Illinois Central and for the State, that the Illinois Central proper should accept a car haul rate of \$8 per car for Chicago than to let the Gilman and Springfield road sell its business at Gilman to the Wabash at \$7 per car. In that event the Illinois Central proper would lose the \$5 per car on that business, and consequently the State lose its 7 per cent., or 56 cents on each car; and the same reasons and the same principles apply in the same way to the Milwaukee division.

"Fourth. We find, from investigation, that it is the practical experience of railroad men that these auxiliary lines will not pay operating expenses and interest on their bonds if they were required to do business with trunk or main lines on a strictly pro rata mileage basis."

Under a contract between the Chicago, Burlington and Quincy and the Burlington and Missouri River road in Iowa for the division of joint through rates on stock shipped from points 10 to 60 miles west of the Mississippi river to Chicago, at a through rate of \$50 per car-load, the Iowa "feeder" received \$23 for its short haul and the Burlington received \$27 for its haul of 207 miles to Chicago.

After the Burlington and Missouri River road was completed to the Missouri river and consolidated with the Chicago, Burlington and Quincy, divisions for interchanged traffic were established between the lines east and west of the Missouri river, by which the Burlington and Missouri River Company in Nebraska received 60 per cent. of the through rate for an average haul of 145 miles and the main line 50 per cent. for its haul of 468 miles. This concession was made because any competitor of the Burlington would gladly have purchased the traffic at that rate, and for the further reason that it was the settled policy of the Burlington management to supply sustain its pioneer branches and enable them to push into and develop new territory to feed the main trunk. And this, to my mind, is precisely the course to be pursued by the Union Pacific Company. The Burlington has now a system of branch lines west of the Missouri which earn for itself from \$4,000,000 to \$10,000,000 annually, besides contributing a vast amount of business to its lines east of the river. The same policy was adopted in respect to its Kansas City branch, which was allowed 40 per cent. of through rates on an average haul of 75 miles, the trunk line from Chicago taking 60 per cent.

I might cite many instances in which other strong corporations have built up extensive systems of auxiliary and feeding lines by similar liberal policy, but think it unnecessary to burden you with further details. I will only add two instances which have recently come to my knowledge on the Pacific coast.

The Oregon Railway and Navigation and Northern Pacific companies allow the Falgout branch a constructive mileage of 2 miles to 1, and the Northern Pacific has recently contracted to give the Oregon and Washington Territory Railroad a pro rata division on traffic to and from Tacoma, with an arbitrary added of 20 per cent. of its own revenue between Wallula and Puget Sound, or the equivalent of 14 miles to 1 mile in favor of the connecting road.

Having spent most of my active railroad life in connection with and in the midst of the development of these great "systems" of railway to which I have referred, and which have grown from single stems to vast aggregations of branches, each averaging from 3,000 to 6,000 miles of prosperous and successful railway, it appears clear to my mind that the surest, if not the only, way to insure the permanent success of the Union Pacific system is to pursue the same policy that has produced these results.

The small divisions allowed to some of its present branches hardly afford enough revenue to properly maintain their efficiency and discharge their fixed liabilities.

With the consent of the Government, the Union Pacific should support its feeders in the same liberal manner as its powerful competitors have and are now doing. This would bring to its aid private capital, if needed, to occupy rich sections of tributary country, swell the volume of business to the main line, and make more certain the final payment of its debt to the United States.

Respectfully submitted.

T. J. POTTER,  
Vice-President.

The CHAIRMAN. Have you anything else to add?

Mr. DILLON. I have a request to make, which I have put in writing because I think it is important enough to justify it, and, with your permission, I will read that.

Commissioner ANDERSON. A communication from whom?

Mr. DILLON. From myself, as counsel of the company. It is as follows:

COMMUNICATION FROM MR. JOHN F. DILLON.

[The Union Pacific Railway Company, law department. John F. Dillon, general solicitor. Office Broadway.]

NEW YORK, September 27, 1887.

To the PACIFIC RAILWAY COMMISSION:

GENTLEMEN: As representing the Union Pacific Railway Company, I make the following statement and request: As early as May last your investigations began in this city, and were devoted for some weeks constantly to an examination of the books, accounts, and methods of the Union Pacific Railway Company in this city. It was then resumed in the city of Boston, at the main office of the company, afterwards continued at Omaha and other places along the line of the railway company. In May the Commission issued a public circular, addressed in blank, wide distributed and published, stating in detail the lines of inquiry mapped out for it by the Commission by Congress, and concluding with the request that if the person receiving it has no information on the subjects mentioned in the circular he would refer it to persons who may possess such information. This circular was signed by the Commissioners. This request has been made public, and the whole world has been invited to appear as witnesses before the Commission. This invitation has been availed of here and elsewhere by scores of persons, among whom have been persons who have had business litigations or disputes with the company, and who have sought to use the Commission for personal and private ends. Everything anyone had to say, whether admissible by the rules of evidence or not—lies, gossip, rumor, idleness—has been received without objection by the company.

Immediately upon the Commissioners commencing their labors the question arose whether the company would avail itself of its legal rights and refuse to produce books, papers, or documents which would not be demandable in a regular judicial investigation; and the management of the company decided to interpose no obstacles or objections of any kind to the most thorough possible examination, and the Commission will hear witnesses that they have not. Accordingly the company has produced every book, paper, or document in its possession or under its control which has at any time been demanded by the Commission or by their experts. In Boston, where the main books and main archives of the company are kept, the company set apart for the use of the Commission a room in which a large corps of the assistants and experts of the Commission have been examining the books and papers of the company for more than one hundred days, with liberty to make extracts or copies therefrom *ad libitum*. It has been done *ex parte*; and now, on behalf of the company, I make the request that as a simple matter of justice, if anything has been found by the Commission which requires explanation, we shall be notified of the specific matter and be given an opportunity to make such explanation; and I am instructed by the company's management to say further, that if the Commission desires on any point any other information which is in the company's power to give, it will be glad to comply with its request.

Having gone through this long *ex parte* scrutiny, withholding nothing from the Commission, whether in the form of documents or in the personal examination of witnesses, the management of the company is, above all, most anxious that if the Commission wish for any other evidence or information bearing upon the company's affairs it will call for the same. For months, and even years, through the public press in Congress, and elsewhere, a demand has been made for an investigation of the company and allegations have constantly been put forth that it would lead to developments of a character most injurious to the company's interests. The company has always been aware that such would be the case, and routed investigation. An investigation of the most complete kind has now been made, and if anything can be done to make it more complete the company entreats the Commission to do it. In order that those who have made such allegation may produce such evidence, or, if they fail, they may hereafter hold their peace.

Furthermore, there are two points which the law creating the Commission specially directed them to inquire into. One of these related to the construction of the line, which, it was currently asserted, the company had operated in the *sneakers* rather than as feeders of the authorized line. The second related

are in the division of traffic which had been made to these lines. A large body of evidence has been placed before the Commission bearing on these points. The company is most anxious at this late stage of the investigation not to delay the Commission or encumber its record with unnecessary evidence. It is the opinion of the management that freedom to develop the system of the Union Pacific and to build branch lines in order to do so is vital to the salvation of that system and to the ability of the company to meet its obligations to the Government at maturity, or at any time subsequent thereto. Investigation on these points, therefore, goes to the very essence of the company's case. If the Commission desire, the company stands ready to produce other and further witnesses as to what is necessary in the construction of branch lines and what has been the practice generally in regard to allowances to such lines. The company will not bring forward this evidence unless the Commission desire it to do so. The company is satisfied that the evidence already adduced is entirely adequate to make out the company's case. The management therefore is willing to rest its case on the record as now made up. If, however, the Commission desire further or additional evidence on these points, the company stands ready to produce anything that may be called for.

Very respectfully, yours,

JOHN F. DILLON,  
General Solicitor Union Pacific Company.

Mr. DILLON. I understood that the Commission desired to close the testimony on Friday. We have witnesses that we can call in regard to branch lines. I am aware of your having devoted a large amount of time to that investigation. These witnesses would speak generally, I think, as to the practice of other railway companies and, perhaps, produce nothing but cumulative evidence on those points.

#### AS TO CALLS.

Commissioner LITTLE. Do you know whether the Union Pacific people have furnished all the calls we have made from time to time? [To Mr. Mink.] Do you know, Mr. Mink?

Mr. MINK. Not all. There are a few that we should like to put in.

Commissioner LITTLE. What calls have remained unanswered?

Mr. MINK. Some few calls for copies of contracts, one with the Western Union and one with the Pacific Hotel Company—one statement with reference to rebates and one as to cash receipts.

Commissioner LITTLE. And one as to aid from municipal and public bodies.

Mr. MINK. That is another. I think it doubtful whether you can get them all by Friday, but we will do our best. I think everything is ready except that one statement. Some of the statements are on the way from Omaha now.

#### AS TO MR. DILLON'S REQUEST.

Commissioner LITTLE. We can answer Judge Dillon to-morrow morning.

The CHAIRMAN. I have no objection to that.

Mr. DILLON. Mr. Potter is here and is anxious to return. He is one of the witnesses whom I should like to call if you wish to hear further testimony on the points I have indicated.

Commissioner LITTLE. Will to-morrow morning do for him?

Mr. DILLON. Yes; I will request him to remain.

#### MR. FRENCH HAS NO STATEMENT TO MAKE.

Commissioner ANDERSON. Do I understand that Mr. French desires to give any testimony to this Commission in regard to those money matters? I believe not.

Commissioner ANDERSON. I believe it appears on record that only in the investigation we invited Mr. French to appear before us and desired to hear what he had to say.

Commissioner LITTLE (addressing Mr. French). You say you have no desire to make any statement to this Commission?

Mr. FRENCH. No, I have not.

Mr. DILLON. I may say that the telegraphic relations of the company to the Government have been very fully investigated.

The CHAIRMAN. We want to get it on our record without putting in the printed record of the Congressional inquiry—the Warner report of the Forty-ninth Congress.

Mr. DILLON. There are two sides to that telegraph question. If Mr. Bates, who, I understand, is to be examined, goes into that matter I should want to present the other side.

10 WALL STREET, NEW YORK.  
Wednesday, September 28, 1897.

*Afternoon session.*

D. H. BATES, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. I am president and general manager of the Baltimore and Ohio Telegraph Company.

Q. How long have you been connected with that company?—A. Nearly four years.

Q. Were you before the Committee of the United States Senate and House of Representatives on Post-Offices and Post-Roads in March, 1896?—A. Yes.

Q. Who was chairman of that committee?—A. If I remember rightly, the chairman was Hon. James H. Blount.

RELATIONS OF THE AIDED ROADS TO THE TELEGRAPH SYSTEM.

Q. Did you give your testimony in regard to the relation of the aided railroads to the telegraph system?—A. Yes.

Q. Have you anything to add or to suggest other than that which you testified to before that committee?—A. No, sir; I think my testimony then given covers all that I might state in connection with that subject.

Q. Have you a copy of your testimony with you?—A. I have not.

Q. Have you a copy in your possession?—A. I have had it in my office, and think that I could readily get a copy.

Q. Have you read it over lately?—A. Yes.

Q. Will you produce to the Commission a copy of the testimony in that matter?—A. Yes, sir.

Q. Have you read the printed copy of your testimony in the report of the House of Representatives which I now hand you [handing a book to the witness], being a report of General Warner from the Committee on Post-Offices and Post-Roads. [H. R. Report No. 3501, 49th Congress, 2d session.]—A. Yes, I have examined this as carefully as possible.



Q. Can you say that that is a correct copy of your testimony before the committee?—A. Yes; that is a correct copy.

**TESTIMONY OF WITNESS IN THE WARNER REPORT PUT IN EVIDENCE.**

(The testimony of Mr. D. H. Bates before the Warner committee, above referred to, is offered as matter of record in this proceeding.)

Q. Have you anything further to suggest to the Commission in reference to the telegraph system in connection with the aided roads?—A. No; I think General Warner's recommendation and report covered the whole ground thoroughly.

Q. Have you any suggestions to make to the Commission?—A. No, sir.

By Mr. JOHN F. DILLON:

Q. There were other witnesses examined before that commission?—A. I believe there was, sir.

Q. Can you name some of them?—A. Dr. Norvin Green, vice-president, and Mr. John Van Horn, of the Western Union Telegraph Company. I think also W. D. Somerville, the superintendent of press transmission of that company; Mr. J. C. Reiff, and others whose names will be found in the copy before me.

Q. Have you examined the testimony of those witnesses as printed in this Congressional report?—A. Only very generally, not with any detail so as to warrant me in speaking of it.

Q. You have no reason to doubt that it is correctly reported, have you?—A. I have not; I think it is.

Mr. DILLON. I do not exactly understand whether you offer the whole report or only a part of it.

The CHAIRMAN. Only Mr. Bates's testimony. I will say that I have no objection to the whole report going in, but the report is offered specially with reference to Mr. Bates's testimony before that committee, so as to place the matter on record in our report.

**AS TO TESTIMONY OF DR. NORVIN GREEN AND OTHERS.**

Mr. DILLON. I may state that Dr. Norvin Green and others to whom Mr. Bates has referred are in the city, and if you will accept this as substantially their testimony before the committee in like manner as you did Mr. Bates's, I will offer it.

The CHAIRMAN. I am perfectly willing to do that.

Commissioner ANDERSON. So far as you know, the evidence as given in that report is correct?

Mr. DILLON. I was not present when it was given, but I have no doubt it is. It was taken stenographically.

Commissioner LITTLE. Does the act of Congress in relation to evidence make that evidence?

Mr. DILLON. I doubt whether any of it is in the nature of a judicial inquiry.

The CHAIRMAN. This testimony from the Warner report is not offered before this Commission as a matter of technical "evidence." It is offered as testimony taken by Congress in an investigation as to telegraph matters. The telegraph question in connection with the Pacific roads was thoroughly investigated by Congress and witnesses from all parts of the country were examined. This Commission simply desires to place on record the fact that the matter of the telegraph system in connection with the Pacific railroads has been placed before the Commission.

Mr. JOHN F. DILLON. General Swayne attended here this morning as representative of the Western Union Company, understanding that this inquiry was to be gone into. He expects to come this afternoon, there is any necessity for it.

Mr. LITTLE. The only object I had in my remark to you was to say that if the act of Congress in relation to evidence and depositions makes it testimony, the whole of it may be considered in evidence.

Mr. JOHN F. DILLON. I should prefer to offer it, and that you allow me to go through the book; and if you do not care to have the whole report come before you, let me put in such matter as I wish.

#### THE TESTIMONY ADMITTED.

The CHAIRMAN. It is only meant as matter to be placed on the record of the Commission so that we may inquire, as far as we possibly can, how far the railroad property reaches into the telegraph system, and whether there has been any violation of the law in reference to the contract made between the Pacific railroads and the Western Union Company, transferring this property out of the hands of the railroad company.

Commissioner ANDERSON. I move that it be received.

Commissioner LITTLE. I second the motion.

The motion was agreed to.

#### A STATEMENT BY MR. JOHN F. DILLON AS TO THE TELEGRAPH.

Mr. JOHN F. DILLON. If you will consider me as under oath, I will make a brief statement that will be useful to the Commission, and without that you will find great difficulty in understanding the exact state unless you read that report. There have been quite a number of litigation between the Western Union and other companies, and the Union Pacific and the Kansas Pacific companies, which have had the effect of defining the status of the telegraph lines and the rights of the Pacific railroads with some degree of accuracy. I state what I understand to be the result. The Union Pacific Company, under its charter, which was to build a railroad and telegraph line, built, as I understand it, on the Union Pacific line proper, between Omaha and Ogden, a telegraph line of its own, which is there to-day on one side of the track.

#### CERTAIN RAILROAD COMPANIES AUTHORIZED TO ENTER INTO ARRANGEMENTS WITH CERTAIN TELEGRAPH COMPANIES.

The nineteenth section of the act of 1862 contained a provision that—

The several railroad companies herein named are authorized to enter into an arrangement with the Pacific Telegraph Company, the Overland Telegraph Company, and the California State Telegraph Company, so that the present line of telegraph between the Missouri River and San Francisco may be moved upon or along the line of said railroad and branches as fast as said roads and branches are built; and if such arrangement be entered into, and the transfer of said telegraph line be made in accordance therewith to the line of said railroad and branches, such transfer shall, for all purposes of this act, be held and considered as fulfillment on the part of said railroad companies of the provisions of this act in regard to the construction of said line of telegraph. And, in case of disagreement, said telegraph companies are authorized to remove their line of telegraph along and upon the line of railroad herein contemplated without prejudice to the rights of said railroad companies named herein.

Now, at the date of the passage of that act, in 1862, as I understand it (this is matter of history), under several acts of Congress, which to some extent, subsidized the line from the Missouri River to the

Then, these three companies named in section 19, namely, the Pacific Telegraph Company, the Overland Telegraph Company, and the California State Telegraph Company, owned an independent line then in operation from the Missouri River to the Pacific Ocean.

#### UNION PACIFIC BUILT ITS OWN TELEGRAPH LINE.

In regard to the Union Pacific road, between Omaha and Ogden, no such arrangement as this authorized to be made was entered into. It had been there would have been but one line of telegraph. The Union Pacific, between those points, built its own telegraph line.

Under the authority of section 19, and without any consent by or contract with the Union Pacific Company, these companies, whose rights have since been acquired by the Western Union, moved existing line of telegraph on to the right of way of the Union Pacific, where it now is. So that there exists to day two lines of telegraph on the Union Pacific Railroad: one built by the Union Pacific Company, and the other built under authority of this act of Congress by the companies therein named, to whose rights of ownership the Western Union Company has succeeded.

#### ATLANTIC AND PACIFIC LEASED UNION PACIFIC'S TELEGRAPH FRANCHISE.

I may say further, that long anterior to my professional connection with the Union Pacific Company, the Atlantic and Pacific Company obtained a lease from the Union Pacific Company of its telegraph franchise; it then perhaps being the owner of the other line, though I will not say that with certainty. It was decided by Judge McCrary, in an opinion which you will find reported in his reports, that that lease was *ultra vires*, but as the Union Pacific had received a large pecuniary consideration for it, namely, if my memory serves me rightly, a large amount of the stock of the Atlantic and Pacific, which they had sold, the Union Pacific could not be permitted to resume possession of the property until it had accounted for that on equitable principles, and reimbursed the Atlantic and Pacific Company, and the Western Union as its successor, and we were enjoined from taking possession of that telegraph line until such accounting.

Commissioner LITTLE. That case will be found in the Supreme Court reports, I presume?

Mr. JOHN F. DILLON. Yes.

The CHAIRMAN. That case is referred to in the report of the Warner committee.

#### UNITED STATES TELEGRAPH COMPANY GIVEN RIGHTS.

Mr. JOHN F. DILLON. On the 2d of July, 1864, if my memory serves me, the date of the passage of the amendatory Pacific Railroad act—Congress passed another act which I have been in the habit of calling the Idaho act, which gave to the United States Telegraph Company the same rights as those given by the original section 19 to these three companies; that is, the same rights in respect to the Kansas Pacific line that section 19 gave to these other companies in respect to the Union Pacific line. But there is this difference between the two cases: Congress, by the act of 1864, gave to the United States Telegraph Company, a corporation of New York, &c., the same rights given to these

three other companies in the original act of 1862, and under that authority (which you will find reported in Judge Miller's opinion, to which I will presently refer, and which was the basis of that opinion) the Kansas Pacific and the United States Telegraph Company (or the Western Union, its successor) entered into a contract by which the line of telegraph now on the Kansas Pacific road was constructed by this company, or jointly by it and the Western Union Company; and Mr. Justice Miller, when the litigation ceased in respect to it, decided that the authority to make such an arrangement given by the act of Congress justified the making of that contract and that it was neither illegal *ultra vires*, but valid.

#### KANSAS PACIFIC AND UNION PACIFIC ENJOINED FROM TAKING POSSESSION OF TELEGRAPH LINE.

The result of that was that he enjoined the Kansas Pacific and the Union Pacific, as its successor, from taking possession of the telegraph line on that road or doing anything in violation of that contract, which he held to be valid. That you will find in his opinion, which is printed in this compilation.

The CHAIRMAN. Yes; and it is in that report.

Mr. JOHN F. DILLON. The result of that was he sought to enjoin us when we sought to take exclusive possession of that road. If my memory does not deceive me, he also held that the terms of that contract by which the company was to do an exclusive commercial business were legal.

In that condition of things, after these adjudications, in both of which the Union Pacific Company was, substantially, defeated in the court, the existing contract between the Western Union Company and the Union Pacific Company was made. That appears in the report, and as I understand, the contract under which those companies are working to-day.

That is all the explanatory statement that I have to make.

Commissioner ANDERSON. Who represented the Union Pacific Company in the litigation before Judge McCrary?

Mr. JOHN F. DILLON. I did.

Commissioner ANDERSON. Who represented the Kansas Pacific in the litigation before Judge Miller?

Mr. JOHN F. DILLON. It was then consolidated, and the consolidation was represented by Judge Usher, myself, and the company's counsel. We made the best fight we could. The companies were hostile then.

The CHAIRMAN. You delivered an opinion that is quoted here concerning the transfer of that property at the time.

#### AN OPINION BY MR. DILLON CONCERNING THE TRANSFER.

Mr. JOHN F. DILLON. I am glad you have referred to that. The American Union at that time was a rival of the Western Union. Quite early in 1880, soon after the consolidation, the American Union Telegraph Company made a demand, the nature of which I infer from a copy of the opinion which Mr. Bradley and I gave, that the Union Pacific Company was bound to receive and transmit messages for the public for any other telegraph company under the penalties prescribed in the act of Congress. When that demand was made on the Union Pacific Company by the American Union, the Union Pacific Company consulted its counsel (Mr. Bradley and myself) as to its legal obligations, and

are the opinion to which you have referred. Acting on that opinion, the company undertook to seize possession of the line on the ground that the transfer to the Atlantic and Pacific and through it to the Western Union was *ultra vires*. Judge McCrary sustained that view of the matter so far as concerned the line which the Union Pacific built, but he also held that we should be restrained and enjoined from taking possession of it until we had repaid the amount we had received under the arrangement. In giving that opinion my attention, or Mr. Bradley's, was not directed to this 18th section of the act of Congress of 1862, nor did we know the rights which had grown up in favor of the Western Union Company under that. That was really the turning point of the litigation in the courts.

#### AMERICAN UNION AND WESTERN UNION CONSOLIDATED.

THE CHAIRMAN. What took place immediately after that decision of court; was there not a Union of all the companies?

MR. DILLON. Some time after that (I cannot recall the date) the American Union and the Western Union were consolidated.

MR. SWAYNE. In January, 1881.

MR. DILLON. General Swayne fixes the date as January, 1881. So a year after the giving of that opinion, the companies were consolidated.

THE CHAIRMAN. So that all the wires, whatever companies they may have belonged to prior to the consolidation, are now under one control—that of the Western Union?

MR. JOHN F. DILLON. No, sir; I do not so understand it.

THE CHAIRMAN. Was it not so found in the investigation in Congress by the Warner Committee.

#### WESTERN UNION DOES NOT CONTROL UNION PACIFIC'S TELEGRAPH LINE.

MR. JOHN F. DILLON. The existing contract between the Western Union and the Union Pacific is here. It shows, on the other hand, according to my understanding of it, that the Western Union does not control, on the Union Pacific road, the line of telegraph which the Union Pacific Company owns. Of course the Western Union controls its own line. The peculiarity of the situation, you perceive, is that the Western Union has a line of its own on the Union Pacific road. The Union Pacific road company has also a line of its own; and this existing contract is a contract for joint work and division of profits.

THE CHAIRMAN. Does the railroad company operate its lines for general messages, other than the railroad messages.

MR. JOHN F. DILLON. Yes. It receives messages from everybody. It had better get that detail from the company. But nobody that I know of has a message to any point at which there is a commercial office in the West, as I understand it, by the officers or agents of the Union Pacific Company.

THE CHAIRMAN. Are they known as the agents of the Union Pacific Company or of the Western Union Company?

MR. JOHN F. DILLON. As to the relations between the two companies, there is a provision as to how they shall be, but I think in most cases the agents are agents and employees of the railroad company.

THE CHAIRMAN. When the Western Union is to be paid for the service of the wires of the Western Union.

Company, under the contract, one-half of the receipts that are or annually accounted for by the Union Pacific Company to the Western Union, and paid over.

#### NO SURRENDER OF UNION PACIFIC'S WIRES TO WESTERN U

Mr. JOHN F. DILLON. I do not understand that there has been such surrender, or any surrender, of the wires of the Union Pacific to the Western Union.

The CHAIRMAN. I call your attention to the fact that some of the receipts in Omaha consisted of amounts, from time to time, paid by the Western Union Company to the Union Pacific in consideration of the contract to which you have referred.

#### PROVISION FOR A DIVISION OF EARNINGS.

Mr. JOHN F. DILLON. There is a provision here for a division of earnings (I cannot state what it is) of the two lines. I may refer to the matter of that contract of July 1, 1881, that Mr. Erick L. Ames, as a representative of the Union Pacific, had it made, and, although I had a general relation of counsel to the Union Pacific Company in the matter of that contract, I notified the Western Union that I acted for the Union Pacific Company. This contract recognizes the existence of these various litigations—unsettled litigations really. Those suits were never pressed to final decision; and at the moment this contract is terminated, by its provisions, these are the original rights of the Western Union and the Union Pacific.

#### POWER OF UNION PACIFIC TO MAKE CONTRACT WITH OTHER WESTERN UNION.

The CHAIRMAN. Under the contract would it be within the power of the Union Pacific to make a contract with any telegraph company other than the Western Union, east of the Missouri River, for the passing of messages?

Mr. JOHN F. DILLON. I have not read it for a long while. I know whether there is any prohibition—whether this is an express contract—or not.

The CHAIRMAN. As a matter of fact, would they not be compelled to the Western Union for the purpose of making any arrangement?

Commissioner ANDERSON. Read section 3.

Mr. JOHN F. DILLON (reading):

SEC. 3. The railway company, so far as it legally may, hereby grants and conveys to the telegraph company the exclusive right of way.

#### NO OTHER COMPANY HAS LEGAL RIGHT TO DEMAND SAME COSTS AS WITH UNION PACIFIC.

"So far as it legally may," no farther. I may say that since the Supreme Court of the United States has decided in two cases, that no other telegraph company has any legal right to the Union Pacific Company, "You have made a certain contract with the Western Union Company, and we come to you and demand that you shall make a like one with us." I refer to the case from the

of the Denver and New Orleans Railroad Company, and also to the more recent case in the Supreme Court of the United States, known as the "Express case."

Commissioner ANDERSON. You mean it is reported in the Supreme Court reports.

Mr. JOHN F. DILLON. Yes.

Commissioner ANDERSON. Could you give us the volume?

Mr. JOHN F. DILLON. I will supply it to you. That was the point in those cases. You can readily see, gentlemen, that that must be

We own that property. You have a mortgage on it. You are the tenant. Here are rival lines of telegraph. We own one and a private telegraph company own the other. Now, the act of Congress is that we may make such arrangements as we see fit. If they are arrangements they hurt nobody. That is the contract, and the Baltimore and Ohio or any other company has no legal right to go to the Union Pacific and say, "You have got to duplicate with us your contract with another company."

#### UNION PACIFIC OBLIGED TO TRANSMIT ANY COMMERCIAL MESSAGE.

Commissioner ANDERSON. In regard to what you have stated with reference to the Union Pacific Company having its own line, the power of operating it, and the practice of receiving the railroad company's messages, I call your attention to the second section and the fourth Article:

"If the railway company further agrees that the employees shall transmit over the line owned, controlled, or operated by the parties hereto, all commercial telegraph messages offered at the railway company's offices, and shall account to the telegraph company exclusively for all such business and the receipts thereon, as provided

So that if you do any business over this line it is for account of the Western Union.

Mr. JOHN F. DILLON. This makes it obligatory on us to transmit any commercial message, to do our whole duty to the public. Then the receipts coming from that are disposed of by later provisions of this contract, by which, upon some basis, they are divided between the two companies. The only question that can possibly arise under the provisions is whether the Union Pacific is getting a fair proportion of its receipts, so as to make it a fair contract to its stockholders and the Government.

Commissioner LITTLER. What do you know about that?

Mr. JOHN F. DILLON. I only know that the Union Pacific think it a very advantageous contract for us. I, of course, have no personal knowledge.

#### OPERATION OF TELEGRAPH LINES BY LAND-GRANT ROADS.

The CHAIRMAN. At page VII of the Warner report the committee say:

"Do the land-grant roads now maintain and operate telegraph lines as they operate their roads, affording equal facilities to the public in general, or do they not? The evidence presented to the committee seems conclusive that they do not, but, on the other hand, that they have entered into contracts with the Western Union Telegraph Company by which said company does most of the business for the roads themselves and practically the entire commercial business done over the lines stretched along the land-grant roads. Copies of these contracts will be found in the appendix to the report. These contracts are exclusive in their nature, and practically place the entire conduct of the business between the Atlantic and Pacific States in the hands of one telegraph company."

Further on in the same report the committee say :

The right of the Western Union Telegraph Company, or any other telegraph company, to construct and operate telegraph lines from the Missouri River to the Pacific, and to erect poles on the right of way of the railroad companies, upon terms to be agreed upon between the parties, does not arise in the case under consideration, which is simply and solely whether or not the land-grant railroads do maintain and operate for the use of the Government and the public, with equal facilities and rights to all, telegraph lines as required in the several charters and grants constituting contracts between said companies and the United States. Your committee finds that telegraph lines are not maintained and operated as railroads are, nor, in the opinion of your committee, as was contemplated in the acts making the grants, but, on the other hand, that some or all of said companies, or their successors, have, in violation of the true intent and meaning of said acts, transferred to the Western Union Telegraph Company the use and operation, in whole or in part, of the telegraph lines properly belonging to them, and the exercise of their telegraph franchises, thereby impairing the lien of the United States on the property of said companies, as well as preventing the public use of such telegraph lines.

Mr. JOHN F. DILLON. That report shows on its face that the members of the committee who made it are not acquainted with either the statutory or the adjudged rights of the respective parties.

Commissioner ANDERSON. Without referring to any question of rights, is it not true that the actual results of the arrangements which have been made leave the complete and exclusive control of the telegraph business in the hands of the Western Union?

Mr. JOHN F. DILLON. I do not so understand it.

Commissioner ANDERSON. I mean the practical control. Does any other company forward any messages?

Mr. JOHN F. DILLON. As respects the Kansas Pacific line, it is adjudged by Mr. Justice Miller that the company built it and have the exclusive right to do a commercial business upon it.

Commissioner ANDERSON. Not exclusive of the Kansas Pacific Company itself?

Mr. JOHN F. DILLON. I think that is his decision.

Commissioner ANDERSON. Exclusive of the railroad company?

Mr. JOHN F. DILLON. Exclusive of the railroad company, because that was the contract, and he says it was valid. I want you to read that opinion.

Commissioner ANDERSON. If that is the scope of the decision, of course they do the exclusive business because the courts say they are entitled to it.

#### A VERY GOOD CONTRACT.

Mr. JOHN F. DILLON. We think we made a very good contract, which we get part of the commercial receipts of that road. I do not know what Mr. Bates testified before the Warner committee, but I understand at that time the Baltimore and Ohio was not within hundreds of miles of either terminus of the Union Pacific road, either at Kansas City or at Omaha. The point in dispute is this, I think: There is a pretense that any message tendered either by any individual or by the Baltimore and Ohio Telegraph Company, or any other telegraph company, is not received and transmitted on the same terms that it is received and transmitted for anybody else. Mr. Bates does not say that that is the case. But the point in controversy is whether the Baltimore and Ohio Company, or any other company, has a right to come up to Omaha and Kansas City and say to us, "You have made one contract with the Western Union Company. You have got to duplicate that contract, and make it with us."



Commissioner ANDERSON. You say, if I understand you, that Judge went further, and said (and that I cannot understand) that the act which the Western Union Company had acquired under the act of Congress and by purchase from the companies enumerated, were exclusive of the right of the railway company.

#### DISTINCTION TO BE Borne IN MIND.

JOHN F. DILLON. No; I say that on the Kansas Pacific (you keep the distinction in mind) there never was more than one line, and that was built jointly by the railroad and the telegraph company. A provision of that contract was that the telegraph company should have the exclusive right to do commercial business, and Mr. Miller said that that contract was authorized and was valid. The Union Pacific line each of these companies has a line of its own, they have made, under the act of Congress (the eighteenth section of act of 1862), the contract of 1881, an arrangement in regard to this new which we say that committee was not justified in reporting as unauthorized. The committee's report is in that respect in teeth of the adjudications on that subject.

Commissioner LITTLE. What action of Congress, if any, followed report?

JOHN F. DILLON. I am not aware of any.

CHAIRMAN. A bill was presented. That was all. It was not put into law.

#### INCONSISTENCY OF OPPONENTS OF UNION PACIFIC.

JOHN F. DILLON. It is only another instance of the inconsistency of opponents of the Union Pacific Company. In one breath they say, "You owe this debt to the Government, and you must pay it to the Government." In another breath they say, "This is public property and if you make a contract with one person you must make a similar contract with every other person." That is a principle that no one can think of applying to the New York Central, or any other rail-

#### THE ARRANGEMENT A CESSION TO THE WESTERN UNION COMPANY BY THE UNION PACIFIC OF ALL TELEGRAPH PRACTICE.

Commissioner ANDERSON. Omitting all questions of the relations of the Government as a creditor, and simply for the purpose of ascertaining whether what the Union Pacific has done is or is not in violation of the law under which it was chartered, please tell me, in regard to that road, whether there was a separate railroad telegraph and whether the arrangement which you have made is not, substantially, a cession to the Western Union Company of all practice on part of the railroad company to operate its telegraph line?

JOHN F. DILLON. I answer that, by the very provisions of the act to which you called my attention, the stipulation is that the company should do a commercial business, and do all that is offered. My understanding of the practice under that contract is that it conforms to the provision, but I have no personal knowledge on that point. I have to get that from either the railroad officers or the officers of the Western Union Company.

10 WALL STREET, NEW YORK,  
Wednesday, September 23, 1881.

**JAMES MIDDLEDITH**, being further examined, testified as follows:

By Commissioner **ANDERSON**:

**Question.** At the close of your examination heretofore taken, you were asked whether you had any suggestion to offer as to what, in your judgment, ought to be the terms of adjustment between the United States and the Pacific Railroad Companies. To that question you answered that you would submit your views within two or three months. Have you any views to submit to the Commission on that question?

**Answer.** I have not got them ready, but I will submit them.

**Commissioner ANDERSON.** We are unable to wait much longer.

#### **MISREPRESENTATIONS OF THE NATURE OF THE GOVERNMENT LIEN**

**The Witness.** You can have them in the course of a couple of days. I submit to this examination at the request of the chairman, simply to show the nature of the bills presented to the last Congress, to show where they failed to do justice to the Government in the matter of expropriation, and to expose the misrepresentations that have been made as to the nature of the Government lien, as far as I am able.

#### **GOVERNMENT LIEN EXTENDS OVER ALL BRANCHES OF UNION PACIFIC**

By the **CHAIRMAN**:

**Q.** What are the misrepresentations to which you refer?—**A.** In the first place I hold that, according to the Thurman act, the Government lien extends over all the branch lines that have been constructed out of the proceeds of the income of the Union Pacific Company's undivided line, or any of its properties or assets used in that way; because under the Thurman act, the property and assets and the income of the Union Pacific Company are held for the lien of the United States; and in any shape that they have since taken must, of course, be subject to that lien.

**Q.** On what do you base your views that you have just given to the Commission?—**A.** On the words of the law.

**Q.** What words of the law?—**A.** I could not quote it literally.

By Commissioner **LITTLE**:

**Q.** I understand that you propose to submit your views in writing to me?—**A.** Yes; I will do so.

**Q.** When can you do that?—**A.** I can give them to you in the next of a couple of days.

By Mr. **JOHN F. DILLON**:

**Q.** What is your business?—**A.** I am living on my income.

**Q.** Are you a lawyer?—**A.** No, sir.

**Q.** You do not hesitate to give an opinion as to the legal construction of the act of Congress?—**A.** No.

**Q.** Were you summoned to attend here before?—**A.** Yes.

**Q.** Did you receive a circular from the Commission inviting you to come?—**A.** I received a summons by messenger O'Mara, I think.

**Q.** Your opinion is that if you have a mortgage on my house, lot &c. and you are not satisfied with the mortgage, all you have to do to

and it is to say, "I will extend this mortgage to lot 9"—A. No; nothing of the kind.

Q. Has the Government any more power than an individual to create a lien?

The WITNESS. Will you be kind enough to read that law of 1878?

#### SCOPE OF THE ORIGINAL LIEN.

Q. How extensive was the original lien of the Government?—A. It covered the railroad, the telegraph, and the lands to a certain extent.

Q. What part of the railroad?—A. The line between Omaha and Ogden.

Q. What part of the Kansas Pacific?—A. The eastern half, I think. It is about 1,400 miles, I think, altogether.

Q. That was the limit of the original line, was it?—A. Yes.

#### LIEN EXTENDED BY THURMAN ACT.

Q. In what way was the lien extended?—A. By the Thurman act, which has been determined by the decision of the Supreme Court.

Q. There was no question of lien in the case, was there?—A. Yes.

Q. Are you sure of that?

The WITNESS. Will you be kind enough to read it?

Q. Was there any question in the Thurman act case as to whether the lien extended to any particular property or not?—A. The Union Pacific, as I understand it, appealed from the Thurman act—appealed from the jurisdiction of Congress to extend its lien. The Thurman act was confirmed, and that lien was extended.

Q. And that is the basis of your judgment that the Supreme Court has decided that the Thurman act extended the lien?—A. I should think that ought to be final.

Mr. JOHN F. DILLON. That is all I have to ask the witness. It is about as useful as most lay opinions are on matters of law.

By the CHAIRMAN:

Q. When did you first make yourself acquainted with questions affecting the Pacific railroads?—A. In 1885.

#### A GOOD CHANCE FOR A REFORM PRESIDENT TO MAKE DEMOCRATIC CAPITAL.

Q. What were your associations with railroads then?—A. A neighbor of mine, Mr. Coudert, was appointed Government director, and I incidentally told him I would look up the Union Pacific. I looked it up and found, in my judgment, a violation of the laws of 1873 and a diversion of the assets of the road, and presented those facts to Mr. Coudert; and I thought it would be a good chance for a reform President to make Democratic capital out of it, and I presented it to Mr. Cleveland.

#### JUDGE EDMUNDS SAYS UNION PACIFIC REPEATEDLY VIOLATED THURMAN ACT.

If Judge Dillon has any doubt as to whether I am wrong or not I can refer him to an authority that stands very high, that confirms my views as to the violation of those laws, namely, Judge Edmunds. In the debate in the Senate, on February 25, 1887, on the bill to which this session owes its origin, he will find that Judge Edmunds:

Union Pacific Company has repeatedly violated the provisions of the Thurman act, violations which the preceding Administration, though Republican, had not punished. He will also find that by the Thurman act the Government is entitled to interest on the advances made on coupons of the subsidy bonds. In both bills presented to Congress for the settlement of this debt that has been omitted. In the Outhwaite bill, the Union Pacific Company has been credited with \$2,000,000 on its partial payments, which the Hoar bill omits. The Outhwaite bill makes the indebtedness of the Union Pacific \$52,000,000, while the Hoar bill makes it \$54,000,000.

Commissioner ANDERSON. I suggest that Mr. Middledith embody in his written communication to us any errors of computation or calculation that he may have discovered.

The WITNESS. I simply say it is known that the Union Pacific pays 5, 6, 7, and 8 per cent. on its mortgages and has even professed to earn 4 or 5 per cent. on its stock. I had a computation made by Professor Elliott, the Government actuary, at Washington, of what would be the difference between extending the debt on the Outhwaite plan and 5 per cent.; and the difference which the Government loses by accepting settlement of 3 or 3½ per cent. is \$111,000,000. In other words, even giving the company such an extension, they are getting a fresh subsidy from the United States greater than the debt.

As far as questions of law are concerned, I believe the Judiciary Committee decided against Mr. Dillon on the matter of the necessity of the indictment of these gentlemen who have violated the law of 18-7 although the bill was simply reported favorably to the House. It never came to any question.

#### WITNESS BELIEVES IN AN EXTENSION.

Q. Have you considered the question of the adjustment of the debt to the Government on the basis of extension?—A. Yes, sir; I believe in making an extension of the debt. I do not believe in crippling the companies in any way.

Q. Will you submit to the Commission, in writing, your statement of it?—A. Yes.

Q. Have you considered the question of the settlement of the debt with the Government on the basis of an immediate settlement?—A. I have not.

Commissioner ANDERSON. A cash settlement.

The WITNESS. You mean the amount that would be proper to pay?

The CHAIRMAN. I mean an immediate settlement, whether cash or otherwise, provided it be immediate.

#### INTEREST PAID BY GOVERNMENT LUMPED IN COMPUTATION.

The WITNESS. I have not. I would like, before leaving the question of bills, to say something about how this Outhwaite bill was prepared. The Government has paid annually the interest on those bonds since 1867; \$2,000,000, for instance, in 1867, and \$2,000,000 in 1868. Every one of those \$2,000,000 has been lumped in computation, and instead of the Government getting interest on it, the whole has been thrown forward to 1907 and discount deducted from their payments made twenty years before.

Commissioner ANDERSON. That seems to have been a legitimate conclusion from the decision of the Supreme Court, holding that the interest was not intended to mature until 1907.

The WITNESS. But I can give you an opinion of Senator Edmunds differing from that.

Commissioner ANDERSON. The Supreme Court has given an opinion on that point.

The WITNESS. It has never been tested.

#### AS TO PLAN OF SETTLEMENT.

Commissioner LITTLER. Will you give us your views as to the settlement of the debt of the Union Pacific Railroad to the Government?

The WITNESS. Yes.

Commissioner LITTLER. And your reasons for entertaining those views?

The WITNESS. Yes.

The CHAIRMAN. When will you be prepared to submit your statement?

The WITNESS. I will give you that in two days.

The CHAIRMAN. I understand you are prepared to submit, first, your views as to an adjustment of the debt by the method of extension; and second, a statement containing your views upon an immediate settlement.

The WITNESS. That I cannot do. I will give you what I think will be the cash value of the debt.

The CHAIRMAN. Then I understand you will submit a statement containing your views on the bills.

The WITNESS. Yes.

The CHAIRMAN. I mean by an immediate settlement the plan devised under the Thurman act—a settlement by which the Government shall surrender its interest in view of a consideration that is to be given by the companies. I should like to have your views as to methods of adjustment on that basis.

The WITNESS. I understand, sir.

#### INVESTIGATED UNION PACIFIC ON HIS OWN ACCOUNT.

By Mr. DILLON:

Q. When was your attention first directed to the Union Pacific Company?—A. In 1885.

Q. By whom?—A. By myself.

Q. Without any suggestion from anybody?—A. Without suggestion. I can shorten your examination by saying I am under oath, and that I have acted in this matter for no one but myself. I think that will satisfy you.

Q. You took it up on your own account?—A. Exactly.

REPORTED HIS CONCLUSION, SUCCESSIVELY, TO MR. CONDERT, COL. GEORGE LAMONT, MR. HENLEY, SENATOR MACPHERSON, AND THE NEW YORK WORLD.

Q. You made some investigation. To whom did you report the results?—A. First to Mr. F. R. Condert.

Q. Did you ever report that to any one else?—A. When he did not do anything to do with it, I went to Lamont.

Q. And to whom else?—A. To Mr. Henley.

Q. Why did you go to Mr. Henley?

A. I knew he was an

Q. Are you an anti-monopolist?—A. To a certain extent; yes, sir, I believe in making monopolists conform to law as well as poorer citizens.

Q. To whom else did you report that?—A. To Senator McPherson.

PUBLISHED HIS STATEMENT IN NEW YORK WORLD.

Q. Who else?—A. When I found that Mr. Cleveland would not do anything with that, I presented one statement to the New York World.

Q. A communication?—A. Yes, sir; to get the benefit of public opinion.

Q. How was that headed?—A. I could not tell you now.

Q. Was it a communication?—A. I hardly knew that it was. It was simply a statement founded on the reports of the Union Pacific Company.

Q. Did you prepare it yourself?—A. I did, sir.

Q. Was it printed as you prepared it?—A. I think it was, with several slight mistakes.

Q. Did that appear in the form of a communication over your own signature?—A. It did not.

NOT PRINTED AS AN EDITORIAL.

Q. Did it appear in the form of a communication at all, or did it appear in the form of an editorial?—A. It was not an editorial; it was printed on one of the side pages.

Q. Were you a correspondent of the World?—A. No.

Q. Where was that prepared?—A. It was to force public opinion to take notice of the issue.

Q. Was that prepared in Washington?—A. Yes.

Q. Was it sent in the form of a communication from Washington?—A. No; I gave it to Mr. Crawford, whom I know.

Q. Did you ever prepare more than one article for the World?—A. Two, I think, were the utmost.

Q. Did you ever prepare any for any other paper?—A. No.

Q. Did you ever have any conversation or report the result of your conversation to any one here in New York?—A. No; on the contrary, I refused to do so.

Q. You stated broadly this afternoon that the Union Pacific Company had violated the act of 1873.—A. Yes.

PARTICULARS OF UNION PACIFIC'S VIOLATION OF THE ACT OF 1873.

Q. I wish you to specify the particulars, and how you know it?—A. I should say that it violated the law in issuing collateral trust bonds on various dates, and in issuing the \$10,000,000 of stock. I think that in doing the Oregon Short Line bonds was a violation of the law of 1873. The indorsement of the Saint Joseph and Grand Island bonds was a violation of the law of 1873.

Q. Does that complete the catalogue of violations known to you?—A. There may be more.

Q. When, therefore, you said that the Union Pacific Company had violated law you meant that it had issued this stock, had issued the collateral bonds and made these guarantees; that is what you meant, is it?—A. Practically, yes.

Q. You also stated, if I understood you rightly, that the Union Pacific Company had violated the Thurman act. Will you be kind enough to specify in what particular it has violated the Thurman act?—A. I quoted Judge Edmunds as saying that.

#### AS TO VIOLATION OF THE THURMAN ACT.

Q. So that, so far as you know, of your own knowledge, there has been no violation of the Thurman act by the Union Pacific Company?—A. I am not prepared to state that. I simply quote what Judge Edmunds said in reference to that act.

Q. What did he say?—A. That the Union Pacific Company had repeatedly violated the Thurman act.

Q. In what particular?—A. He did not state. His remarks will be found in the Congressional Record of the 26th of February, 1887.

Q. You feel perfectly justified in making a positive statement and repeating it here?—A. He said that their attention had been drawn to it, and that they had taken some action in reference to the Union Pacific, and the result of that was that \$700,000 or \$800,000 had been paid into the Treasury of the United States by that company.

#### THINKS MR. DILLON WRONG.

Q. Are you aware of the fact that the Union Pacific Company is not in default one dollar under the Thurman act or any other act of Congress?—A. I think you are wrong, sir. I think it has violated the law of 1873, and if the laws were executed, that the situation would be very different.

Q. I repeat the question, whether you do or do not know whether the Union Pacific Company is or is not in default, under the Thurman act or any other act of Congress?—A. I presume they have paid all that those acts require. The Commissioner of Railroads told me the peculiar method in which Mr. Adams prepared the return of earnings of the Kansas Pacific road, dividing the earnings by two instead of taking the proper proportion of earnings belonging to the subsidized road; and I see by one of his late reports that that makes a difference of \$16,000 in one year, which the United States ought to have received.

Q. That is, the earnings of the Kansas Pacific were divided on the mileage basis instead of on your basis?—A. Yes.

Q. Do you know that the Supreme Court of the United States said that that might be done?—A. I know that the road has complied with General Johnston's demand in the last instance.

Q. I want to know who it was that made a suggestion to you here?—A. It was a friend of mine.

Q. Will you give me his name?—A. No, sir; I will not.

#### OUTSIDE SUGGESTIONS TO WITNESS.

Commissioner ANDERSON. What is it you want, Judge Dillon?

Mr. JOHN F. DILLON. During his examination a gentleman made a suggestion to him in relation to his answers. I now ask the witness what it was, and he declines to give his name.

The WITNESS. I simply tell you that the gentleman knows nothing about the Union Pacific.

Q. What did he say to you?—A. He said to "look out for that question." That is simply all.

The Commission then adjourned till Thursday, September 29, 1887, at 10 a. m.

111 WALL STREET, NEW YORK,  
Thursday, September 29, 1887.

THOMAS M. NORWOOD, being duly sworn and examined, testified as follows:

By the CHAIRMAN:

Question. Where do you reside?—Answer. In Savannah, Ga.

Q. Were you a member of Congress?—A. Yes, sir.

Q. During what years?

The WITNESS. You mean my present term?

The CHAIRMAN. No; your past terms.

A. I was in Congress from 1871 to 1877.

Q. Subsequently?—A. Subsequently I was a member of the Forty-ninth, and am now of the Fiftieth, Congress.

Q. During what years, if you recall them?—A. From March, 1871, to 1877 I was in the Senate; from March, 1886, up to the present time, I have been in the House of Representatives, and have been elected to the Fiftieth Congress.

#### A STATEMENT CONCERNING A PUBLICATION IN THE NEW YORK WORLD.

The CHAIRMAN. I understand that you desire to make a statement to the Commission concerning a publication in the New York World.

The WITNESS. Yes.

The CHAIRMAN. The Commission will be glad to hear you.

The WITNESS. I wish to inquire, first, if the statement made by the World, which I have in my hand, and which I suppose has been before the Commission during this investigation, is admitted to be correct as far as the Central Pacific Company recognizes it? In other words, does the company question the statement here as taken from the books in the Treasury by the World?

The CHAIRMAN. Mr. Cohen can probably answer as to the position of the company on the question of that publication.

Mr. COHEN. Mr. Norwood, I have never seen the matter concerning which you are about to testify, until a minute ago, and I do not know where the paper got its information from. I have never compared anything that appears there with the books, therefore I am not in a position to answer.

The CHAIRMAN. I will state on the part of the Commission that all the items published in the World by their dates, amounts, and names were verified by the accounts, as far as possible, of the Central Pacific Company, upon a call for the vouchers there published, and upon an examination the Commission is satisfied that the publication of the items is correct as set out in the World, from the vouchers of the Central Pacific Company.

#### AN ERROR IN REGARD TO WITNESS.

The WITNESS. The statement, then, that I wish to make is to correct an error in this account so far as it relates to me. The account is not correct. It sets forth that the Central Pacific Railroad Company paid me certain amounts of money at different dates indicated. That, I tell it, is an account rendered by the Central Pacific Company to the Government, of expenses incurred by that company in the settlement of its accounts with the Government under the Thurman bill. Is that correct?



The CHAIRMAN. This is a statement of unexplained accounts and vouchers prepared by Mr. French, and furnished to the New York World.

The WITNESS. Disallowed?

The CHAIRMAN. They were discovered in the audit and disallowed at the time of the investigation by Mr. French as auditor.

The WITNESS. As rendered by the Central Pacific Company?

The CHAIRMAN. Yes, sir. To what items in the publication do you refer?

The WITNESS. All of them; every item.

Commissioner ANDERSON. All those that contain your name?

The WITNESS. I refer to those containing my name; I know nothing about the others.

The CHAIRMAN. There appears an item dated July 2, 1878, "T. M. Norwood, \$1,000."

The WITNESS. Yes; you will find that the items run on from 1878 to 1879.

The CHAIRMAN. The other items are:

1878 Sept. 4. T. M. Norwood .....	\$1,000.00
Nov. 3. T. M. Norwood .....	1,000.00
Nov. 27. T. M. Norwood .....	500.00
1879 Jan. 17. T. M. Norwood .....	1,500.00
Feb. 16. T. M. Norwood .....	300.00
Feb. 25. T. M. Norwood .....	200.00
Apr. 14. T. M. Norwood .....	2,197.42
May 10. T. M. Norwood .....	800.00
July 10. (to Aug. 4) T. M. Norwood .....	1,283.30
Sept. 27. T. M. Norwood .....	800.00

The WITNESS. The total amount paid to me is not down there, but I believe that is the last item.

#### NEVER RECEIVED ANY SUM FROM CENTRAL PACIFIC.

Q. Do you recollect receiving from the Central Pacific Company such sums as are named there?—A. I never received any amount, at any time, from the Central Pacific Company.

Q. Were you at any time employed by the Central Pacific Company?—A. No, sir; in no capacity.

Q. Then if these charges or entries appear on the books of the Central Pacific Company in your name, they are clearly in error?—A. They are entirely a mistake.

Q. And do not refer to you?—A. Yes, they refer to me, I suppose.

Q. In what relation do they refer to you?—A. As counsel of the Southern Pacific Railroad Company. They are charged up as to the Central Pacific.

Q. How were you employed by the Southern Pacific?

The WITNESS. Shall I give a brief history of my employment?

The CHAIRMAN. If you please.

#### WITNESS'S CONNECTION WITH SOUTHERN PACIFIC.

The WITNESS. I left the Senate in March, 1877, and resumed my practice of law in Savannah. In May—I think it was—1878, I received communication from a friend asking me to come on to Washington. He wanted to see me on some important business. I went right and was introduced to Mr. Huntington, who told me that the Southern Pacific Railroad Company was in a contest with the Texas Pacific,

he wanted my services for that company. I engaged with him as counsel of the road, the principal work for me to do being to discuss the question among the people of the South as to the relative merits of the two roads; in other words, to advocate the building of the Southern Pacific Railroad. Mr. Scott was asking Congress for a subsidy—had been for several years. Mr. Huntington told me that the Southern Pacific Company wanted no subsidy. I entered on the work in the pursuance of this written contract, which I submit to the Commission.

#### CONTRACT WITH SOUTHERN PACIFIC.

The CHAIRMAN. Read it, if you please.

The WITNESS (reading):

[Office of the Southern Pacific Railroad Company of California, No. 9 Nassau street, C. P. Huntington, A. & A.]

NEW YORK, June 4, 1878.

Hon. T. M. NORWOOD,  
Savannah, Ga.:

DEAR SIR: The Southern Pacific Railroad Company of California desire your counsel and professional services, and offer you a salary at the rate of \$10,000 per annum, payable in equal monthly installments, the company, however, reserving the right to determine the engagement at any time not less than nine months.

Whenever you have to travel on business for the company your traveling expenses, including hotel bills, will be paid monthly on an account of the same being rendered at its office, No. 9 Nassau st., N. Y.

Please favor me with an answer to above and oblige, yours, very truly,

C. P. HUNTINGTON, A. & A.

I replied to this, from Savannah (a copy of which reply I have in my letter-book, but have it not here with me), accepting the terms offered in this proposition, and I entered upon the work for the Southern Pacific Railroad Company.

#### CHARACTER OF WITNESS'S WORK.

To give you an idea of the work that was done, I will say that when the legislature of Alabama was in session in the winter of 1878 and 1879 I found that the Texas Pacific Company, through its agents there, had a resolution reported by some committee of the legislature (I forget what committee, probably the committee on the railroad) favoring the Tom Scott system. I went there, and my going resulted in a public discussion between ex-Governor Watts, representing the Texas Pacific, and myself. The resolutions were referred back to the committee and never appeared again.

By Commissioner ANDERSON:

Q. What was this discussion between yourself and Mr. Watts—before what body?—A. The public, including members of the legislature of Alabama.

Commissioner ANDERSON. I mean was it before a committee.

The WITNESS. No, sir; it was at night, in the hall of representatives.

Q. You were not a member of that legislature, were you?—A. Oh, no.

#### JOINT DISCUSSION AS TO MERITS OF SOUTHERN PACIFIC AND TEXAS PACIFIC.

Q. I want to understand what this discussion was. Was it a private discussion between you and this gentleman, or an argument before a

legislative committee?—A. When I found that this resolution had been reported, I requested that I might be heard in behalf of the Southern Pacific Railroad, and the legislature gave us the representative hall one night for a joint public discussion between ex-Governor Watts and myself.

Q. A public discussion to which the whole committee, as well as the legislature, was invited?—A. Yes; everybody. Ladies were there. I had also another discussion with ex-Governor John O. Brown, of Tennessee, before the Chamber of Commerce of Charleston. I merely mention those as illustrations of the kind of work that I did. That was all the kind of work that I did as the representative of that company. In other words, I was not about Washington at all—had nothing to do with the company there. I told Mr. Huntington that I would not go to Washington on any account. My engagement ran through 1878, and I think probably all of 1879. The account paid me was the amount set forth in that contract. But the whole amount is not in this account published by the World. Though I have no data, no dates to show that the amounts paid me were received at the several times stated in the World, still I had no doubt whatever that they are the sums paid me by the Southern Pacific. I always gave my receipts to that company.

#### NEVER EMPLOYED BY CENTRAL PACIFIC.

Q. Were you ever employed in any capacity by the Central Pacific Railway Company?—A. No, sir. When I was introduced to Mr. Huntington he was the first man connected with the Central Pacific Company or the Southern Pacific Company that I ever knew. That was, I think, in May, 1878. I never had any connection with that company at any time.

Commissioner ANDERSON. Then I assume that the only way the items could have appeared in the Central Pacific accounts is that the service was rendered to the Southern Pacific Company and the charge made against the accounts of the Central Pacific.

The WITNESS. That is just what has occurred, so far as I know.

Q. Do you know anything in connection with that from which you can state as a fact that it was charged?—A. No, sir. I say the service was rendered to the Southern Pacific Railroad Company, and those items charged in there I have no doubt are the items that were paid to me by the Southern Pacific Railroad Company, because the Central Pacific Company never paid me a dollar. I never had any connection with it.

Q. At the time this contract of June 1, 1878, was made did you hold any public office whatsoever?—A. No; I had been out of public service from March, 1877, until that date; that is, about fifteen or sixteen months.

#### HOW ACCOUNTS WERE PAID.

Q. Will you please explain to the Commission how those payments were made to you from time to time?—A. Just as I called for them. Sometimes I would not render an account for simple expenses that had occurred under the latter clause of the contract. If I wanted money for my private use, or the expenses of my family, I would draw on them.

Q. To whom would you render the bills?—A. To Mr. Gates or Mr. Huntington.

Q. How were those letters addressed?  
to one  
of the other of those gentlemen.

Q. Was there any indication on the envelope besides the name of "Vice-president of the Southern Pacific"—or was the Southern Pacific Company in any way identified on the envelope?

The WITNESS. You mean in my letter?

Commissioner ANDERSON. Yes.

The WITNESS. None that I remember.

#### RECEIPTS GIVEN SOUTHERN PACIFIC.

Q. Did the Southern Pacific Company appear in the account as you rendered it, as the party who was debtor to you, on the face of the bill?—A. I always gave my receipts to the Southern Pacific. I made the bill to the Southern Pacific.

Q. Is it your recollection that the Southern Pacific Railroad's name appeared on the bill as made by you?—A. Yes.

Q. And these accounts were rendered to Mr. Gates or Mr. Huntington, at 9 Nassau street, New York?—A. Yes. Several times I remember being paid when I was in the office.

Q. At No. 9 Nassau street, New York?—A. Yes.

Q. How was the payment made—whether in bills or checks?—A. I have no distinct recollection, but my impression is that it was in bills. My recollection is that when I rendered an account (I never overdraw) for whatever amount was due, Mr. Gates would draw a check and then send it out, and, as a matter of convenience to me, have it cashed and give me the money.

#### PAID BY DRAFTS.

Q. That could not have been done in cases where money was remitted to you. When you were not in the city how were remittances made?

The WITNESS. You mean what was the form of the draft?

Commissioner ANDERSON. Yes.

A. When they remitted to me they always sent a draft; they never sent money.

Q. Do you remember how the drafts were signed?—A. I do not.

Q. They may have been drafts on local bankers, purchased here in New York—drafts payable where you happened to be?—A. Yes.

Q. Bought of bankers here in New York?—A. Yes. I suppose, by looking back over the books of the bank with which I kept my accounts in Savannah, I might find out how those checks were drawn.

Q. Do you remember, in any case, receiving a check from Mr. Huntington which purported to be a check on the Southern Pacific Company as distinguished from the Central Pacific Company?—A. I never drew in any way other than on the Southern Pacific Company.

Commissioner ANDERSON. I am addressing myself to what occurred on Mr. Huntington's side, as to the form of payment made by him, whether the checks or drafts received by you, according to your recollection, indicated in any case that they were drawn on funds of the Southern Pacific Company?

NOTHING ON DRAFTS TO INDICATE THAT THEY WERE DRAWN ON ACCOUNT OF ANY PARTICULAR FUND.

The WITNESS. I cannot say as to that, because there was nothing on the face of the draft that indicated that it was on account of any particular fund.

By Commissioner LITTLE :

Q. Was there anything in the signature which indicated it?—A. sir.

By Commissioner ANDERSON:

Q. In these cases of checks drawn by Mr. Gates in New York, where the Southern Pacific Company would have one bank account and the Central Pacific another, do you recollect anything in regard to the check drawn by Mr. Gates which would convey to your mind the fact that it was the Southern Pacific money that was being used and not the Central Pacific?—A. No, sir.

Q. You recollect nothing on that subject?—A. No; I do not think the checks had any earmarks of that kind at all.

Q. Have you any recollection as to these checks that Mr. Gates sent out and got cashed, as to what the signature to those checks was?—A. My impression is that those checks were signed by Mr. Gates.

Q. Is that impression distinct at all, in any way?—A. Not enough for me to state it as a fact.

Q. Do you remember whether the body of the checks was printed or not?—A. Yes, sir; printed. But I do not know on what bank.

MR. GATES DREW THE MONEY AND GAVE IT TO WITNESS.

Q. Do you remember whether Mr. Gates, after taking the check from the check-book, was in the habit of indorsing or putting his name on the back of it?—A. My impression is that the checks were drawn by him so that he could draw the money. My name was not indorsed on them. He drew the money and handed it to me. He might, at some time, have given me a check, but I do not remember about that.

Commissioner ANDERSON. I would state that Mr. Gates's statement of the general practice, as far as the Central Pacific is concerned, is this: That the funds here were drawn on checks signed by Mr. Huntington and printed, payable to the order of Isaac E. Gates, and then Mr. Gates, when he desired to use the money, would indorse the checks so made payable to him, and use them in that way. That statement would not indicate whether the check actually used was a Central Pacific or a Southern Pacific check. In either case the signature would appear to be the same.

NOTHING TO INDICATE WHETHER CHECKS WERE DRAWN ON CENTRAL PACIFIC OR SOUTHERN PACIFIC FUNDS.

The question I now address to you is, whether anything ever occurred in your interviews with Mr. Gates which enables you now to depose that the checks which were sent out in order to be cashed for your convenience were checks drawn on Southern Pacific funds or checks drawn on Central Pacific funds?

The WITNESS. Nothing whatever.

Q. You can give us no light on that point?—A. No, sir.

Q. Did you have any personal interviews with Mr. Huntington in regard to this employment?—A. My first interview was with him and with him alone.

Q. A personal interview?—A. Yes.

Q. Where?—A. In Washington.

Q. Had you, before that time, had any business connection with Mr. Huntington?—A. None whatever. I was introduced to him at that time by a gentleman who telegraphed.

Q. What is the name of the gentleman who introduced you to Mr. Huntington?—A. I do not know. I think his name was Gordon, of Georgia.

Q. Suppose the Southern Pacific Company paid to the Central Pacific Company a consideration in money, in return for which the Central Pacific Company agreed to pay out the operating expenses and other charges, including, for instance, these charges of yours, in behalf of the Southern Pacific Company, that arrangement would have to be examined before we could determine that there was anything improper in it?—A. Yes.

Commissioner ANDERSON. If I understand Mr. Cohen's position correctly, that these charges are intended to be justified under the lease, as my own memory of the lease does not bear me out, I would ask whether the terms of the lease imposed on the Central Pacific Company the duty of paying these particular obligations—if that is what Mr. Cohen claims?

Mr. COHEN. We will see about that, Mr. Chairman. I am not prepared to answer until I see the papers. There is this, however, to be said: The Auditor has rejected these items and they have been treated as money in the treasury, and the Government has received its part of it. It seems to me very idle to use up the time of the gentleman from Illinois, who wants to get home, in pursuing this line of questions.

Commissioner LITTLE. I am in no hurry, Mr. Cohen.

The CHAIRMAN. That does not alter the facts, however, of the attempt of the Central Pacific Company to make a charge against the Government of such an amount. The fact that the Central Pacific Company was not permitted to carry it out was not its fault, but in consequence of the attitude of the Government.

Mr. COHEN. I would like to discuss these matters with you at a future time.

The CHAIRMAN (jocularly). I would be glad to meet you at a public meeting.

Mr. COHEN. At any time after 6 o'clock in the evening.

#### NO FURTHER STATEMENT, MERELY AN EXPLANATION.

By the CHAIRMAN:

Q. Have you any further explanation or statement to make?—A. No; I merely wished to correct that statement, which was an error of somebody. Whether it was on the part of the World man who took the account from the books, or on the part of the gentleman who rendered the account, or on the part of the Central Pacific Railroad, I know not. The error lies somewhere between those three. That is why I asked in the beginning whether that account was recognized by the Central Pacific Company as being correct.

The CHAIRMAN. The account is correct. The books and vouchers were all examined and the amounts called off.

Mr. COHEN. And they are yet retained by the Commission, who refuse to return them.

The WITNESS. Then the error is by the Central Pacific Company. I would ask Mr. Cohen, counsel for the Pacific companies, whether this is Mr. Huntington's signature [referring to the contract he had produced]?

Mr. COHEN. We will admit that signature to be in Mr. Huntington's handwriting.

Commissioner ANDERSON. Can you tell us in whose handwriting the body of the letter is?

Mr. COHEN. No.

The WITNESS. My impression is that the body of it is in Mr. Gates's handwriting, but I do not know.

10 WALL STREET, NEW YORK,  
Thursday, September 29, 1887.

J. C. REIFF, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. In New York City.

Q. What is your occupation?—A. I am connected with the firm of Wertheim & Co.

Q. Is that a firm of stock brokers?—A. Yes.

Q. How long have you been connected with that firm?—A. Since 1881.

Q. In what capacity?—A. I have an interest in the concern.

**MADE A STUDY OF THE FINANCIAL CONDITION OF THE PACIFIC RAILROADS.**

Q. Have you given any special attention to the matters of the Pacific railroads?—A. Somewhat.

Q. To which railroad have you given most attention, the Central Pacific or the Union Pacific?—A. I never had any connection whatever in any way with the Central Pacific; I was connected for a number of years with the Kansas Pacific.

Q. What was your connection with the Kansas Pacific?—A. I was its eastern financial agent.

Q. During what years?—A. From October, 1866, until the early part of 1874.

Q. We are informed that you have made the subject of the financial condition of the Pacific railroads and their relations to the Government the subject of a study, and my question is whether that is so, and, if so, which road you have given most attention?—A. After the Kansas Pacific to the Union Pacific, because of its connection with that road.

Q. Have you investigated the affairs of the Central Pacific to any extent?—A. No.

Q. Between what years are you most familiar with the affairs of the Union Pacific and the Kansas Pacific?—A. During the years that I was connected with the Kansas Pacific, of course.

Q. From 1866 to 1874?—A. Yes.

**NOT A VOLUNTEER WITNESS.**

Q. Have you any special acquaintance with the management and affairs of the Union Pacific after 1874?—A. I can answer that as best as I can. In a general way I have. In some specific ways I have. I would like to say to the Commission that I do not know whether I can give them any information on the subjects into which they are inquiring. But I have read in the papers this morning what purports to be a letter addressed to the Commission yesterday by Judge Dillon. I would like to have it appear on the record that I do not come here as a volunteer witness. My relations with some of these gentlemen have been of a rather unfortunate character. I have already suffered considerably on account of their moneyed power and ill-will, and I do not wish to increase that load if I can help it.

Q. Whose money power and ill-will do you refer to?—A. Well, I suppose I refer to Mr. Gould. He is the "boss."

Q. Mr. Gould has at present no interest that you know of in the Union Pacific, has he?—A. Not that I know of; no.

Q. Do I understand your reluctance to volunteer information to arise from a disinclination to encounter more opposition in general matters?—A. No; I have given indications heretofore that I am not backward about that, although rather unequally matched.

HAS FOLLOWED THE EVIDENCE OFFERED BEFORE THE COMMISSION.

Q. We desire from you a full statement of all matters that you knew pertaining to our inquiry and resulting from such studies as you may have made of the Union Pacific system. You have followed, have you not, the general line of evidence that has been offered before this Commission?—A. As far as it has appeared in the papers.

Q. With regard to the transactions of the Union Pacific Company from 1874, we will say, to 1883, have you not examined their reports and obtained all information which was in your power, and reached certain conclusions in regard to the matters connected with the declaration of dividends, with the consolidation of the Kansas Pacific, with the acquisition of branch lines, and have you not examined these matters with reference to their effect on the general solvency of the company, and particularly to its relations with the United States Government?—A. I have given general attention to the subject, and kept as well advised as I might with the showing of their reports, and from time to time as things have been discussed in the courts and in Congress.

Q. Have you written any communications on that subject?—A. Sometimes I have; yes, sir.

Q. What communications that contain your views have you written in relation to the matter?—A. I do not know that I have ever set out my views particularly, in any special communication. I have written some letters, I think, on particular points at times to the Secretary of the Interior; at times to the Commissioner of Railroads, and, possibly, one or two to the President.

WHAT HAS IMPRESSED THE WITNESS IN REGARD TO UNION PACIFIC.

Q. What are the salient points that were referred to in those communications?—A. I cannot recall them specifically. If the Commission will permit me I will tell them what has always impressed my mind, what has been uppermost in my mind in regard to this subject.

Commissioner ANDERSON. We will take it that way.

The WITNESS. In the first place, the second section of the act of July 2, 1864, provided that the Union Pacific Railroad should accept no subscription to its capital stock except to be paid in money, and that they should assess that stock not less than 5 per cent. in each six months until the whole 100 cents on the dollar had been paid. Of course, it is notorious that that was not done. And much of the power of the Union Pacific Railroad which it used to bankrupt the Kansas Pacific Railroad, to the injury of myself and a great many of my friends, came about by their utter disregard of their obligations; because they acquired power by the creation of paper which cost them nothing, and yet extracted from the public very large returns of money which gave them control of facilities and opportunities which they denied their ally in this original legislation (the Kansas Pacific) and which led to its bankruptcy.

MR. GOULD ACQUIRES LARGE INTERESTS IN SECURITIES OF KANSAS PACIFIC.

Q. Do you refer particularly to the refusal to promote beyond Cheyenne?—A. Yes, sir; that was the primary object. Having bankrupted



that made, and before it was reorganized, further power was exerted to finish its bankruptcy, so as to make it so absolute and complete that it would be possible for the Union Pacific interest to acquire its control. After Mr. Gould had acquired large interests in the securities of the Kansas Pacific, having already practical control of the Union Pacific, he built a railroad from the line of the Colorado Central somewhere in the vicinity of Boulder, Colo., for example, to Cheyenne, which gave them a parallel line from Cheyenne to Denver, and, of course, made the Denver Pacific absolutely worthless. Through that means he was enabled to secure terms from the Denver Pacific bondholders, as well as to exert a further influence upon the Kansas Pacific people in their bankrupt condition which he would not have been able to exert in any other way.

Having accomplished that object in subsequent years, that constructed machine of the tool was absolutely abandoned.

Q. State exactly what portion of the Colorado Central was abandoned?—A. I do not know the number of miles. Possibly 50 miles. It appears in one of the late publications.

### ABSORPTION THROUGH FORM OF CONSOLIDATION

Q. Fifty miles of the end nearest Cheyenne?—A. Nearest Cheyenne, yes. Having exercised this power over the Kansas Pacific, Mr. Gould finally absolutely acquired control of the junior securities of the Kansas Pacific at a nominal sum. He was a director in the Union Pacific Railroad, and was enabled, therefore, to make the contract on both sides and to fix the terms of the absorption through the terms of consolidation.

As to that consolidation, I have always felt very well satisfied that it was without any possible legal objection, and that, in my judgment there is no valid objection to its being made at any time by the Congress of the United States. I have never seen any such a consolidation. There is a provision in the Constitution, in the laws, but any lawyer would find out that provision, and would read those laws as referring to consolidation, and would be surprised to become to the conclusion that such a consolidation was not a part of Congress, related to a period and a place, and that it was not a part of the Constitution.

## THE EARLY CATHOLIC MISSIONS IN THE NORTHWEST

The whole feathering of the consolidation, if necessary, to the lines of railroad so that I think that the only attempted consolidation of the main line was made by the act of Congress was every reasonable and to take the strengthening reason to expect from anybody who ever opposed criticism I have passed upon with the Kansas method of doing exact efficiency of public rights: "that it is"

On that same ground I have criticised not only the consolidation and the issue of securities thereunder, but I have criticised the issue of the \$10,000,000 of stock that was made by the Union Pacific Company in 1881. I think, soon after the consolidation.

I have criticised the issue of the collateral trust bonds for the alleged construction of branch roads because of the total lack of power, and that it might not have been good policy for the company to do it.

#### CRITICISM OF METHODS PURSUED IN CONSTRUCTING BRANCH LINES.

I have likewise criticised the construction of the branch lines in the manner and under the methods pursued by them for the same reasons. It has seemed to me that while there was plenty of law for everybody it was differently administered to the powerful as against the poor; and that if there was anything that this company really needed to defend itself against the encroachments of other railroad corporations or for the development of its own territory, it was entitled to go to its creator and ask for it and get it. They say a great deal nowadays, during the examinations before this Commission, about the manner in which this company has been cramped by the public discussion, cramped by Congress, cramped by this means and that means. I know of nothing that they have ever failed to do, up to the time of the creation of this Commission, because they were cramped. This entire branch system that they have got was practically created after the passage of the Thurman act. Their credit has never failed them. They have always been able to borrow money as cheaply as anybody else.

#### ROADS WOULD NOT SUBMIT TO LAW.

My chief criticism on them has been that they would not submit themselves to the same law to which they ask other people to submit. For example, they utterly defy all criticism in relation to the consolidation. They were so arbitrary about it that when the Government directors attempted to attend the meetings at the time of the consolidation they shut the doors on them, and those directors had to apply to Attorney-General Devens to know what they should do in the premises. They took the ground that the Union Pacific Railway Company was a different corporation from the Union Pacific Railroad Company, but Attorney-General Devens said it was in effect the same company.

#### SPIRIT OF THE LAW WAS TO AID THESE ROADS.

I have always held that the spirit of the law was to aid these railroads. If they could not pay they were never to be called upon to pay. When they could pay they were expected to pay. The theory on which much of this discussion has been based, that the Government sought these people to build these railroads, is an entire fallacy. My own people—the Kansas Pacific—were interested alike with them, and the Government did not seek them. These gentlemen saw an opportunity. The Government being in the throes of war when the legislation was first had, of course preferred to co-operate with individuals rather than to itself build a road. The Government was fully employed about 1862 and 1863, and even in 1864.

I have always believed that the interest on the subsidy bonds was intended to be currently paid if the company earned it, especially before dividends were paid. Of course, the Supreme Court of the United

States differs with me, and that is unfortunate. But the company has never made any attempt to pay except under compulsion, and from the date when compulsion was attempted the company has fought. The company has, fortunately, been possessed of facilities by which the administrator of the law has been kept off. For example, these questions that are being discussed now have been, in a way, discussed from dates anterior to the completion of the Union and Central Pacific roads.

#### RESOLUTION OF CONGRESS DIRECTING ATTORNEY-GENERAL TO BRING SUIT.

Congress passed a resolution in 1869 directing the Attorney-General to bring a suit on certain allegations that had been made—certain information that was supposed to be held by the Government against both the Union Pacific and the Central Pacific companies, to see whether they had taken this, that, or the other, and had issued stock without authority, and given stock away, and other things. That suit was never brought.

After the Credit Mobilier investigation, when the Union Pacific company went through the same ordeal which the Central Pacific is now passing through, the Attorney-General was directed to file a bill. After a while he did file a bill and nearly all the talent of the United States was present on one side, and the bill went off on a demurrer entered by Mr. Evans, now Senator from this State, on the ground that the United States was not such a party in interest as a stockholder, and therefore the suit could not be maintained. But the court in submitting its opinion set forth what it believed was the intent of Congress, and pointed out possible ways by which the end could be accomplished. The matter was allowed to drop.

So that they have had practically a free course. They have glorified themselves a great deal, and instead of doing their duty, as I conceive, they have paid about as much to themselves in dividends as would pay the principal of the debt of the Union Pacific Railroad to the Government.

#### INTENTION OF THE THURMAN ACT.

When the Thurman act was under discussion it was intended to include the Kansas Pacific. The Kansas Pacific was then in a state of bankruptcy. I was no longer connected with it, but a great many of my friends were, and had large interests involved. Knowing the situation I went to Washington and had some friends explain the peculiar situation and relation of the Kansas Pacific to the Union Pacific; and at that instance Senator Thurman struck the Kansas Pacific out of that bill, I suggesting that, as they could not pay now, having been brought to this bankrupt condition by the Union Pacific, it was hard to jump on them. "Take that out of the bill now," I said, "and just as soon as the Kansas Pacific Company can lift its head, pass a similar bill for it." So that my chief criticism has been that these people arrogated to themselves the privilege of doing what they pleased, and when they were brought up they simply either stated that they were a State corporation, or, if the States went after them, they were a Federal corporation.

#### STATE OF KANSAS OPPOSED TO CONSOLIDATION.

For example, the State of Kansas filed a bill, through its attorney-general, against this consolidation, and it was in process of being decreed,

as I think, to be utterly invalid when the Union Pacific people consented to meet the chief demand of the State of Kansas, which was to submit to its jurisdiction. It has always appeared to me that it would be a very fair thing for these companies instead of paying dividends on their stock, if they had any net earnings after keeping their roads in the most perfect condition for their business, to pay the excess into a sinking fund voluntarily, if possible, or otherwise involuntarily, into the treasury of the company or the Treasury of the United States, toward the liquidation of this debt.

I have never been in favor of extracting from these companies a penny that was unfair or inequitable, but when I see fortunes made out of those roads in the hands of some people who have made them, I do not think there is a fair divide as between a few individuals and the general public. Therefore I pass my criticism as a free American citizen from time to time.

#### AUTHORITY FOR CONSOLIDATION.

Q. Now, taking up the subjects in turn, can you state anything definite as to the facts on which they are based? The first subject you have mentioned was the power to consolidate; and your statement was that an examination of the act would show that the exertion of that power was only intended to be permitted to the time before the completion of the roads. Can you refer us to the words of the acts on which you base that assertion?

Mr. JOHN P. DILLON. Section 10 of the act of 1862 and section 16 of the act of 1864 give the authority for consolidation.

The WITNESS. Section 10 of the act of 1862 says that—

At any time after the passage of this act all of the railroad companies named herein and assenting hereto, or any two or more of them, are authorized to form themselves into one consolidated company. Notice of such consolidation, in writing, shall be filed in the Department of the Interior, and such consolidated company shall thereafter proceed to construct said railroad and branches and telegraph lines upon the terms and conditions provided in this act.

#### APPLIED TO THE PERIOD BEFORE CONSTRUCTION.

The references, both in this act and the act of 1864, practically cover the same point—that after this consolidation shall take place they shall proceed to construct said railroad. And in subsequent sections they provide that if one company shall assume to construct the line of another company for the purpose of facilitating the construction, the defaulting company may thereafter redeem its property by paying this amount; the object being, as I stated before, to hasten its completion. Because here were three or four railroads aiming at the same result. That is the theory. When the State of Kansas filed a bill against the consolidation I had the privilege of consulting with one of the counsel for the State of Kansas. He sent for me and asked me some question about it, and asked what my view was, and I told him my view. He accepted that theory and incorporated it in his argument in the Supreme Court. On a point of law it was referred back to the State, but, as said, the matter was compromised when the Union Pacific Company consented to submit to the jurisdiction of the State of Kansas. That was the chief interest the State had.

Commissioner ANDERSON. The next subject you alluded to was the consolidation itself and the methods by which it was carried out. The Commission has had very full evidence pertaining to that subject, unless there is some special point indicating a violation of law in it.

methods that were pursued, which you are possessed of and which have not been disclosed to us, you may assume that those facts have been fully proved.

The WITNESS. I think so.

#### STOCK ISSUED WITHOUT POWER.

Commissioner ANDERSON. The next suggestion you made was in relation to the issue of \$10,000,000 of stock after the consolidation, and the language used by you was that you criticised that issue because it was made without power, though not, perhaps, because it was bad policy to issue it under the circumstances which really occurred. Now, why do you say that that stock was issued without power?

The WITNESS. Simply because I think either the act of 1862 or the act of 1864, creating the Union Pacific Railroad and fixing the capital at \$100,000,000, states, in so many words, apart from having this capital stock paid up in money, and in no other way, that the capital stock should not be increased beyond the cost of the road. Of course that originally meant that it might be possible to need more than the \$100,000,000 of capital, because people had very vague notions then about the cost of this road; but the road having been completed in 1880, I can not see any authority for issuing any stock under that law in 1880 or 1881, whether they got paid for it or not. I do not say that Congress would not have given them the privilege, but they assumed that the capital stock of the Union Pacific Company was about \$20,000,000 at the time of its completion, and they never assumed to increase that for any purpose until the consolidation of those companies. The further increase was after the consolidation. It was issued for the purpose, I think, as was stated, of furnishing more facilities and increasing the equipment, and possibly paying for some branch lines. As matter of fact a good deal of money went into property that was not only of very questionable value, but under very questionable circumstances, viz, the amount of money that was practically set apart to pay Mr. Gould for the Central Branch, as well as the Denver and South Park.

Q. Do you know what use was made of the \$10,000,000 that were paid for that issue?—A. No, I can not answer in any way that could be considered evidence.

#### DATE OF ISSUE OF STOCK.

Q. Do you know the date of the issue of that stock?—A. My impression is that it was either the latter part of 1880, or early in 1881.

Q. Do you know the date of the payment to Mr. Gould for the Central Branch and the Kansas Central?—A. The Kansas Central was an entirely different transaction.

Commissioner ANDERSON. I am speaking of the date. They were paid for at the same time.

The WITNESS. No, I do not know whether they were paid for or not.

Q. Do you know that the Kansas Central and the Central Branch were paid for before the issue of that \$10,000,000 of stock?—A. No.

Q. Were they paid for by stock acquired by the consolidation itself—especially by stock acquired from the Denver Pacific transaction?—A.

Commissioner ANDERSON. We have all those facts before us.

The WITNESS. Very well. I think all those things will be capable of explanation, probably in a different way from the way in which they have been explained to you.

## WAS THE ISSUE OF STOCK ILLEGAL?

Commissioner ANDERSON. I think we have the evidence pretty fully.

Q. In regard to the legality of the consolidation, is it your judgment that if the actual cost of the three consolidated roads was \$60,000,000, and the stock at the time of consolidation was \$50,000,000, then the issue would have been illegal?—A. Certainly; because it is absolutely in evidence, years ago, that the roads never cost the \$50,000,000 of stock.

Q. My question is, assuming that it were proved that the actual cost of the Union Pacific, Kansas Pacific, and the Denver Pacific roads had been \$60,000,000 in money, and that the consolidated stock at the time of consolidation was \$50,000,000, on that assumption would the issue of the \$10,000,000 of stock have been within the permission of the law?—A. Oh, if they could show that it went to the construction of the road, certainly it would have been within the permission of the law but they did not pretend that.

Commissioner ANDERSON. I am not arguing that. But you say it depended on the cost.

The WITNESS. Yes.

Commissioner ANDERSON. Their claim was that the actual cost was over \$60,000,000.

The WITNESS. But their road was completed.

Q. I again put my question. Assuming that the roads had been completed some years before, that the aggregate stock was \$50,000,000, that the actual cost of construction was \$60,000,000 before consolidation, then, in your judgment, after the consolidation, would the consolidated company have the legal power to issue \$10,000,000 of stock to reach the limit of the actual cost of construction?—A. If the consolidation was legal, certainly.

## THE POWER FOR CONSTRUCTION OF BRANCH ROADS.

Q. Now, in regard to the construction of branch roads. You have stated that they have been largely constructed by the Union Pacific Company from the years 1877-78 down to date, and that these constructions have all been carried on without legal power. Will you state upon what you base that proposition; in what way was there a lack of power?—A. I will say that the only power the Union Pacific Railroad has ever possessed under any law of Congress, or possesses to-day, is the power to build, maintain, and operate a line of railroad from the Missouri River to Ogden—one single line of railroad and telegraph; that is, the naked authority. All the other authority relates to the other branch roads which were to have their rights in connection with the Union Pacific, which rights, of course, have always been denied.

Q. That we understand. But that does not touch the question, because it does not pursue the inquiry as to the manner in which the branch roads were actually constructed. Take, for instance, the construction of the Republican Valley road. What act of the Union Pacific Company has occurred in regard to the construction of the Republican Valley road which you can set your finger on as being a violation of law?—A. The ownership.

Commissioner ANDERSON. Then it is not the construction.

The WITNESS. If they had constructed that line under the original charter, of course they would have been able to show where the power lay. They did not construct it directly as the Union Pacific road, because it had, I think, a State charter.

Q. Then, is it your point that by indirect methods they procured independent corporations to build branch roads, and that the ownership of the stock of those branch roads was, in effect, undertaking to do what was not permitted by law?—A. Yes, sir.

Q. Is there any provision in the law that restricts their power to own or take the stock, or a portion of the stock, of a branch road?—A. There is nothing in the law in regard to it.

#### METHODS PURSUED IN CONSTRUCTING BRANCHES.

Q. Is there anything within your field of information in regard to methods pursued by the directors of the Union Pacific Company in constructing these branch constructions—I mean anything as to which you have any knowledge, showing a divided duty by the directors, so that the construction of the branch roads they have profited by their votes as directors of the Union Pacific Company?—A. I have no personal knowledge.

#### WIKES SOME OF THE DIRECTORS WERE INTERESTED IN THE CONSTRUCTION OF THE OREGON SHORT LINE.

Q. Have you any indications that you can give us as to the construction of any of these roads in particular where you have reason to believe anything of the kind occurred?—A. Yes; I think there were some of the directors interested in the construction of the Oregon Short

Line. Are there any other roads to which you can refer us?—A. I have no doubt that they had a moneyed interest in the Denver and South Park and also moneyed interest in the construction of the last road they built into Leadville, what they call the "High Line." But, of my own knowledge, I have no information.

Q. What information have you in regard to the construction of the Oregon Short Line—the first road named by you—which entitles you to affirm a belief that some of the directors of the Union Pacific Company were interested in the construction?—A. Some three or three and one-half years ago, I think it was, I was in Leadville, and I there met a man whose name I can not now recall who had just had an interview with one of the contractors of that road, who was boasting of the amount of money he had made in its construction. He was known to have had no considerable money at all when he went into the contract, but it was believed that the contracting firm was backed by certain directors of the road and that one of the contractors was a nephew of Mr. Sidney Dillon, who on that account (I was led by this party to understand) had been given a number of favorable contracts. Therefore I draw the distinction between knowing these things of my own personal knowledge and being persuaded of them.

Q. Can you state to the Commission the name of Mr. Sidney Dillon's nephew?—A. No; there were two men in the firm. I think one was Samuel Stevens and one named Collins. I do not know; if they were named to me I might recall them.

By the CHAIRMAN:

Q. Can you give the names of the directors that were interested?—A. No; but when the directors of two concerns are practically the same it would not be very difficult to infer. I do not say that these gentlemen committed any wrong at all in the matter, but Mr. Anderson asked whether they were in that way occupying a dual relation. I do not

say that they did any wrong in that matter at all, because they may have been the only people that had faith enough in the enterprise to put in money.

Commissioner ANDERSON. The mere fact that the contractor made money would hardly justify the conclusion that the directors made profits.

The WITNESS. Not at all; but I was given to understand that two or more of them had an interest.

By Commissioner ANDERSON:

Q. In the contract for construction?—A. Yes, sir.

#### CALLED ON TO SPECIFY.

Mr. JOHN F. DILLON. You say two or more of the directors. I want you to specify to whom your belief points.

The WITNESS. I make a great distinction between giving evidence on my own personal knowledge and otherwise.

Commissioner ANDERSON. The witness started in by saying that he did not know.

Mr. JOHN F. DILLON. He said his belief was that two of the directors had made profit.

The WITNESS. My belief has nothing to do with it.

Mr. JOHN F. DILLON. I want you to specify who they are.

Q. Is your belief based on anything farther than the statements made by the contractor to you?—A. That is the basis of it.

Mr. JOHN F. DILLON. Not the contractor, but some one who knew him.

The WITNESS. Well, the contractor was in town there and I was introduced to him. I have forgotten his name, now.

#### UNDOUBTEDLY CERTAIN DIRECTORS OF THE UNION PACIFIC HAD AN INTEREST IN ACQUIRING KANSAS PACIFIC.

Q. Have you any knowledge of any other construction contract from which you can assert that any of the directors of the Union Pacific Company made a profit out of the construction?—A. I will answer that this way: A little while ago you submitted a supposed condition of affairs in regard to the cost of the construction of this road at the time of the consolidation. Undoubtedly there were certain directors of the Union Pacific Company that had an interest in the acquisition of the Kansas Pacific; and an acquisition might be treated as construction.

Commissioner ANDERSON. We have the full evidence as to the Kansas Pacific transaction, and are satisfied as to the profits that were made in that matter. We have the proof. But I am now speaking in regard to the system of branch constructions—the Denver and South Park, the Utah Northern, the Oregon Short Line, the Omaha and Republican Valley, and all that class of roads that have been built by the Union Pacific as feeders of the main line from 1873 to date.

The WITNESS. I have no personal knowledge in regard to that and never claimed to have any.

Q. You have no knowledge that any of the directors of the Union Pacific Company made a personal profit out of those constructions, but having voted as directors on the terms of construction?—A. I have no personal knowledge; never claimed to have any.



## GENERAL EFFECT OF THE BRANCH SYSTEM PERNICIOUS.

Q. What is your personal judgment as to the general effect of the branch system of the Union Pacific on its financial status?—A. I think a large part of it has been very pernicious.

Q. Which part in particular, or which branches especially?—A. I think the acquisition of the Kansas Central, for example, was without any justification whatever, certainly without any benefit. The acquisition of the Central Branch was likewise without any justification, certainly without any benefit. A large portion of the Denver and South Park was a perfectly reckless piece of business; likewise this portion of the Colorado Central that I spoke of. I think the Oregon Short Line acquisition was a ridiculous piece of business. Those are the principal features.

Q. All of the branches you have referred to, except the Oregon Short Line, antedate 1881, do they not?—A. The Colorado Central does; the Kansas Central does not. The Kansas Central was after that.

Commissioner ANDERSON. You are mistaken about that.

The WITNESS. What, after the consolidation?

Commissioner ANDERSON. The consolidation was in 1880.

The WITNESS. Oh, well, between 1880 and 1881; I do not know particularly.

Commissioner ANDERSON. Well, we will say they antedate 1883.

The WITNESS. They were of a date subsequent to the consolidation.

Commissioner ANDERSON. As matter of fact they were part of the consolidation; that is, that Kansas Central and the Central Branch.

The WITNESS. I beg your pardon.

Commissioner ANDERSON. We have all that.

The WITNESS. Well, I will not discuss it with you.

Commissioner ANDERSON. What I want to get at is, do they antedate 1881, except the Oregon Short Line?

The WITNESS. I think the Central Branch and the Kansas Central and the Denver, South Park and Pacific was about 1880, I think.

Commissioner ANDERSON. January, 1881.

The WITNESS. My impression was that the Denver and South Park was somewhere between 1880 and 1881.

## NO AUTHORITY FOR CONSTRUCTION OF OREGON SHORT LINE.

Q. Now, taking the Oregon Short Line, will you please state what, in what particular, or for what reason your judgment is that the construction of that road was without reason or good judgment?—A. First, my main reason is that the Union Pacific Company had no authority whatever to construct it or to aid in its construction. They there deliberately gave a guarantee, and subsequently, when they were charged with having made that guarantee, they attempted to repudiate it before a committee of Congress. That they did give that guarantee is borne out by the fact that Mr. Sidney Dillon was president of both corporations and signed the bond as president of the Oregon Short Line, and signed the guarantee on that bond as president of the Union Pacific Railroad.

Q. The question I ask is more with reference to the policy of constructing the road, as to whether it is a benefit to the Union Pacific or not?—A. Last year, I think, was the best year they have had, and then turned about one-half the first-mortgage interest.

## OREGON SHORT LINE NOT PROFITABLE.

**Q.** Still, in passing judgment on that, you have to take a more enlarged horizon than a single year. Have you so studied the question as to have formed a definite conclusion as to whether the construction of the Oregon Short Line and the union of interest between that company and the Union Pacific, taking the whole future for the next thirty or forty or fifty years—has your field of observation enabled you to say whether that was a prudent or a foolish thing to do?—**A.** I will answer that by saying that I do not think any railroad man (certainly not within the last ten years) has built any railroad in expectation of what will happen thirty or forty years hence. I think that in a long way is built ahead. Certainly the Oregon Short Line has not been profitable to this date. The chief aim of the Union Pacific was not to develop any local business, but to get to the Pacific coast, and they did not choose to use the line appointed for them, namely, the Central Pacific. I question its policy, even apart from what its earnings have been.

**Q.** To come to closer particulars, are you acquainted with the main articles of freight and transportation that are involved in that union of the Oregon Short Line with the Union Pacific, and especially in connection with the lease of the Oregon Railway and Navigation Company, so as to open up the field through Oregon and to Portland?—**A.** In a general way, yes. But the Oregon Short Line was not built in connection with the lease of the Oregon Navigation. That was at too late a date to have any bearing on this question.

**Commissioner ANDERSON.** I am not arguing about the merits. I am interested in determining in my own mind the question whether that particular connection is going to increase the solvent power of the Union Pacific Company or not.

**The Witness.** The road is built now, and it is hoped it will be a benefit.

**Q.** Can you furnish any statements of facts or figures which will help our judgment as to whether that will increase the solvent power of the Union Pacific Company or not?—**A.** Nothing more than their own reports show.

## GUARANTEE OPEN TO CRITICISM.

**Q.** You are aware that they have guaranteed the interest on the Grand Island bonds. Is that guarantee open to the same criticism in your judgment?—**A.** Undoubtedly.

**Q.** That it is a violation of the act of 1873?—**A.** Undoubtedly.

**Q.** Do you understand the distinction attempted to be drawn by the company by that guarantee?

**The Witness.** Through a traffic arrangement?

**Commissioner ANDERSON.** No; but that the prohibition of the law is a prohibition of a pledge of its property, and not a personal guarantee for the payment of interest; have you heard that distinction before?

**The Witness.** When you issue your note you pledge your property, do you not?

**Commissioner ANDERSON.** As a lawyer, I would say no.

**The Witness.** As a business man?

**Commissioner ANDERSON.** I will say that as a business man, if I do not pay it, my property will ultimately suffer, but the criticism I make is that the word pledge is used in its legal sense.

**The Witness.** In other words, if the Saint Joseph and Grand Island road does not earn the interest of its bonds the interest is paid out of

the earnings of the Union Pacific, just as they pay the interest on the Denver and South Park, and every one of their branch roads. It is known and conceded, I think, by themselves, that their branch system, as a whole, does not earn the interest on the bonds. Now, the money has got to come from somewhere, and can only come from the earnings or the result of the sale of the credit of the Union Pacific Company.

Q. In regard to your construction of the word "pledge," if it be a promise which causes the person giving the promise to lose money, and if pledging be equivalent to paying, would not that in effect preclude the Union Pacific Company from making any corporate contract on which it should lose money?—A. Not in the general administration of its business.

#### COLLATERAL TRUST A DIRECT OBLIGATION.

Q. In regard to the collateral trust (you mentioned that, I think), what do you understand that collateral trust to be?—A. A direct obligation of the Union Pacific Company, supplemented by certain collateral.

Q. And of what does this collateral consist?—A. Bonds of certain of the branch lines.

Q. Bonds and stocks?—A. I think no stocks.

Q. Securities of branch lines?—A. Yes.

Q. What provision of law has the company violated in effecting the collateral trust?—A. First, the organic law, which gave them no power; second, the act of 1873, which prohibited it.

Q. Which prohibited what?—A. The pledging of the property or earnings of the company.

Q. One construction put on that is that that applied to the railroad itself aided by Congress, and did not restrict it from making such disposition as it saw fit of securities which the system held, and which were not part of the railroad; have you heard that distinction made?—A. Yes; if I were as astute a lawyer as you are, or as Judge Dillon hopes he is, I could discuss this question with you, but this is a question of practical business and honorable obligation.

#### CONSTRUCTION OF THE UNION PACIFIC TELEGRAPH LINE.

Commissioner ANDERSON. We know that you have given a great deal of intelligent consideration to this question, and we are anxious to hear the full force of the views of those who have criticised strongly and after considerable examination of the facts the transactions of these companies, in order that we may have every view before us. So we desire a full statement of your views, in order that they may be fully considered. You have also given considerable attention, have you not, to the construction of the telegraph line of the Union Pacific?

The WITNESS. Yes.

Commissioner ANDERSON. Will you give the Commission your views on that subject, or will you submit a statement which has already been made by you to Congress, if you desire to shorten the examination?

A. My views in relation to this subject are fully stated in the report of the Warner committee of the House of Representatives, being House Report No. 3501, Forty-ninth Congress, second session.

Q. Do you desire to express anything in addition to that?—A. My introduction of this question grew out of my conviction that the obli-

gation of these companies was just as manipulatory and important in the construction, maintenance, and operation of an independent telegraph system furnished with growing facilities, as the business of the country grew, as the construction, maintenance, and operation of the railroad. They of course have utterly ignored that except when it was in the interest of parties temporarily in control of the Union Pacific, when their views have radically changed.

By the CHAIRMAN:

Q. Have you considered the effects of the constructive mileage allowance to the branch lines by the main line?—A. No, sir.

Q. Have you given any thought to the question of constructive mileage?—A. No.

#### THE CASE IN 98TH UNITED STATES REPORTS.

By Commissioner ANDERSON:

Q. To what case do you refer where the Supreme Court pointed out remedies that you suggested a moment ago?

The WITNESS. Respecting that suit?

Commissioner ANDERSON. Yes.

The WITNESS. It was an opinion that was rendered on that demand—not by the United States Supreme Court—I think it was by Judge Hunt, if I am not mistaken.

Commissioner ANDERSON (to Mr. John F. Dillon). To what case did you refer?

Mr. JOHN F. DILLON. The case reported in 98th United States Reports.

#### WERE THE INVESTMENTS GOOD OR BAD ONES?

By Commissioner LITTLE:

Q. Assuming that the Oregon Short Line and the Denver and South Park were bad investments, and that they have at no time paid the interest on their mortgage bonds, yet if it appears from the books of the Union Pacific Company that the traffic coming on to the main line and hauled from Granger and from Denver increases the earnings of the main line so as to more than pay the deficit of interest on its bonds, what would you then say as to whether the investments were good or bad?—A. On your premise, of course it might be very good. It looked good many years after the Pennsylvania Railroad acquired its line from here to Philadelphia before it paid its charges, but it was very good for the Pennsylvania Railroad.

Q. Is it or not fair, in determining the wisdom or unwisdom of the acquisition by the Union Pacific Company of these branches, to take into account the effect of the earnings on the main line as well as to take into account the fact that the earnings of the branch lines, with the constructive mileage allowed to them fails to pay the interest on the first mortgage bonds?—A. Undoubtedly. But when you are considering the side of mercy to a wrong doer, you want as well to consider the relation he bore to other parties at the time these things were done.

Commissioner LITTLE. I am dealing with the property as I find it.

The WITNESS. I am not inclined to be merciful to a man who has bankrupted me.

Commissioner LITTLE. These investigations are not for the purpose of determining what punishment shall be given to the wrong-doer but for the purpose of determining what shall be done with the property.

as we find it just now. The question of what shall be done with the wrong-doers is a separate and independent one.

The WITNESS. But is it not important to consider in this connection that, if these people are wrong-doers, such hedges shall be thrown about them that they shall not hereafter bankrupt other people?

Commissioner LITTLE. Yes; that would be proper.

The WITNESS. They assisted in the bankruptcy of the Denver and Rio Grande, that I was interested in, in another way.

#### THE SUSTAINING OF BRANCHES A CORRECT THEORY.

The CHAIRMAN. If by the constructive mileage system all the branch lines are sustained, then the merit is with the main line, and not with the branch lines.

The WITNESS. Undoubtedly the theory of sustaining a branch line for the purpose of developing a main line is a correct theory.

The CHAIRMAN. You believe that to be a correct theory?

The WITNESS. Yes.

The CHAIRMAN. Do you believe it to be a correct theory to deplete a treasury of the main line in order to build up other lines?

The WITNESS. No; but it may be a very wise thing to temporarily deplete the main treasury for the purpose of bringing more, subsequently, to the common fund.

By the CHAIRMAN:

Q. How long is the depletion to continue?—A. That would be another question.

Q. Might it not end in severely depleting the treasury of the main line in the attempt to support the branch lines?—A. Undoubtedly; and hence that provision that is so severely tested by this case, in the Sherman act, which laid hold of all the property that they had at that time and put the lien of the Government upon it after the actual cost of the property.

#### CONSTRUCTION OF TRIBUTARIES TO UNION PACIFIC NECESSARY.

By Commissioner ANDERSON:

Q. Are you able to state whether, in your judgment, reviewing the whole territory of the Union Pacific, it would be worth less money or less money if it had never constructed or acquired any branch interests whatever and had confined itself to the main line from Omaha to Ogden?—A. Oh, it could not have confined itself to its main line in view of the general development of the country.

Q. It would have been utterly impossible?—A. That would have been very impossible.

Q. The requirements of the adjoining territory compelled the construction of tributaries that would feed them and develop their business?—A. Somewhat.

Q. That was the general result—that branch lines had to be built, just as branches have to grow on a tree?—A. That will be the argument adduced.

Q. But is it your view?—A. As a general proposition, as stated by Commissioner Little; yes.

#### BRANCH LINES NOT TO BE DEVELOPED AT EXPENSE OF MAIN LINES

By the CHAIRMAN:

Q. But in the case now before you (the case of the Union Pacific Railroad) the branch line system, if a wise system, is not to be developed

at the expense of the main line?—A. Not at all; I would be very emphatically of the opinion that very much of the disadvantage that the Union Pacific has labored under, growing out of the competition with other roads that have been built in that country, would have been avoided had they treated the Kansas Pacific Railroad, and all of the railroads that are mentioned in the original legislation, in the spirit in which those laws were enacted; because all of the companies then east of the Mississippi river would have had a common interest, and there would have been no inducement to enter into that territory in unjust competition. For instance, the Kansas Pacific was intended to furnish an outlet for that whole section running through Baltimore, Cincinnati, Louisville, Saint Louis, and Kansas City. Leavenworth was given a connection to Lawrence on the Kansas Pacific for the same reason. The Hannibal and Saint Joe was given a connection through what is now the Central Branch, intended to meet the Kansas Pacific originally, and afterwards attempted to be diverted to meet the Union Pacific, as the Kansas Pacific was originally at the 100th meridian. The Chicago, Burlington and Quincy was given a line through the Burlington and Missouri line; other roads were given connection through the Sioux City and Pacific. So that all the country there would have been served by a common interest. Of course, by the development in time you could not say what lines, purely parallel, might have been built. Some people thought there would be money in building the West Shore alongside of the New York Central. But the branch line system would have been radically different had the Union Pacific people treated the lines, which they long subsequently acquired—had they treated them originally in the true spirit of the legislation.

#### A GOOD DEAL OF ATTENTION GIVEN TO THE SUBJECT OF RAILROADS.

By Commissioner LITTLE:

Q. You have disclosed a good deal of intelligence on this subject. I will ask you to state what connection you have had with railroads and whether you have been engaged in the practical operation of railroads, and, if so, how long.—A. My first connection with any railroad was, as I stated, with the Kansas Pacific. Since that date I have been connected generally as a director with one or more railroads, and my information, of course, is not so technical as the information of gentlemen, for example, like Mr. Potter.

Q. What roads are you connected with?—A. I am a director in the Saint Louis, Arkansas and Texas.

Q. Then, as I understand you, you have given the subject of railroads a good deal of attention for a good many years?—A. As much as my limited capacity would allow me.

#### IGNORANCE REGARDING THE SIOUX CITY AND PACIFIC.

Q. Do you know anything about the Sioux City and Pacific?—A. No, sir.

Commissioner LITTLE (jocularly). There is a wonderful amount of ignorance in this country in relation to that road.

The WITNESS. That ignorance, I think, grows out of the fact that there was a great deal of ignorance as to the points of the compass when that road was located.

Commissioner LITTLE. We have never been able to find out who constructed that road.

The WITNESS. I think John I. Blair got some of the hoodie,

## PLAN OF SETTLEMENT.

Q. Have you thought of the subject of the best possible adjustment between the United States and these Pacific railroads; have you made any of it at all?—A. I have given it some little attention.

Q. Have you examined the different schemes suggested or the bills that have been before Congress?—A. Yes; I have read most of the bills that have been presented.

Q. Dividing these schemes into schemes relating to an extension, with a fixed annual or semi-annual payment, and schemes looking to an immediate adjustment either by a payment in money or an adjustment of a present and immediate kind which would determine and separate the relations of the United States from the railroads, please explain to the Commission what, in your judgment, would be the best method.—

A. I do not think there could be an immediate adjustment at all. I do not think either of these companies, on their own showing, or acknowledgment, is in any position to make any adjustment that would be at all reasonable to the Government, or possible for them.

## THE COMPANIES SHOULD NOT BE OPPRESSED.

I do not think these companies ought to be oppressed. I think the first thing to do is to administer existing law in a spirit of equity. First compel these people to do those things that they can do, and when they have reached the limit of their power, then carry out the spirit of the original legislation and say "you shall not be compelled or asked to do more than you can do." For example, somebody ought to pay up this stock. Somebody ought to compensate these treasuries for the dividends that were paid out of the stock that was clearly issued either without authority or without consideration. Had that money never been distributed of course these companies would have had a sinking fund more than ample to provide for all these things in the near future; yet that they would be able to pay these bonds at maturity, because they could not. Next, if the gentlemen will not do that—

Commissioner LITTLE (interposing.) Assuming that the Government cannot do it—not that it will not, but that it cannot, according to the decision of the Supreme Court in the Connecticut case, and that we must deal with these people as we find them—what then?

The WITNESS. Well, I will not assume that case. There was a way pointed out by which it could be done, and can be done to-day.

## RIGHTS OF THE GOVERNMENT.

Commissioner LITTLE. Please point out that way to us. We shall be happy to see it.

The WITNESS. Well, if I had my way I should pass a simple bill, at first, through Congress declaring that the United States Government, wherever it had a moneyed interest in any corporation, should at all times and under all circumstances be entitled to all of the rights in regard to protecting its interest that a stockholder has. That seemed to be the rock on which the court split. That would not be *ex post facto* law, because here is an unexecuted or uncompleted contract.

Commissioner LITTLE. You think that would stand a test of the court, do you?

The WITNESS. I think it would be worth trying. It would stand the test of common sense.

Commissioner LITTLE. That is, perhaps, a different thing.

The WITNESS. Yes, I think it is. My experience of courts proves that.

#### DEBT SHOULD BE PAID BEFORE DIVIDEND DECLARED.

Commissioner LITTLE. But now, passing that and taking these companies as they are, what would you recommend?

The WITNESS. In the first place, I would do nothing that would limit the development of these companies to their highest degree of efficiency. They ought certainly to be able to stand (and still perform their duties) the ordinary competition of private capital. I certainly would not allow these companies to pay any more dividends on stock that represented no money until they had paid this debt. At the time of the maturity of this debt, without changing the law in the meantime, I would simply ascertain what amount was due the Government from these companies, and I would, in addition to preventing them from paying dividends on stock that was not paid for, have them earn interest on every cent that ever went into these properties. Then I would extend that debt for a reasonable period at the lowest rate of interest at which the United States Government could borrow money; and that is even more than these roads have asked, I believe.

#### RESTRICTIONS AS TO NEW INDEBTEDNESS.

Commissioner LITTLE. State the percentage, if you have it in your mind.

The WITNESS. Not over 3 per cent., and I would make that possible on a condition that they should be given authority to extend their first mortgage, and I think their first mortgage could be extended under existing law at the rate of 3 per cent., because the first mortgage of the Union Pacific Railroad is, practically, a Government bond. I would throw restrictions around them in respect of creating new indebtedness, in respect of the maladministration of their property, not the proper administration of their property, and I would not allow them to renew, by a mortgage on this property, any debt that had heretofore been improperly created. Certainly, if they did, it must be something like a debenture obligation, coming after all of their indebtedness that was authorized to be created, and after this indebtedness to the Government. They have wasted this property, and if they had not wasted it they would not be in this condition.

#### SYSTEM OF PAYMENTS.—FIXED AMOUNT MIGHT BECOME ONEROUS.

Commissioner LITTLE. Would you pass from a system of payments based upon a percentage of net earnings to a system of payments of a fixed amount?

The WITNESS. No; because the payment of a fixed amount might become onerous.

Q. Suppose the companies should prefer the fixed amount from the Government point of view, what would be your judgment?

The WITNESS. If that was a reasonable amount and they showed disposition to meet this payment in the spirit that I have suggested, would do with them the same as I would do with anybody else who is trying to do the best he could.

Q. As a matter of fact, is it not true that the payment of a percent on the net earnings necessarily leads to all sorts of collisions and t



tating differences of opinion in ascertaining the net earnings?—A. No; I do not think so.

Q. Is it not the fact that there have been many such differences?—A. Yes.

Q. I do not say whose fault it is, but my question is: Does not that method of ascertaining the sum necessarily lead to irritation?—A. Not necessarily. I would allow these companies to spend all the money they want to spend on permanent improvements. The great object, I think, is not to get the money back. If it can come back in the spirit of that original legislation, let it come back. If it all goes, let it go. But in regard to a suggestion made by you just now as to the possibility of a settlement which would take these companies away from the Government, you can never do that. The trouble is, those companies do not recognize that there is any obligation outside of this technical moneyed obligation, and they try to make it appear that the Government is a sort of entity outside of the public. This road was built for the benefit of the public. It is not right that it should be allowed to go on and control entirely and arbitrarily the question of rates. That is a question that is involved likewise as to the future.

#### ALL RAILROADS SHOULD BE SUBJECT TO LEGISLATIVE CONTROL.

Q. Would you draw a distinction between the Pacific railroads and any other railroads in the United States; is it not your judgment that they should all be subject to reasonable legislative control?—A. Yes; and once having made a rate, growing out of competition, I would make that their maximum rate; for a rate agreed upon between two railroads must be satisfactory, no matter what the motive.

Q. You have specified an extension of the debt for a reasonable period, and that the rate of interest should not exceed 3 per cent.; that the company should be controlled against misuse of their funds and franchises, and that if they were satisfied with a fixed rate, and the rate was sufficient to meet the case, that there would be no objection to substituting a fixed rate instead of a percentage on the net earnings.—A. Not at all.

#### HOW TO INCREASE THE GOVERNMENT'S SECURITY.

Q. Now, have you any suggestions to make as to what can be done to increase the Government security, the claim being that the security is now limited to the subsidized portion of the road?—A. Yes; I have one suggestion. The chief thing to avoid is the dissipation of this property. For example, treating the consolidation of these companies as an accepted fact, there is an issue of bonds known as the Kansas Pacific consolidated bonds. They were issued for certain specific purposes, part of which have not been carried out, notwithstanding the bonds were out. But there was an obligation issued by the Kansas Pacific and, of course, assumed by the Union Pacific now, an obligation of this company to pay the principal and interest of those bonds. The lands of the Kansas Pacific were given as an additional collateral security. During a period when dividends have been paid on the Union Pacific the proceeds of sales of lands by that company have gone into the common fund. They have even used the proceeds of land sales to pay the interest on the Kansas Pacific consolidated bonds at a time when it was claimed that the Union Pacific was earning dividends on its stock, instead of using the proceeds of land sales in accordance with the condi-

tions of that mortgage, and of every other reasonable mortgage, that the estate, if sold, should go to wipe out the debt instead of for the general uses of the company.

Q. In other words, that the Union Pacific Company should have paid the interest on the Kansas Pacific consolidated bonds out of its earnings before declaring its dividends, and was not entitled to be reimbursed for that by the proceeds of the lands?—A. I certainly think so.

Q. The question was what could be done to increase the security of the United States—by putting in stocks or bonds of collateral roads, or any other security?—A. I claim that they are all in, absolutely, under the Thurman act; I think it is section 20 of that act. You cannot get more out of this carcass than there is in it.

#### THE SUPREME COURT ON THE THURMAN ACT.

Q. The claim of the company is that Congress cannot increase the lien of the road so as to make it apply to things to which it did not apply when the act was passed. But without discussing the legal merits of that, can you suggest any method by which the security of the United States can be increased by the co-operation of the Union Pacific Company?—A. On that subject I could not suggest anything, because it simply makes the creature more powerful than the creator. The Supreme Court of the United States, in affirming the constitutionality of the Thurman act, stated as broadly as language can state that the power of Congress over this road was practically absolute, and they simply assumed that they were subject to a technicality, and, therefore, instead of amending that law so as to compel the companies to provide payment currently, they thought they could go to any extent in providing a sinking fund proper in the public treasury. So that Congress was amply authorized to do everything to prevent the dissipation of this property, because the stockholders had no rights until after the debts were paid.

Q. Please continue the development of your scheme of adjustment.

A. I have not any fixed scheme of adjustment.

#### METHOD OF COMPUTATION.

Q. Well, give me your views on the subject in regard to a method of ascertaining or fixing a method of ascertaining what fixed payments would be reasonable as between the United States Government and the companies. What methods of computation would you resort to in order to ascertain the present value of the debt?—A. I think if these companies can ever pay the debt they can do it in fifty years. I do not think it necessary to extend the debt indefinitely. I do not think it would be wise legislation in any way to talk about letting a debt run for one hundred or one hundred and fifty years that was made to run thirty years. If they can not pay it I would take it by installments, just as they could pay it, and let the question of the maturity of the debt remain indefinite. I believe in being easy on a debtor.

Q. Can you make no suggestions whatever by which the relations between the companies and the Government can be entirely separated and dissolved?—A. No, because I do not think it possible. This road must always remain the creature of the people.

#### PLAN OF SETTLEMENT.

Q. I am speaking of the financial relations. One method is clearly possible; that is, that the company should pay the full amount of

due to the Government; that would result in a dissolution of their financial relation, would it not?—A. That is one way. Let them pay off the first mortgage-debt in any way they please, so that the lien could be removed from being in advance of the Government; then let the Government take the balance of the earnings, so far as the stock-holders are concerned, that have not paid anything into the Treasury; and I would even go so far—notwithstanding my criticism on the \$10,000,000 of stock—I would go so far as to consider that \$10,000,000 because it did actually go into the Treasury; therefore, the proportion that that \$10,000,000, or any other sum that went into the Treasury, bears to the capital stock, I would make provision that that proportion of the dividend might be taken out of the net earnings. I would be very liberal in the matter of betterments and improvements, and whenever it should be shown to the President of the United States or some other authority that the company could better devote the money to betterments than to pay it into the Treasury of the United States, I would allow it to do so.

Q. But that would not lead to the divorce of the financial relations to which I have referred?—A. I do not see how that is possible unless they pay the debt, and then that will belong to the United States.

Q. But that would be the same as to all railroads; but if the officers should tender payment to the United States to-day, would you approve that?—A. Most undoubtedly.

#### TOO MUCH MONEY IN THE TREASURY ALREADY.

There are complaints that there is already money enough in the Treasury. Would there not be serious objection to receiving \$40,000,000 of the people's money if the Union Pacific people should undertake to offer it together and pay the debt?—A. I do not think there could be any objection. I can not conceive of any.

Q. Would that meet your view?—A. Yes.

#### FORECLOSURE ALL BOSH.

Another method that would lead to a divorce in time, or, if it were effected immediately, would be a foreclosure of the roads?—A. We are not taken any interest in that sort of thing; that is bosh.

In other words, you oppose the idea of the United States taking possession of this property and undertaking to run it as a private enterprise?—A. No; I do not. But I would only do that in case of that being an absolute necessity, and I do not think it is necessary.

When you speak of it as bosh you mean that they ought not to resort to such a method as that, and not as to their taking possession of the road?—A. That is it. I think the other roads would receive more consideration and the country would absolutely be developed more rapidly if there was not a necessarily selfish interest. Of course that is involved in the maintenance of this property at present.

#### THE PUBLIC BENEFITED BY REDUCTION OF RATES.

You have spoken of restricting them from paying dividends until the debt was paid. Do you mean to go the whole length until the debt is paid or only that you would put certain restrictions on the period when the dividend was to be paid?—A. If they get to a point where they could pay current interest on the subsidy bonds and a portion of

the principal, that would cancel this debt within a reasonable time and the rates were not unusually high, I might pay them something for superintendence; but I think the public at large would be not truly benefited by the reduction of rates. No man that ever put a penny of money into these railroads should be ousted of that penny. On the contrary, he should have that, and reasonable interest, even cumulative interest, if he can show that there was any money put in there and not reimbursed.

Q. In regard to the management of the road itself, the security, the public, and the manner in which the rolling-stock is kept, is it, in your judgment, true that a corporation which for a long period of years pays no interest whatever to its stockholders, is as well managed as one that does pay a reasonable dividend?—A. As a general proposition it is not true, although sometimes the directors of a company can run more money in speculating on a non-dividend paying stock, and they get their profit in that way.

Q. But I am speaking of the ordinary management through the administrative officers who take charge of the road and keep regular in its trains and insure safety to the public. Is not that secured best by railroads that pay reasonable dividends?—A. As railroads are managed to-day, certainly.

Q. Have you any other suggestions you can make to the Commission in regard to the subject of the relations between the Government and the company?—A. I think not.

#### DEBT OF SIOUX CITY AND PACIFIC.

By the CHAIRMAN:

Q. How could you adjust a debt, as in the case of the Sioux City and Pacific Railroad, where the road has a first mortgage of \$16,000 a mile and it could be duplicated to-day at \$11,000 a mile?

Commissioner LITTLE. And where it does not pay the interest on its first-mortgage bonds?

The WITNESS. Well, in that case they claim that that road was consolidated into the Northwest, or, practically, absorbed into the system and for the very purpose of giving the Northwest an advantage that could not possess otherwise than by building a road. The Northwest system is amply able to pay, and the Northwest can make the Sioux City road pay.

#### THE GOVERNMENT AND THE CHICAGO AND NORTHWESTERN COMPANY.

By Commissioner LITTLE:

Q. How is the Government to get its debt, under the circumstances in its adjustment with the Sioux City road? By extension or how?—A. I think that is the severest case you can put. I think an equitable arrangement could be found, as between the Government and the Northwest Company. Of course you cannot get more than there is in it, but you are entitled to get all that there is, reasonably, in it. If the Sioux City and Pacific had remained independent to this hour, and could not pay a cent, nobody would say a word, except that the Government had lost its money.

Commissioner LITTLE. I was going to call your attention to the fact that the Northwestern management declined to make the Government any offer whatever, and is wholly indifferent to what legislation takes place. It also appears from the evidence already taken that

pany has never paid a dollar of net earnings into the Treasury, and it is not now, and has not for years, been able to pay the interest on the first-mortgage bonds; and that there is a large accumulation of other coupons. That is the financial situation of the property, and I would be glad to have you suggest a remedy by which the Government could secure itself.

## AN ILLUSTRATION.

THE WITNESS. I do not think of any difference in regard to the Northwest Company that would make me hesitate to devise a scheme. I will give you an illustration. The Central branch for years after construction never earned the interest on its first-mortgage bonds, but finally came into the possession of some new people and they extended until, I think, it was possibly self-sustaining. Now, Mr. Gould acquired that property for reasons satisfactory to himself, when he was in practical control of the Union Pacific, and when he was in practical control of the Kansas Pacific. He gave a certain consideration for it. I think he gave equal to about \$250 a share for some 8,000 shares of stock that they picked up from the widows and orphans. Whether the Union Pacific Company gave him cash, or bonds, or what not, they gave him consideration which reimbursed him for that. Therefore he, having paid it for a consideration satisfactory to himself—they having acquired it for a consideration satisfactory to themselves and on a basis that showed that it must be a highly profitable property, worth more than the 10 per cent. stock of the United New Jersey Railroad, guaranteed by the Pennsylvania Company; now if that stock was worth \$2 a share in 1879, for example, it implied a higher earning capacity. I do not think that the Union Pacific Company, or whoever is the owner of it (it is hard to tell who is), should be permitted to plead a non-earning property after he bought it, for a purpose which showed that it was certainly earning a great deal to him. So that if the Sioux City was taken by the Northwest for what they deemed a valuable consideration (I suppose they wanted to get to Omaha) they can certainly make it earn very much more than its interest, and if they could not make it earn, fairly and honestly, more than the interest on the first-mortgage bonds I would not ask them to pay the Government debt—even the rich Northwest corporation.

## EFFECT OF TAKING POSSESSION OF SIOUX CITY AND PACIFIC.

By the CHAIRMAN:

Q. What would be the effect of the Government taking possession of the Sioux City and Pacific road and running it on operating expenses?

A. I think they would lose money, probably, unless they compelled the Northwest to do certain things which I think, of course, they could do.

Q. What would be the practical result?—A. Oh, I do not think the Government wants a hundred miles of railroad up in that country situated as that railroad is. That is a very different thing from the Government operating the Union Pacific or the Central Pacific.

Q. How would they compel the Northwestern to an adjustment by their possession?—A. I think that when the Northwest acquired the Sioux City and Pacific they acquired it subject to all its obligations, and the Sioux City was incorporated into this general legislation of 1862 and 1864; which legislation was subject to alteration, amendment, and

A. And I think Congress could legislate on the Sioux City and

Pacific to affect the Northwest just as they legislated on the Central and the Union Pacific to affect them. A man does not get all the eggs when he takes a franchise. If he gets the benefit he must take the responsibilities, too.

#### CONGRESS COULD APPLY A REMEDY.

Q. Can you suggest any means by which this Commission can compel the Northwestern to assume any more responsibilities than it has in relation to that property?—A. Under the decision of the United States circuit court in California I do not think this Commission has much power to compel anything.

Q. Can you suggest any remedy that Congress could apply?—A. I think I could draw a bill.

Q. Keeping in mind the fact that the Northwestern Company is merely a stockholder in that property?—A. Yes; that is the "innocent holder" dodge.

The CHAIRMAN. That is the legal relation between the companies today. The proof is that the Northwestern owns and controls a majority, and, perhaps, all the stock of the Sioux City.

The WITNESS. If that is the legal relation I would endeavor to see what the equitable relation is, and see if we could not do something with that.

#### DIVIDENDS DECLARED WITHOUT AUTHORITY OF LAW.

By Commissioner ANDERSON:

Q. Did I understand you, among the other violations of law enumerated by you, to say that the Union Pacific Company had declared dividends without authority of law?—A. Most certainly you understood me to that effect, because they could not declare dividends under any authority of law when the stock outstanding was issued without any authority.

Q. Do you assert that on any other basis except the illegality of the issue of stock—I mean, do you assert that they declared dividends in years when no dividend was earned?—A. I never said that.

Q. I know you did not; but I ask you whether that is your meaning. Have you any knowledge on the subject whether dividends were earned in all the years when they were declared?—A. I think they attempted to show that they earned a great deal more money than they paid out, because very much of the money paid on their branch lines came from earnings.

Q. Are you aware that it is the practice of most railroads, and I presume of the Union Pacific road, to count the accretions of former years in determining whether, in a given year, they can declare a dividend or not?—A. Yes.

#### A "SURPLUS" WIPED OUT.

Q. In your judgment is that a conservative policy?—A. That is simply a fraud; no patent a fraud that the Northwestern wiped out the other day, \$10,000,000 of what they called "surplus." The Union Pacific cannot wipe out a surplus that is represented by bonds and stocks.

Q. You cannot assert what the credit balance on the balance-sheet represents unless you take the property into which it has gone and as-

tain its true and actual value?—A. Certainly. As a rule, surpluses are made up by failing to expend what should have been expended, charging a construction account what should have gone to operating expenses.

Q. Is it the practice of railroad companies to keep their construction account up to actual cost, without making the necessary allowance for deterioration and decrease of value from year to year?—A. Poor's Manual has too many pages to answer that. Some railroads have no construction account. John Edgar Thomson some years ago found it exceedingly dangerous to have a construction account open. The managers insisted on having items go to construction account instead of operating account, and he simply wiped it out. The Pacific railroads to-day, where they have a construction account, should not charge into that except in a specific and open manner what should go to construc-

tion. The conservative policy would be to charge everything that there is any question about to operating expenses, and so reduce the temptation to declare dividends which have not been fairly earned?—I think so.

UNLUS RESTRICTIONS DESIRABLE, BUT CONDITIONS SHOULD BE IMPOSED.

Q. The Union Pacific people have stated to the Commission with great earnestness that they desire, in order to improve their position and increase their solvent power, to be awarded by Congress through legislation an absolute and unlimited power to build branch lines, and in such manner as the directors shall deem advisable. Is it your judgment that legislation on that character would be good policy, if the terms of the adjustment in regard to extension and fixed payment were made so as to satisfy the United States claim in, say, fifty years?—A. I do not think, as I said before, that any undue restrictions should be laid on this company, but I think that when this company asks for a franchise whatever, in view of past experience, certain conditions that are reasonable should be placed on it and those conditions should be kept.

Q. I am asking you to specify in regard to this branch-line question, since the railroad companies attach a great deal of importance to it, what your judgment lead you to approve a bill which should fix an annual payment, regulate the rate of interest, extend the debt for fifty years from date, and then permit the railroad company to make any purchases and build any branch lines which in the judgment of the directors should be approved?—A. Provided that no debt or stock of any kind should ever be issued on those roads unless it represented a hundred cents on a dollar, on a fair estimate, for construction, and that no reasonable restriction be placed upon them in respect of charges.

Q. What do you mean by "in respect of charges"?—A. In respect of rates.

By the CHAIRMAN:

Q. Would not any extension plan be accompanied by years of litigation, charges, and counter-charges that have characterized these roads in the last twenty years?—A. Well, I suppose it would be possible to make a bill, when the Government would cease complaining; but whether it would be possible to pass a bill that would stop the other fellows, I do not know.

## ATTEMPTS TO RESTRAIN THE ROADS.

Q. Would not then an adjustment carrying out a divorcement of the Government from the company, even at a loss, be more beneficial to the Government, the country, and the roads?—A. I do not think that the road has ever been restrained. I think the road has done all that it would have done except, possibly, during the past year; and I guess they are glad now that they did not build any more than they did.

Q. Has not Congress attempted repeatedly by enactments to restrain the roads?—A. I only know of two attempts. One was the passage of the Thurman act, which certainly was liberal towards the companies and the other was an act passed in June, 1874, to compel the Union Pacific to extend facilities to the Kansas Pacific, making a failure to do that a subject of fine and imprisonment. That never did the Kansas Pacific any good. Judge Dillon can tell you more about that than I can, as to why it failed.

Q. Practically, was there any result from such restraining legislation?—A. No result except to hasten the bankruptcy of the Kansas Pacific.

## WHO HAS THE POWER?

Q. What assurances then would there be, judging by past history, of any utility in that sort of legislation?—A. I think that the Commissioner of Railroads (under the law creating the Auditor of Railroad Accounts, in addition to the other legislation), in connection with the Secretary of the Interior, has more power over these corporations under existing law, than any Government officer that I know of has over anything under his charge, except it may be the Secretary of the Treasury over the key to the vaults.

I will give you an example. Mr. Armstrong was once Commissioner of Railroads. He was as nice an old gentleman as ever lived. When he was appointed he desired to magnify his office. They all do that. [Laughter.] He heard of me. He met me one night up at the Fifth Avenue Hotel and got talking about various things, about his office and what he hoped to do, and so on. I told him I thought he had a very responsible office and one that gave any man a great opportunity for political distinction in the proper sense—an advancement in public favor—by the proper exercise of the functions of his office. He said he would be very glad to have any suggestions, and that that was what he was going to do; that he was going to make these fellows "teeth mark," and so on. Subsequent to that time I had occasion to talk to him about a subject, not the Union Pacific, but the Texas Pacific. I wrote him a letter and he met me once after that in New York and referred to this letter, and he says, "Mr. Keiff, I have a letter in my office from you and I don't know exactly what to do with it." I asked, "Is it written in good English?" Yes, he thought it was. Then I said, "The letter asks you to do a certain thing." "Well," he says, "the trouble about this is that if any question properly comes before me that I have got to decide upon, I am going to decide upon that question without fear, favor, or hope of reward. I do not stand in fear of anybody." But he says, "I do not want to go out looking for things." "Well," I said, "It is exactly to look for things that your particular office was created. When Senator Thurman and Senator Edmunds created your office that is exactly what it was done for."

Another instance is that the Attorney-General was at one time specially directed to file a bill, and never filed it.



I would simply have these gentlemen perform their duty, or I would get somebody in their places who would do it. All that is wanted is a fair man.

#### HAS RESTRAINING LEGISLATION FAILED?

By the CHAIRMAN:

Q. Then we come back to the original proposition, whether restraining legislation has failed or, if there is a deficiency in the law, whether the law has failed. What hope has the Government that the arrangement can be made any more satisfactory in the future?—A. Well, possibly, if you were President of these United States you would see whether the people appointed to office, whether Cabinet officers or not, would perform the duties assigned to them. If they did not you would try some other. There is no use looking for new legislation on this matter until there is a deliberate and faithful attempt to enforce what you have. There is plenty of law in the books. The Secretary of the Interior has lots of power; so has the Commissioner of Railroads; so has the Attorney General; more than all, the President.

Q. What plan have you to suggest, that would be sufficient, with reference to the enforcement of the legislation to which you refer?—A. I am not administering the general affairs of the Government, but if I were an autocrat I should send for these gentlemen if they had failed to enforce the law. I would endeavor to ascertain their reasons therefor. If they could not give me any satisfactory reasons I would give them one more show, or displace them, or have them commit harikari under the Chinese plan. If they did not do it I would punish them as I punished other people for short-comings.

#### PRESCRIBE A PENALTY.

You will notice that wherever there is a law in the statute book that is attempted to be enforced and the penalty is prescribed, they walk right up and settle. But the trouble is, legislation is made sometimes in a general sort of way, and there is put in the bill no penalty. For example, section 20 of the act of 1862 provides a certain character of accounts to be rendered. In other words, Congress said, at the end of all this legislation, "We want these accounts furnished every year. We want to know the particulars of your business; the bonds out, the stock out, etc. We want every piece of information that anybody would be entitled to under the circumstances." Congress further says that these reports shall be submitted under oath. But there is no penalty attached to that law; and yet, for years, reports were filed in Washington, first in the Treasury Department, and afterwards in the Interior Department, in which the railroad people stated that this stock, for example, was fully paid, and swore to it. There was no attempt made to investigate the matter. Now, possibly, if there had been a penalty attached to that they would not have stated what they did.

Q. By a penalty you mean imprisonment?—A. Yes; if that is necessary; though I do not like to put people behind the bars.

Q. In the enforcement of a law do you regard imprisonment as more important than forfeiture or fine?—A. Oh, forfeiture is a fraud. The Grandway Railroad has shown that.

#### CONCERNING THE DUTIES OF GOVERNMENT DIRECTOR.

Q. Of what importance has the office of Government railroad director been to the Government in the enforcement of existing law?—A. A great advantage, if the Commissioner would perform his duties.

Q. Have the duties of Government director been performed in the past in aiding the Government?—A. According to the views of the respective directors, I suppose so. They have all sworn that they perform their duties.

Q. Have you any suggestions to make with reference to the office of Government director or to the duties of that office?—A. I think the duties of a director of a corporation are a very serious matter. I think that a Government director ought to be absolutely disinterested. The object and aim of the law is to have him absolutely disinterested, so that he may have no personal interest whatever in the subject of investigation. If those directors administer the duties of their office in the true spirit of responsibility of a director, they would keep this concern from committing many errors.

#### \$10 A DAY NOT FIRST CLASS COMPENSATION.

By Commissioner ANDERSON:

Q. But could it be brought about that they should perform these duties thoroughly under a system of appointment that pays them \$10 a day when they attend, and which does not charge them with obtaining that vast mass of exceedingly intricate information that is necessary for the thorough performance of the duties assigned to them?—A. Ten dollars a day is not first-class compensation for men competent to perform the duties of Government director.

Q. But the chairman's idea is to inquire whether the office of Government director should be abolished, or whether it should require a man to perform that duty exclusively, or whether a better salary should be attached to the office, or what change you would suggest so as to make the office thoroughly effective?—A. Yes; I think they should have a salary that would enable them to afford to give their time, if a salary is necessary. Lots of people, probably, would take the office without salary. But what I mean is this: It is not necessary for a man to be a member of the majority and have a voice in the management. If there are thirteen members in a board, and if Mr. Gould is one, and he is interested enough to go to a meeting, I will bet on him every time. [Laughter.] He will do the voting. I mean, if a man is determined to benefit the Government, and he knows what he wants, he is a majority in himself.

By the CHAIRMAN:

Q. As the office is now constituted would not the Government be as well off without directors as with directors?—A. Yes; I think so.

Q. Have you any further suggestion?—A. No.

#### LEGAL STOCK OF UNION PACIFIC OUTSTANDING.

By Mr. JOHN F. DILLON:

Q. You are of opinion, as I understand, that there is no legal stock of the Union Pacific Company outstanding unless it may be the last \$10,000,000 which was issued, the money for which went into the treasury of the company?—A. I think there is. The first \$2,138,000 is, I think, legal; but I do not think there was more than about 10 per cent. paid in on it.

Q. Were you connected with the Kansas Pacific for a time?—A. Yes.

Q. Did you ever own stock in it?—A. I do not know that I ever owned stock in my own name. I had a little interest in it.

Q. Do you know how much money was ever paid on account of stock subscriptions to the Kansas Pacific?—A. In form, none. Oh, there was a nominal amount paid at the time of incorporation.

Q. In fact, any?—A. In fact, none, except by contract for work done; and, on the basis of the estimated cost of the Union Pacific, it was fully paid, I suppose.

Q. Have you ever owned any stock in the Union Pacific Company?—A. I never had any in my own name.

Q. Have you had any in fact?—A. Yea.

Q. When did you buy it?—A. I do not know. I bought it when I thought it was going up.

Q. You knew it was illegal?—A. That has nothing to do with the question.

Q. Have you bought any since 1880?—A. I do not know that I have.

Q. Directly or indirectly?—A. No; I do not think I have.

#### A SUFFERER FROM THE CONDUCT OF THE UNION PACIFIC.

Q. Have you any stock interest in the company now?—A. No.

Q. The Kansas Pacific?—A. No. The Kansas Pacific is wiped out, or any.

Q. You stated that you were a sufferer, as I understood you, by the manipulation?—A. No; I did not say so.

Q. What was your statement in regard to being a sufferer from the manipulation?—A. I stated that I suffered from the conduct of the Union Pacific towards the Kansas Pacific in the matter of not paying them their rights under the law.

Q. In what respect—were you a stockholder?—A. I was a bondholder, and I had stock interests from time to time. When I was interested in the company my interests were the company's interests.

Q. You suffered in your capacity as a stockholder and a bondholder?—A. Yea.

Q. When you acquired this stock you knew everything you know as to regard to the consideration for which it was issued, did you not?—A. I did not know as much about the law of the creation of these securities then as I did subsequently.

#### MATTERS OF PUBLIC DISCUSSION AND NOTORIETY.

As I understand your fundamental position, it is that, although the Union Pacific to-day has seven or eight thousand stockholders, none of whom, perhaps, or very few of whom were interested in the construction of the road, all of that stock (although purporting to be fully paid and although it may have been transferred a hundred times since its original issue) should be treated as null, except so far as it originally represented cash paid into the treasury. That is the basis, is it not, of the policy that you suggest as to the manner in which that stock should be dealt with in any future legislation?—A. Well, I do not know that could go to that bald extent. If there were any extenuating circumstances in the case of the present stockholders I might well be induced, if lay with me, to draw distinctions. But when I found a stockholder or party interested in the securities of the Union Pacific Company, to-day, who was not innocent and profited by the things considered of, I certainly would treat him as not entitled to consideration and I would make him pay; and some people who may not be at present interested I would make pay. I would draw a broad distinction

between an absolute innocent and one who was not innocent, but I do not suppose that that would compel me to go to the extent of saying that these holders of stocks and bonds who acquired them after 1880 or mainly after 1880, were entitled to give no consideration whatever to the source of their holdings. All these things have been matters of public discussion and notoriety from 1860 down. I suppose that there are very few innocent stockholders today, in the true sense, who acquired their stock prior to 1880; because the list of stockholders then as shown by the consolidation, was very small in number, although respectable in amount, of holders.

Q. Going now into some specific matters: First, in relation to the branch roads. Have you ever taken any steps to prevent the construction or to question the policy of the company in building branch roads?—A. Not that I know of.

#### SUIT OF ARNOLD LEO AGAINST THE UNION PACIFIC.

Q. Do you know anything in regard to a suit having been brought in the Supreme Court of the United States by one Arnold Leo against the Union Pacific Company?—A. I recollect something of such a suit.

Q. Do you remember the year it was brought?—A. No, sir.

Q. Did you advise the bringing of that suit?—A. No, sir.

Right here, gentlemen of the Commission, I desire to say that I am perfectly willing to be subjected to any reasonable cross-examination. I started out by saying that I was not here as a volunteer witness, and that my relations to some people I might come in contact with might have not been agreeable. I do not think I ought to be subjected to cross-examination that will lead to things not connected with this investigation. What Judge Dillon wants to show is that I am moved by a personal motive. If he asks me whether I am, I will answer the question. I do not know that Judge Dillon has any right here. I do not want to place myself in the position of declining to answer. I am not the criminal. I am not the defendant. I am not on trial. And I think I am entitled to some consideration.

The CHAIRMAN. We will give you every consideration, Mr. Reiff, but we know you can take care of yourself.

#### A SLIGHT DIFFERENCE OF OPINION.

Mr. JOHN P. DILLON. It is a very common subject of examination to ascertain the motive and animus of a witness.

The WITNESS. I do not think, in my answer to the Commission, that I have shown any animus.

Mr. JOHN P. DILLON. I have never been concerned in any lawsuit examination in which the Union Pacific Company was a party, here in Washington, where I have not seen Mr. Reiff. He is an open foe.

The WITNESS. I do not think I have ever met you in court in this town, except as your friend.

Mr. JOHN P. DILLON. When I was trying the case of the Union Pacific Company against the Government, were you not in attendance at the Court of Claims day after day?

The WITNESS. One day I may have been there to hear your argument, as an intellectual treat. [Laughter.]

Commissioner ANDERSON. We will trust that Judge Dillon will go into anything unnecessary.

Mr. JOHN P. DILLON. The witness may decline to answer.

THE WITNESS. That is what I want to avoid. I do not want to say that I decline to answer. I do not want to be placed in that position.

MR. JOHN F. DILLON. I want to show that this witness caused a suit to be instituted here questioning the policy of the Union Pacific Company in respect of the construction of branch lines and the legality of the collateral trust, and failed. I may not be able to show it.

THE WITNESS. No; I do not think you will be able to show either of those things.

#### AS TO WOERISHOFFER & CO.

Q. Were you connected with Woerishoffer's firm in 1882?—A. Yes.

Q. Do you know what relation that firm had to the institution of the Leo suit?—A. I know of no relation that existed between them.

Q. Do you know when Mr. Leo bought his stock?—A. No, sir.

Q. Did you ever have any conversation with Mr. Leo in regard to that suit?—A. Generally, yes.

Q. Have you any knowledge that Woerishoffer & Co., the day before the institution of that suit, owned the 100 shares of stock on which it was brought?—A. No.

Q. You do not know whether it is so or not?—A. No.

Q. It was shown in that case that the suit was brought in December, 1882; and that Mr. Leo acquired the stock on which it was brought from Woerishoffer & Co. the day before its institution?—A. I do not know whether that was shown or not.

Q. You have no knowledge on that subject?—A. I have not.

Q. Do you know who Mr. Leo's counsel was in that suit?—A. John Burrill, I think.

#### WITNESS WAS A DIRECTOR IN THE RIO GRANDE COMPANY.

Q. Were you ever a director in the Rio Grande Company?—A. Yes.

Q. Were you a director at that time?—A. No.

Q. It was charged in the affidavits in that case, and not denied by Mr. Leo, that that suit was promoted by the Rio Grande Company and the firm of Woerishoffer & Co. Have you any knowledge on those subjects?—A. No.

Q. You have stated that you were in Washington, I think, during the Forty-eighth and Forty-ninth Congresses?—A. I do not think I so.

#### REGARDING THE THOMPSON BILL.

Q. Do you recollect the Thompson bill in Congress?—A. Yes.

Q. Do you recollect the examination before various committees there concerning the proposal to tax the lands of the Union Pacific Company?—A. I recollect that there was such a bill.

Q. Concerning the proposed extension of the Thurman act over the Union Pacific and an increase of percentage which was required?—A. No; I never was present at any such hearing. I remember that there was such a bill under discussion in Congress.

Q. Were you not a witness before the committee?—A. I think not.

Q. You have devoted a good deal of attention, in Washington and elsewhere, to the affairs of the Union Pacific Company?—A. Not much, might have been different if I had.

WHY WITNESS HAS TAKEN SO MUCH INTEREST IN UNION PACIFIC AFFAIRS.

Q. Will you state to the Commission why, not being a stockholder or bondholder in the company, you have taken such a lively interest in its affairs, here and elsewhere?—A. I have stated to this Commission, explicitly, how my objections first began, through what I considered the improper and unjust treatment of the Kansas Pacific on the part of the Union Pacific. Subsequent to that period I became involved in a controversy in which Mr. Gould wronged me; and subsequently he aided in practically the same scheme of wrong doing toward me by the Western Union Telegraph Company. At one time, he being not only the largest holder of Union Pacific stock, but its practical controller, naturally did not feel very friendly to any enterprise in which he was interested; and as the Western Union Telegraph Company had very deeply wronged me, I naturally did not feel very friendly toward it, especially as some of the old directors of the Union Pacific Company were parties to this wrong which Mr. Gould finally carried out, and are still directors in the Western Union, and profited by the wrong that the Western Union did me. That is my motive. It is an open matter. Everybody knows it. I have been charged with a great many things. For instance, I was charged (not by name, but then I do not have to be kicked more than a dozen times to know that I am meant), by Judge Dillon himself, before a committee of Congress as being a speculative charlatan that he had seen in the corridors of the Capitol. I know what my motives are, and I know what I have done.

A VERY STRANGE THING.

He referred just now to the Thompson bill. Is it not a very strange thing that immediately after Mr. Thompson left Congress, after having passed this bill through one House of Congress almost unanimously, he should find him in the employ of the Pacific Railroad Company the next session, when he himself told me that he was defeated in his re-election by the action of these people? If they would look elsewhere than to me for the action of these people they would find motives, and motives that they would have to cover up. Is it not a very strange thing that nearly every man who has been against these people in Congress, if he has been an able one, has, at one time or another, become their employé? Who signed the Credit Mobilier report in Congress? Who is their best friend in the United States Senate to-day? George F. Hoar, of Massachusetts. Who are their attorneys in Washington? Shellaharger & Wilson. They both signed that report in Congress.

MR. THOMPSON'S EMPLOYMENT.

Q. You have made the statement that Mr. Thompson was in the employment of the Pacific roads. Do you mean the Union Pacific?—Well, I did not specify the Union Pacific. I know he was there under the shadow of Mr. Sherrell, and Mr. Sherrell was representing the interests, in point of fact, of both companies, though I suppose the Central Pacific paid him. There is no use getting to technicalities. Judge Dillon knows that all I say is true. I may not be able to prove it to his satisfaction or to the satisfaction of this Commission, technically, but he knows it is true.

Q. I ask you again whether you do not mean to imply that after Mr. Thompson's term expired he was in the employment of the Union P.

the Company?—A. I did not mean to say anything of that kind. I simply said he was there in the interest of the Pacific railroads. The interest was common in the Thompson bill. Both roads were in it. The Central Pacific Company was more opposed to the Thompson bill, because he laid a heavier load on that company, but in protecting their interests they were necessarily protecting the Union Pacific.

Q. Were you not in attendance during almost the whole session of Congress—the one of which Mr. Thompson was a member? I will identify the Congress in that way. That was the Forty-eighth Congress, I believe. Were you not there opposing any legislation in the interest of the Union Pacific and promoting all bills inimical to the Union Pacific?

—A. No; I was not there many times that winter that I recollect. I have not been to Washington many times. In the session to which you refer I do not think I ever attended three meetings of any committee. I do not remember to have ever been in any railroad committee room in the House but twice during that session.

Q. Was not that your business in Washington?—A. No. I could not have done much to further the Thompson bill, because I do not think it was right. If you will ask me whether I was there looking after Mr. Gould and his telegraph legislation I will answer that, yes, sir. I will not shrink anything that I have done.

Mr. JOHN P. DILLON. The witness has undertaken to give some legal opinion as to the nature of the collateral trust, but I do not care to examine him on that.

NEW YORK, Thursday, September 29, 1887.

THOMAS M. NORWOOD, being further examined, testified as follows:

#### AN EXPLANATION.

The Witness. To set myself right, I desire to say that in the New York World's issue of January 15, 1887, appears this statement as coming from myself:

Congressman T. M. Norwood, of Georgia, said this evening that the T. M. Norwood mentioned in the list of rejected accounts must be that of some other Norwood. He said he never had any connection, in any way, with the Central Pacific Railroad, and never received any fee from that company of any kind. He said that there are many Norwoods in the West, and that an examination will show that it must be some of the many Norwoods.

I want to explain, gentlemen, that from that statement somebody might infer that I was not the Norwood referred to here. It bears that construction, but it came about in this way. Mr. Durham, of the World, came to my room in Washington the evening before this issue of the World appeared and asked me if I ever had a claim against the Central Pacific Railroad Company. I told him no. That was the way he put the question, "Have you ever had a claim against the Central Pacific Company?" I said "No." "Well," he says, "there is an account here in the Treasury Department of a claim made by a gentleman of your name and your initials." I said I never had any claim against the Central Pacific Company nor any other of these roads, and if there be any claim there presented in that name it must be some other Norwood. That statement came from the fact that he put the question to me as to whether I ever had a claim or prosecuted a claim. He afterward told me that he called at the request of Mr. Crawford, the gentleman who wrote this article, I presume. But the next morning, when this article appeared, I then understood that he meant whether I had ever

paid any money by the Central Pacific Company. But I stated to him at the time that I never had any claim against the Central Pacific Company, and never received a dollar from them, just as I stated here to-day.

It is only to correct that apparent contradiction as to the position occupied that I wanted to make this statement.

NEW YORK, Thursday, September 20, 1901.

Afternoon session.

I. E. GATES, being further examined, testified as follows:

By Mr. NORWOOD:

Question. You have seen this statement in the World about accounts in which my name appears as receiving a certain amount?—Answer. There was a paper here yesterday, I believe. I did not look it over then.

Q. Certain amounts are put down as paid to me in 1878 and 1879?—A. Yes; I saw one amount there.

MR. NORWOOD'S ACCOUNTS WITH SOUTHERN PACIFIC COMPANY.

Q. You remember my agreement with the Southern Pacific Railroad Company, do you not?—A. As I remember, your agreement was with the Southern Pacific Railroad Company.

Q. And that I rendered accounts to you in the office, and sometimes that you paid me?—A. Yes; I should think quite likely I might have paid you. Of course, transactions of that kind, eleven or twelve years ago, when we were paying hundreds of people, would not be fresh in my mind; but I remember making payments to Mr. Norwood.

Q. On account of the Southern Pacific Railroad Company?—A. I always understood them to be on account of the Southern Pacific Railroad Company.

Mr. NORWOOD. That is all.

#### HOW THE PAYMENTS WERE MADE.

By the CHAIRMAN:

Q. How did you make the payments to Mr. Norwood?—A. Of course I cannot remember positively how they were made. Probably sometimes in currency, and probably sometimes in check to his order.

Q. Did you meet Mr. Norwood at the office of the Central Pacific Company?—A. Yes; I met him there.

Q. How often did you meet him there?—A. I could not tell.

#### THE AMOUNTS.

Q. I call your attention to the following payments detailed in the article referred to:

1878.		
Nov. 2.	T. M. Norwood .....	\$1,000
Nov. 27.	T. M. Norwood .....	250
1879.		
Jan. 17.	T. M. Norwood .....	1,000
Feb. 16.	T. M. Norwood .....	250
Apr. 14.	T. M. Norwood .....	2,500
May. 10.	T. M. Norwood .....	250
Sept. 27.	T. M. Norwood .....	250



Do you recall any of the particulars of the payments to Mr. J. M. Norwood, in making payments on the account of the Central Pacific?—A. I recall that I saw Mr. J. M. Norwood, and I recall that I saw him at the time that the payments were made.

THE WITNESS RECALLED THE FACTS.

Q. Was he paid by check or by cash?—A. That I cannot tell. As I said before, quite likely some of the payments were made by check and some may have been in cash. My impression is that the larger proportion of them were made by check.

Q. How were the checks drawn?—A. They might have been drawn out in his name on the face of the check, or they might have been filled in with my name, or my name might have been on the back of the check, and the check might have been signed by Mr. Norwood, or the check might have been signed by Mr. Huntington after my name was on the check, and then indorsed by me to Mr. Norwood's order.

Q. So that, according to your custom, if your name was printed in the body of the check, Mr. Norwood's name would not appear anywhere on the paper?—A. Yes; if he was paid directly by check his name would be on the back of the check.

Q. By indorsement?—A. Yes.

Q. In making payments on account of the Southern Pacific Railroad Company and the Central Pacific Company, did you use different check books or the same check book?—A. The same check book.

THE WITNESS RECALLED THAT ANY OF THE PAYMENTS TO MR. NORWOOD WERE ON ACCOUNT OF CENTRAL PACIFIC.

Q. Do you recall whether any of the payments I have read to you were made on account of the Central Pacific?—A. No, sir; I do not recall that fact. My impression is, and my understanding was at the time, that he was employed by the Southern Pacific Railroad Company and paid by that company.

Q. Did you make that charge, after payment, against the Southern Pacific account in the office?—A. That I cannot tell.

Q. Who kept the accounts of the Southern Pacific Railroad?—A. The clerk in the office who kept the cash account and who wrote out the monthly statements, reporting our transactions here to the San Francisco office.

MR. HUNTINGTON GAVE THE INSTRUCTIONS.

Q. Who would have given him the instructions as to how to charge the payments to Mr. Norwood?—A. That would naturally come from Mr. Huntington himself. Probably one general direction in the beginning of Mr. Norwood's employment would cover the whole for the subsequent period.

Q. As you recall the circumstances, the payments were on account of the Southern Pacific Railroad Company?—A. That is, as I recall it.

Q. So that if the charge was made, subsequently, to the Central Pacific Company, then it was made to the Southern Pacific Railroad, and from the Southern Pacific Railroad accounts charged to the Central Pacific?—A. That is my understanding; yes, sir.

Q. Had you any direction of the accounts?—A. Only in a general way, under Mr. Huntington's general direction.

Q. Were you at any time instructed by Mr. Huntington to charge expenses of the Southern Pacific Railroad Company to the Central Pacific account?—A. Not to my recollection.

Q. Did you ever make any charge to the Central Pacific expenditures made on account of the Southern Pacific Railroad?—A. I do not know that I ever did.

Q. If you ever did, would you not have a knowledge of it?—A. Well, I should be likely to remember it, I think.

I. E. GATHE.

NEW YORK, Thursday, September 29, 1901.

LUOIS B. CHITTENDEN, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. What is your occupation?—Answer. I am a lawyer.

Q. Practicing in the city of New York?—A. Yes.

Q. Of how many years' standing?—A. About twenty years here.

CONNECTED WITH LITIGATION AGAINST CENTRAL PACIFIC.

Q. Are you the gentleman that was referred to in the examination of Governor Stanford in regard to suits which have been instituted against the Central Pacific Company?—A. I judge from a portion of his testimony which I read that I am.

Q. You have been interested in litigation of that character, have you?—A. I have.

Q. Will you please state to this Commission what the suit was which you represented some of the parties?—A. It was an action in favor of a number of minority shareholders of the California Pacific Railroad Company, brought against the Central Pacific Railroad Company, Mr. Stanford, Mr. Huntington, Mr. Crocker, and the representatives of Mr. Hopkins, to compel an accounting between the parties, to procure a transfer of the title to 76,000 shares of stock to the corporation, to set aside the lease to the Central Pacific Company, and for other subordinate purposes.

BASIS FOR LITIGATION.

Q. Can you state a little more in detail what circumstances connected with the issue of the bonds and stock of the California Pacific, or with the construction of the road, furnished the basis for this litigation?—A. I think, if the Commission will permit me to give a short history of the suit, I can make that plainer than in any other way.

Commissioner ANDERSON. You may proceed.

The WITNESS. In the spring of 1890 I was applied to by certain of these shareholders, who had just ascertained the fact that a modification had been made in the terms of that lease by which the California Pacific Railroad Company, for \$50,000 a year, released its right—three-fourths of the net earnings, by way of rent, in excess of \$500. They wished to know whether that modification could not be set aside. They brought me some documents and facts about it. They represented, I think, about five thousand shares of stock. While the matter was under examination they told me that Mr. Cohen was in the case who knew all about it, and they wished to bring me in contact

him in regard to the matter, and also with a Mr. Latham, who had been formerly largely interested in the corporation. I had several interviews with Mr. Cohen, the result of which was that he made an arrangement with these gentlemen to commence and prosecute this suit, he being a stockholder himself in the corporation, and representing that he was personally familiar with all the facts. I was unwilling to advise as to a suit unless I knew what the facts were. I went to California in their service, and attempted to get access to the books of the company.

#### WILLING TO ADVISE THAT A SUIT BE BROUGHT.

Q. Of the Central Pacific Company?—A. Of the California Pacific Company. They were in the possession of Mr. Crocker. That access was refused; but the facts that I learned there, and which were indicated to me by Mr. Cohen, induced me to believe that a suit could be obtained and should be brought. I was then willing to advise that it be brought, and an arrangement was made by which Mr. Cohen was to take charge of the suit in California and prosecute it to effect, and my office was to do what was necessary here. I may say here that Mr. Cohen at that time stated to our clients that he had charge of another suit in favor of San Joaquin County, involving similar questions and principles, and that he could prosecute one as well as the other; that the San Joaquin suit would ripen first, and it would not be necessary, probably, to try more than one of them, and that both suits should take the same course and share the same fate; one should not be settled, particularly, without the other. Now, I will state the facts upon which the suit was brought, and then state what became of it. I then produced the documents, which showed that at a certain period in July, 1872, Mr. Huntington, for himself and his then associates, Mr. Hopkins and Mr. Stanford (Mr. Crocker was out at that time), were to purchase of Mr. Latham and others something over 75,000 shares of stock of this company, and to pay for that stock by the issue of \$1,000,000 in mortgage bonds of the California Pacific corporation, which bonds were to be guaranteed by the Central Pacific Company. It also appeared that at the time the change of possession was to take place the then directors of the California Pacific Company, of whom Mr. Latham was president, and Mr. J. P. Jackson was president, made a compact with Messrs. Huntington, Hopkins, and Stanford, by which they agreed, within a period of eighteen months or two years, to put an additional track on the California Pacific road between Davisville and Sacramento, a distance of about 12 miles.

#### CALIFORNIA PACIFIC PASSES INTO HANDS OF CENTRAL PACIFIC COMPANY.

Q. Who was to put on the additional track?—A. Messrs. Hopkins, Stanford, and Huntington, for which work they were to receive these bonds. Immediately thereafter the California Pacific property and corporation passed into the hands, substantially, of the Central Pacific Company, and its officers were appointed over it. They took possession and have operated the road ever since. Nothing was done about this track until November previous to the 1st of January, when it was to be performed.

Q. November of what year?—A. 1872. It was to be performed by the 1st of January, 1873. During the previous winter there had been a

freight, which had carried off a portion of this road and interrupted its traffic. On the 9th of November, 1872 (as the papers showed), Messrs. Huntington, Hopkins, and Stanford assigned to the Contract and Finance Company their contract to double track this road, and the Contract and Finance Company then made a contract with the California Pacific directors, who were at that time persons in the employ of the Central Pacific Company, to repair this road between Davisville and Sacramento, and also between Davisville and Knight's Landing, and stating that those repairs were to be substituted for the performance of a former contract to double-track the road, no sums being mentioned.

#### SALE OF THE "DONOHUE" ROAD AND A FLEET OF STEAMERS.

Between that time and the 1st of January they did make those repairs—as the records state, at all events. I may say here that a temporary track had been laid down in the September previous—September, 1872—and the running of the road commenced. There was put on in the records of the company a certificate that the Contract and Finance Company had made these repairs, and that therefore they were discharged from this contract. It was also developed by documentary evidence that Messrs. Huntington, Hopkins, and Stanford sold what was known as the Donahoe road—the San Francisco and North Pacific road—which at that time was owned by the Central Pacific Company. They claimed to have extended that road somewhat. By the papers, the California Pacific appeared to have sold it to the Contract and Finance Company for \$750,000, and at about the same time Mr. Huntington and his associates sold it to Mr. Peter Donahoe for \$1,050,000. They had also sold a large fleet of steamers that then belonged to the California Pacific—some forty or fifty, if I remember rightly, comprising a large part of the steamers then running upon the inland waters. Those were sold by the California Pacific to the Central Pacific, and have since been used for or disposed of by them. It appeared, further, that after they began to build the Northern Railroad and got it running from a point just above the bay crossing (I have forgotten the name of the place) that road was completed by the California Pacific Railroad Company under some arrangement or contract with, I think, the Western Development Company; that then the Northern Railroad, from its junction with the California Pacific to a place called Williams, was leased (by the Northern Railroad Company or the Pacific Improvement Company) to the California Pacific Company, by a verbal lease, which ran for a considerable time, and that, finally, when the Northern Railroad was completed so as to make the connection perfect between Sacramento and Oakland by using a portion of the California Pacific Railroad, this lease was made to the Central Pacific Company.

#### TERMS OF LEASE OF PORTION OF CALIFORNIA PACIFIC.

Q. The lease of the California Pacific?—A. What remained of the California Pacific. The lease was for \$550,000 a year, and three-fourths of the net earnings in excess of that sum; and, perhaps, some other things were to be paid first. That lease appeared, on the face of the document, to be dated the 10th of July, 1878. It turned out, however, not to have been authorized or executed until the month of May, 1879. They operated under that lease until December, 1879, when a modification of it was made by which the California Pacific, in consideration of \$50,000 a year, gave up all claim under that provision of the lease.

disclaimed—and I thought the evidence pretty satisfactorily established it—that that lease was fraudulent, that the original purchase of the stock was fraudulent, and that if anybody owned that stock it belonged to the California Pacific Railroad Company, whose bonds bought it and paid for it.

Q. Please explain a little more in detail how you make out that the bonds of the California Pacific bought the stock.—A. Simply by the terms of the contract. By the contract Messrs. Stanford, Huntington, and Hopkins agreed to purchase these shares and pay for them by the delivery of 1,000 bonds of the California Pacific Railroad Company to be issued and secured by mortgage upon its property; and the contract also provided that these bonds were to be guaranteed by the Central Pacific Railroad Company, a fact to which I shall come to presently.

#### OWNERSHIP OF BONDS.

Commissioner ANDERSON. I do not quite get the facts in regard to the ownership of these bonds. You say there were \$1,600,000 of bonds, that they were to be issued on the contract for double-tracking; that that contract for double-tracking was assigned to the Contract and Finance Company, and that that company subsequently, by agreement with the parties, substituted a contract to do some repairs instead of double-tracking, and that the repairs at the end of 1872 were done. But you have not stated to me whether the bonds of the California Pacific Company were issued and delivered to the Contract and Finance Company in payment of those repairs.

The WITNESS. The bonds were issued on the 1st of September, 1871, and delivered to the parties who sold the stock, as it turned out afterwards, all of the 1,000 bonds, as the contract required. Then, more than a year afterward, to wit, in November, 1872, this substituted contract was made, by which the Contract and Finance Company agreed to make these repairs in payment for those bonds which had already been delivered. The claim was (I shall come to that in a moment) that these repairs were not more in value than \$50,000 or \$60,000 on the outside, and, consequently, that because of the inconsiderable consideration that was paid, the whole transaction could not be upheld in equity.

Can I furnish you with a copy of the complaint and answer in the case? Have I made that plain?

#### SALE OF 76,000 SHARES OF CALIFORNIA PACIFIC STOCK.

Q. I do not yet get, exactly, how the 76,000 shares of stock found their way into the hands of those who exchanged or sold them for those bonds. Was it stock of the California Pacific?—A. Certainly. The California Pacific stock was sold by its owners, to the amount of 76,000 shares, directly to Messrs. Stanford, Huntington, and Hopkins, and entered to them on the books of the company.

#### THE CONSIDERATION.

Q. What was the consideration that appears to have been paid for the transfer of stock?—A. One million six hundred thousand dollars, the bonds of the California Pacific Company indorsed by the Central Pacific Company.

Q. And your proposition is that they had not made title to those shares by any payment or consideration to the California Pacific, in any way at that time?—A. They had not, except by this agreement to

double-track the road eighteen months afterward. There was no consideration paid but that contract.

Q. And the only consideration ever received by the California for those bonds was the value of the repairs done, whatever it might be?—A. Yes.

Commissioner ANDERSON. I think I understand you now.

THE SUIT COMMENCED.

The WITNESS. Upon my return I advised the bringing of it and the arrangement was made to have it commenced and for me to prosecute it. It was commenced and was prosecuted by me through the preliminary stages, until the matter was argued and submitted on demurrer, which raised a very important question of the statute of limitations—whether it applied to the alleged frauds under the statute of California, which required action to be brought within three years after the parties injured a knowledge of the facts. After that had been submitted I received a letter from Mr. Cohen (I have letters that I can produce, though not them with me), in which he desired to have some person act as attorney in the case, and saying that he would continue as counsel.

Mr. COHEN. Will you produce these letters?

The WITNESS. Yes, if you desire them.

Commissioner ANDERSON. We will call for them if you don't.

Mr. COHEN. Yes, I want them.

Mr. ANDERSON. Then the Commission desires Mr. Chittenden to produce Mr. Cohen's letters.

MR. COHEN WITHDRAWS FROM SUIT—MR. PRINGLE RETAINED.

The WITNESS. Shortly afterward I received a letter in which Cohen said he wished to withdraw from the suit altogether, at some reason for it, and thereupon one of the parties immediately to San Francisco and retained Mr. Edward J. Pringle.

Commissioner ANDERSON. Please give the name of the party went to San Francisco.

The WITNESS. That party was Mr. Fossick. He went to San Francisco, Cal., retained Mr. E. J. Pringle, and procured Mr. Cohen to be substituted, and that resulted in a new arrangement, at that time the suit has been prosecuted by Mr. E. J. Pringle, of San Francisco, and myself. Mr. Cohen has had nothing to do with it. I think because I think that Mr. Cohen ought not to have stated he apparently did on your record) that he commenced the action "agent of Mr. Chittenden." I think that erroneous. I do not think I would say so now, or should say so now. I do not at all shift the responsibility of that action; but he should not have said what the record shows that he said.

Mr. COHEN. I admit fully that I was just as much responsible body else for bringing that suit. But it was the fact, as I understand that I had not the control of the suit, but was simply your agent to take instructions from you; but I accept all responsibility of the bringing of the suit.

The WITNESS. It is true that I had not the authority to bring the suit.

Mr. COHEN. Whatever there is, good or bad, about the bringing of that suit, I am responsible for it quite as much as you are, yet

## ISSUE OF THE SUIT.

Q. What was the issue of that suit?—A. The demurrers were overruled, and there was, in 1885, a trial of the suit which occupied something over four months. A very diligent effort was made on our part to show something about the cost of those repairs and to extract it from one of the parties connected with the Central Pacific Railroad. Mr. Huntington referred to the books and vouchers of the Contract and Finance Company. They were inaccessible, and we were unable to show anything about the actual cost of those repairs except that they were between the 15th of November and the 1st of January, the time being rather short. The case was submitted to the judge.

The facts that I have stated in regard to the sale of the San Francisco and North Pacific road, and of the steamers, and of the lease, and of its modification, were all proved, and a very large mass of evidence was put in. It appeared, however, from the records of the company, that in August, 1872, Messrs. Huntington, Stanford, and Hopkins retired from the board of directors, and persons in their employment or that of the Central Pacific Railroad Company were elected in their places, Messrs. Stanford and Hopkins being appointed at the same time general agents of the California Pacific Railroad Company and authorized to exercise all its corporate powers.

## BONDS HAVE NO SUBSTANTIAL VALUE.

Another fact was developed upon the trial. It was claimed by the defendants that these 1,000 bonds had no substantial value; that the company was so loaded down with debts and mortgages that they would not have sold for any price, therefore they had no purchasing power for the acquisition of those shares of stock, and that their whole purchasing power and value was given to them by the guaranty of the Central Pacific Railroad Company. The fact, however, was developed upon the trial, and then came to the knowledge of the stockholders for the first time, that the entire consideration claimed to have been paid by the Central Pacific Railroad Company for the guaranty was paid by the California Pacific in a contract by which the California Pacific Railroad Company undertook to haul the Central Pacific Passenger cars over its road for \$5,000 a month, and to maintain the fare between San Francisco and Sacramento for a period of four years at \$1. We finally compelled the production of that contract, which, on its face, expressed that it was made in consideration of this endorsement.

## PRESENT STATE OF SUIT.

The present state of the suit is this: The court ultimately held that the parties, Messrs. Stanford, Huntington, and Crocker, having retired from the board ceased to be trustees; that the cause of action was barred; that the parties whom they substituted for themselves did not continue the trust; that therefore everything that took place before 1873 (which covered the largely material parts of our case) was barred by the statute of limitations, and that, standing by themselves alone, and without consideration of the other parts of the case which were barred by the statute, we had not produced sufficient proof to show that in fact in the execution of that lease and its modification.

## THE STATUTE OF LIMITATIONS.

Q. The distinction you make in regard to the period at which the company ceased to be trustees is applied by you, as I understand,

to the distinction between the statute of limitations as applied against a trust, and the statute of limitations as applied in reference to a cause of action which does not rest on trust duties.—A. Yes. The California statute of limitations is identical with our own. I believe it is historically taken from ours. The fact was developed upon the trial, for the first time, that the consideration for the guarantee of the Central Pacific Company was paid, not by Messrs. Stanford, Huntington, and Hopkins, but by the California Pacific Company; and the terms and conditions of that contract were discovered actually for the first time upon the trial of the action. In the argument, we undertook to maintain that that was a material fact constituting the fraud, and that as the proof at the time it came to the knowledge of the parties was conclusive, we had answered the statute of limitations. We were not fortunate enough, however, to attract the attention of the court on that point, and it is not mentioned in the opinion. I believe that is a statement of the history of that suit.

Q. Your bill was dismissed by the court.—A. Yes.

#### AN APPEAL TAKEN.

Q. Has an appeal been taken?—A. Certainly.

Q. Is that appeal now pending?—A. Yes.

#### A CALL FOR COPY OF RECORD.

Q. Can you furnish us with a copy of the record, or the pleadings at any rate?—A. The record in that case has not yet been printed and I cannot furnish a complete copy of it except by having a copy made. It is very lengthy. I think that, aside from the pleadings, there are something like 3,500 type-writer pages.

Commissioner ANDERSON. I referred more particularly to the complaint.

The WITNESS. I can furnish a copy of the complaint and the answer, and I will do so.

Q. How long have you known Mr. Huntington?—A. I need to know him when I was in the Treasury Department, from 1862 to 1865, and have known him ever since.

#### THE WILSON COMMITTEE.

Q. Do you remember the occasion of the examination by the Wilson committee at Washington in reference to Credit Mobilier matters?—A. I do.

Q. Were you present at Washington during that winter?—A. Part of it.

Q. Do you remember whether Mr. Huntington was there during the same winter?—A. I do.

Mr. COHEN. What winter was that?

Commissioner ANDERSON. The winter of 1873.

Q. Was Mr. Huntington examined as a witness before the committee?—A. He was.

Q. Was Mr. Franchot also?—A. He was.

#### A BILL RELATING TO CENTRAL PACIFIC.

Q. Do you remember whether there was any separate subject of legislation proposed by that committee, differing from the bill which affects



the interests of the Union Pacific Company, and addressed to the interests of the Central Pacific?—A. There was such a bill reported by the committee.

Q. Will you please state what the general features of that bill were?—A. Perhaps a little preliminary word is necessary on that point. The investigation of the Central Pacific Company and the Contract and Finance Company was not taken up by the Wilson committee until a pretty late period in the session. It was the third session of the Forty-third Congress, and it was, as I remember, about the middle of February before they completed their branch of the investigation in reference to the Union Pacific and the Credit Mobilier. They then examined General Franchot and Mr. Huntington, and I think I may say it appeared from their testimony that the necessary investigation of the Contract and Finance Company's affairs could only be procured in California. The session closed on the 4th of March. Of course there was no time for such an investigation. It resulted in a partial report being made by the Wilson committee, with a bill authorizing the Secretary of the Treasury, I think, to appoint a commission to continue the investigation and report at the next session of Congress.

Q. Have you a copy of that bill?—A. I have one which I could furnish to the Commission. I think I have copies of pretty much all those proceedings.

Q. As to the evidence of General Franchot and Mr. Huntington, which we find in the Wilson report, is that the evidence to which you refer as having been taken at the close of February?—A. I presume so, though I have not looked at it for a long time. I should recognize it very readily. [After looking at the printed report of testimony taken by the Wilson committee, being report No. 7, House of Representatives, forty-second Congress, third session.] The book which you have shown me appears to be the testimony as taken before that committee, and it appears that Mr. Franchot was examined on the 13th of February and Mr. Huntington on the 14th of February, 1873; the first on page 687 and the last on page 696.

Q. I understand you to say that you were present during these examinations?—A. I was.

#### AS TO EXAMINATION OF MR. HUNTINGTON BEFORE WILSON COMMITTEE.

Q. Do you recall the fact that Mr. Huntington was examined at some length as to the actual cost of construction of the Central Pacific road and the nature of its relations with the Contract and Finance Company?—A. I remember that he was examined on those subjects by different members of the committee.

Q. And that, in answer to general questions as to what those books would show, and who was acquainted with the actual cost of construction, his statement was that the information was in California, and that the books and offices were there?—A. That is the general fact.

Q. Do you remember what attitude Mr. Huntington was taking then in regard to the passage of this bill?

Mr. COHEN (addressing the witness). Were you counsel for Mr. Huntington at that time?

The WITNESS. I was counsel for the railroad company.

Mr. COHEN. Which railroad company do you mean?

The WITNESS. The Central Pacific Railroad Company, as I understood it. I would rather state just what my relation to the matter was, in point is made of it.

Commissioner ANDERSON. You may state it.

## THE "EDMUNDS AMENDMENT."

The WITNESS. The first Credit Mobilier committee (the "Felt" committee) was appointed very soon after that session of Congress convened. It became public that Senator Edmunds was preparing legislation, in some form, to authorize the Secretary of the Treasury withhold from the subsidized Pacific railroads payments to an amount equal to the accumulated interest on the subsidy bonds plus 1 per cent. net earnings after completion. Mr. Huntington desired to see whether I could not convince Mr. Edmunds that that would be very rash legislation and very unjust to the corporations. I expressed long before, as Mr. Huntington knew, that this interest was not payable by the companies until the maturity of the bonds. At his request and his employment I went to Washington and his interview with Senator Edmunds in which I protested as energetically as I knew how against the Government taking the law into its hands in this case, and, as I thought, deciding the law improperly. Whether it made any impression I do not undertake to say, but Mr. Edmunds's ideas came to be formulated, as they were, in an amendment to the legislative, executive, and judicial appropriation bill that session, they did authorize and direct the Secretary of the Treasury to withhold these payments, but they authorized the companies to bring an action in the Court of Claims to recover the amount, and would raise the question of the legal right of the Government to withhold it, and the question whether this interest was due; also, the appeal might be taken from the decree of the Court of Claims to the Supreme Court of the United States, and that both courts should give such suits preference over all other business.

## MR. HUNTINGTON FAVORED THE AMENDMENT.

The effect of that was that while it withheld the payments for some time being, it enabled the corporations to have the question settled. It was then proposed at the next ensuing term of the supreme court.

Mr. Huntington was strongly in favor of that amendment, on the ground that it would take the place of other adverse legislation in that session. At his request I prepared a letter which he signed, and delivered to Senator Edmunds, and which will be found in the record in which he expressed the satisfaction of the Central Pacific Railroad Company with that legislation, and their purpose, in good faith, to conform to it.

At Mr. Huntington's request I remained in Washington to do what I could to forward the passage of that legislation. It went through the Senate without difficulty, and came to be known as the "Edmunds Amendment."

That was the subject-matter of my employment.

## OPPOSITION IN THE HOUSE.

When the matter got over to the House, however, something happened. Developments of either the Credit Mobilier committee or of the corporations had occasioned a great deal of hostile feeling, and there was very severe criticism against the Central Pacific road and its managers, as well as the Union Pacific. To that, however, I did not pay much attention.

It became known that Mr. Holman, in the House, was going to make an attempt to strike out the provision of the Edmunds amendment.

which authorized the commencement of those suits and gave them preference in the courts, which would have destroyed the value of the bill to the company.

At Mr. Huntington's very earnest request, I remained in Washington, doing what I could in a proper professional way, to defeat the amendment of Mr. Holman, which we knew was to be made. The defeat of the Holman amendment, the passage of the Edmunds amendment, and the defeat of the Wilson bill, were the objects sought to be accomplished during the remainder of the session, by the Central Pacific Railroad and by Mr. Huntington.

Q. The Wilson bill you refer to is the bill directing an investigation and the appointment of commissioners?—A. Yes.

Q. Was Mr. Huntington continuously there, or there a good deal during that session of Congress?—A. He was.

Q. Were your interviews with him frequent?—A. They were.

#### CONFERENCES WITH MEMBERS OF CONGRESS.

Q. Do you know (from meeting them or in any other way) that Mr. Huntington had frequent conferences with members of Congress in regard to those bills?—A. Certainly he did, and so did I. That was a very common matter.

Q. Where was it Mr. Huntington's practice to have these interviews with members of Congress?—A. Mr. Huntington and General Franchot had quarters that year, I think, at Willard's Hotel. They had rooms there during the excitement that were frequently visited by members of Congress and others. It was a very frequent occurrence to have interviews with members of the House of Representatives (after the legislation got into that House) at the Capitol, and wherever they could be found without intrusion.

Q. Were there other gentlemen besides yourself and General Franchot who were engaged in the discharge of these duties in behalf of the company?—A. There were. I wish, however, to say that my own efforts were exclusively confined to getting through the Edmunds amendment and the defeat of the Holman amendment. The other matter I had nothing professionally, or otherwise, to do with.

#### OTHER PERSONS EMPLOYED.

Q. Can you state to the Commission the names of other gentlemen who were employed at the same time in this and similar work?—A. I remember General Franchot, of course. I remember a gentleman by the name, I think, of Boyd, who had formerly held some office in the House of Representatives, and I think there was a Mr. Sherrill. It is a little difficult for me to separate this time from one or two other occasions when I have been in Washington. It seems to me there was a Mr. Carr who was quite efficient, who was a west-coast man; and there were others. It is a long while ago, and I cannot recollect them all now.

Q. Do you remember the name of Henry Beard?—A. I do not recognize that.

#### THE BUSINESS PROSECUTED WITH DILIGENCE.

Q. How active, generally, was that business of prosecuting those interviews and urging generally the opposition of the Central Pacific Company to those measures?—A. I can answer, for myself, that it was

Q. On what occasions?—A. My acting for the Central Pacific Railroad Company, or for Mr. Huntington, commenced as early as the appointment of what was known as the "Committee of Eminent Citizens." I cannot fix the date of that, but it was about the time that it was claimed that the railroads were completed and that an act was passed providing for the appointment of a committee of gentlemen who, in the bill, were, I think, called "eminent citizens," who were to examine the road and determine how much money it would cost to complete it within the meaning of the railroad acts, and then recommend some way in which the money could be deposited and the balance of the bonds issued.

Commissioner ANDERSON. That was in 1869?

The WITNESS. In 1869. From that time there were two or three occasions when I was there at Mr. Huntington's request. I made the final arrangement with Secretary Boutwell for the issue of the last bonds that were issued to the Central Pacific Railway Company. That was at the end of a good deal of legislation that took place that winter about it. Then I was there at another time when the question first came up whether the companies were bound to pay the interest on the subsidy bonds before their maturity. I cannot at this time—there is nothing that enables me to fix the date of it.

Q. Is there any other session of Congress which you recall at which you were present for a period of time and represented the companies in reference to the legislation actually pending at Washington?—A. There was a time subsequent to the appointment of the Commission that I have spoken of, when I was there for a considerable time and prepared an argument, which was printed, and which would recall what the subject was. It was to defeat some legislation looking to compelling the companies to pay this interest, but I cannot recall the session nor precisely the terms of the act.

Q. Were you present at Washington during the dates that preceded the passage of the Thurman bill in 1877-78?—A. I was there, but I do not think I had any connection with that matter.

Q. On the other occasions when you have been in Washington to which you have alluded, was Mr. Huntington also present and engaged in the same business?—A. Mr. Huntington has been in Washington pretty nearly all the time that I have been there on any of these occasions in regard to these matters. I would occasionally leave Washington and come over to New York for a short time and return, but I gave pretty close attention to his matters.

Q. Did he have, on the other occasions, the same gentlemen to assist him in his Washington labors, whose names you have already given?—A. He had Mr. Franchot from 1866 until he died. I do not remember that this man that they called Carr was there more than once. It seems to me that he was called "Bill Carr." Mr. Boyd has been, I understood, in Mr. Huntington's employ a good while, and Mr. Sherrill took General Franchot's place after his death. I do not know whether he was employed previously, but he was very much interested in legislation.

#### USE OF MONEY IN INFLUENCING LEGISLATION.

Q. I will ask you the same question in regard to those other occasions. You may dispose of it as you think proper. Do you know, as to any of those other occasions to which you have alluded when you were in Washington, whether Mr. Huntington or any of his agents used any money or anything of value for the purpose of influencing the vote of a member of Congress?—A. I do not.

Q. You have no knowledge at all bearing on the other occasions?—  
A. I have not.

Q. Was the subject of the actual cost of construction of the California Pacific one of the subjects of investigation in your suit?—A. Yes; it was.

Q. Do I understand you to say that you were unable to ascertain the cost of construction of that road?—A. No, sir; we were unable to ascertain the cost of the repairs upon the road.

#### COST OF CONSTRUCTION OF CALIFORNIA PACIFIC.

Q. Did you ascertain the cost of construction of the California Pacific Railroad itself?—A. Not with any definiteness.

Q. In the course of your examination of the books of the California Pacific, did you ascertain the cost to that company of the steamers which were subsequently sold to the Central Pacific?—A. Yes. The sale to the Central Pacific was, nominally, for the cost price of the steamers.

Q. Why do you say "nominally"?—A. The record showed that those steamers were sold by the California Pacific Railroad Company to Milton S. Latham, to be paid for in accounts that he had against the corporation, or accounts of the Central Pacific Railroad Company, and they were credited in the books of the Central Pacific Company to the California Pacific at their cost price. I claim that the sale was nominal because I claim that a large part of the account of the Central Pacific Company against the California Pacific Company, which these steamers paid, was exaggerated or unfounded.

Q. In other words, that the Central Pacific Company did not really owe the amount to Mr. Latham and the amount to the California Pacific which was set off against the price of the steamers?—A. Yes.

Q. According to your statement, then, the Central Pacific Company bought this property by paying for it less than its actual value?—A. That was our claim.

Q. That was the claim of the California Pacific?—A. Yes. For instance, this will illustrate what I mean. On all advances made by the Central Pacific Company on account of the California Pacific, and upon all monthly balances of their account, 1 per cent. a month interest was charged, which was compounded monthly throughout the entire transaction; and the growth of interest in that way is very rapid.

Commissioner ANDERSON. In connection with this testimony I offer this copy of the bill:

[H. R. 4080. Report No. 88. Forty-second Congress, third session.]

#### IN THE HOUSE OF REPRESENTATIVES.

MARCH 1, 1873.—Read twice, ordered to be printed, and recommitted.

Mr. J. M. WILSON, from the Select Committee on Credit Mobilier No. 2, reported the following bill:

A BILL to provide for securing the interests of the United States and the public in the Central Pacific Railroad Company, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Treasury shall appoint three discreet and disinterested persons, whose authority shall extend until the fifteenth day of December, eighteen hundred and seventy-three, as commissioners, at least one of whom shall be learned in the law, whose duty it shall be to examine into the financial condition of the Central Pacific Railroad Company, whether funded or other amount of capital stock issued by said company; the cost of the construction

road of said company, and the cost thereof to the contractor or contractors who constructed the same; and to further inquire whether any of the persons connected with any contract or contracts for construction, directly or indirectly, were in any way interested in the said railroad company, and, if so, whether as stockholders, directors, or officers thereof; and if any contract was made with any corporation for the construction of said road, or any portion thereof, the character of such corporation, under what authority the same was organized, the amount of its capital stock, its directors, officers, and stockholders; whether any of said directors, officers, and stockholders were, at the time of making or during the performance of any contract, officers, directors, or stockholders of the said Central Pacific Railroad Company; what amount in money, stock, or bonds was received by such corporation from said railroad company; what, if any, dividends were made by such corporation out of any sums derived from such contract, and the manner in which the same were made; and to make such other and further inquiries as may be necessary to a full understanding as to the financial condition of said railroad company and to the disposition of the corporate moneys, bonds, stocks, and other property thereof, so that it may be ascertained whether the lands or bonds received by said railroad company from the United States have been lawfully disposed of or applied to purposes other than those for which received, and whether the security of the United States for its claims against said company has been impaired.

SEC. 2. That it shall further be the duty of said commissioners to inquire whether or not in the measurement of the line of said Central Pacific Railroad Company, and of the line of the Union Pacific Railroad Company, with reference to the issue of the bonds of the United States to said railroad companies, the same was properly made.

SEC. 3. That it shall further be the duty of said commissioners to inquire whether or not the Union Pacific Railroad and branches are and have been operated in accordance with the provisions of section fifteen of the act approved July second, eighteen hundred and sixty-four, entitled "An act to amend an act entitled 'An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes,'" approved July first, eighteen hundred and sixty-two, which section is in the words following: "That the several companies authorized to construct the aforesaid roads are hereby required to operate and use said roads and telegraph for all purposes of communication, travel, and transportation, so far as the public and the Government are concerned, as one continuous line, and in such operation and use to afford and secure to each equal advantages and facilities as to rates, time, and transportation, without any discrimination of any kind in favor of the road or business of any or either of said companies, or adverse to the road or business of any or either of the others;" and also to inquire whether or not there are any contracts in existence made by said Union Pacific Railroad Company with any corporation, person, or persons, whereby unjust or improper discriminations are made in relation to the transportation of coal or other commodities over said road, or any portion thereof.

SEC. 4. That said commissioners shall receive a salary of three thousand dollars each. They may employ a stenographer and a clerk, whose compensation shall be fixed by the Secretary of the Treasury, and in addition to the salaries and compensation hereinbefore specified there shall be allowed to the commissioners, clerk, and stenographer their actual traveling expenses.

SEC. 5. That said commissioners shall have power to send for persons and papers to swear or affirm witnesses, and examine them under oath or affirmation, and, for the purpose of enforcing the attendance of witnesses and the production of papers, may make a requisition upon the marshal of the district where they may be, and it shall be the duty of such marshal, in person or by deputy, to serve such subpoena as may be directed to him by said commissioners, for which services such marshal shall receive such compensation as is allowed to him for services of like nature by law.

SEC. 6. That said commissioners shall report to the next Congress, at the beginning of the next session thereof, the testimony taken, with a detailed report in relation to the matters hereinbefore specified.

SEC. 7. That for the purpose of carrying out the provisions of this act the sum of twenty thousand dollars is hereby appropriated out of any moneys not otherwise appropriated.

#### PRODUCTION OF PAPERS.

The WITNESS. The letter to which I referred, which I prepared for Mr. Huntington, dated January 27, 1873, in regard to the Edmunds amendment is here; also the Edmunds amendment, and also the Edmund amendment.

Commissioner ANDERSON. I ask you to produce the bill of complaint in the Fodick suit and the letters which Mr. Cohen has requested you to produce.

Q. Is there any other matter of interest to this Commission that you wish to speak of?

#### COMPENSATION FOR HIS SERVICES.

The WITNESS. There is another matter of slight interest to me which I wish to mention.

According to your report, Senator Stanford has imputed to me, in connection with the prosecution of that suit, that, for some reason, I was trying to get even with the Central Pacific Company, and that the subject I was trying to get even upon was some alleged difference between Mr. Huntington and myself as to the value of my services.

Now, I think Mr. Stanford must be misinformed on that subject. If he is not, perhaps I have got some interest in it. He says that, claiming a much larger sum, I was paid \$10,000. If the Central Pacific Company's books show any such thing, they are erroneous. Mr. Huntington was very profuse in his views of the value of my services, and how he was going to compensate me, but when I got through he said the company was very poor, that they could not afford to do what was right; and I told him he need not trouble himself about argument, that he could pay me whatever he thought fit, for I did not care to discuss the value of such services; and he paid me either \$3,000 or \$3,500. So that if I appear to be charged with \$10,000, somebody has got \$6,000 of my money, and I should like to have it. In regard to that having any relation to this suit, the subject has not entered my mind from that day to this.

#### A DIFFERENCE OF OPINION.

By Mr. COHEN:

Q. Did you not present a claim to Mr. Huntington for \$25,000 for your services in Washington?—A. No, sir; never.

Q. Did you not tell him that you owed Fiske & Hatch the sum of \$25,000, and that he could close up his indebtedness to you by settling that account with Fiske & Hatch?—A. Never; and never was such a thing the fact.

Q. Did he not tell you that the company could not pay, but that he would give you half the road in compensation for your services?

The WITNESS. You ought to know better than to put that question.

Mr. COHEN. I put it under instructions. I am told that those are the facts.

The WITNESS. Then your instructions are utterly unfounded.

Mr. COHEN. You deny that? There was a difference of opinion between you and Mr. Huntington as to your compensation.

The WITNESS. No, sir; I can not say even that there was a difference of opinion. I told him that I thought I ought to have \$10,000, and I have told what he said in reply.

Mr. COHEN. I do not propose to go into the case of Main against the railroad company in California now; it has been tried in California. I will put this record in evidence [producing papers].

Q. In the services you rendered to Mr. Huntington, or to the Central Pacific Railroad Company, in Washington, did you have any associate counsel?—A. I think not. I do not remember any. I did not regard myself as employed in the matters before the Wilson committee. I

think that Mr. Evarts attended one session before the committee with me.

Q. Did Mr. Evarts assist you in the conduct of the case before that committee?—A. There was nothing to be "conducted." There was no action taken by anybody but the committee or the witnesses.

Q. Have you not taken a good deal of interest in the proceedings of this Commission?—A. I have not.

#### INTERVIEWS WITH THE COMMISSIONERS.

Q. Have you had interviews with members of the Commission before this time?—A. One—yes, two.

Q. Will you name the gentlemen with whom you had interviews?—A. Mr. Anderson.

Q. And the other?—A. I think they were both with Mr. Anderson.

Q. You have put the record which you obtained as the counsel of the Central Pacific Company at the disposal of this Commission, have you not?—A. No, sir.

Q. The book that you have been examined upon is your property, is it not?—A. Yes.

Q. It has been in the possession of the Commission before to-day, has it not, or did you bring it to-day?—A. I sent it to Mr. Anderson at his request, within a day or two.

Commissioner ANDERSON. It is a copy of the Wilson report.

Q. You have given such information to Mr. Anderson as you could, so as to enable him to conduct your examination to-day, have you not?—A. No, sir.

Q. You have not given him any information?—A. I will tell you just what I have given to Mr. Anderson. He came to me at a certain time, when he said he was going to California, and wanted to know if I could put him in the way of getting the printed record in the Colton case, and at his request I sent a telegram to California. That was the whole of the first interview. The second—

Commissioner ANDERSON (interposing). Before you pass to the second let me remind you that subsequently I sent you word that I had obtained what I wanted.

The WITNESS. Certainly.

Commissioner ANDERSON. So that I never received that copy of the Colton record from you.

The WITNESS. No; and, in the second interview, Mr. Anderson asked me if I knew what was going on as to which the railroad was interested at this session, and, as I remember, whether I had a copy of the Wilson report. I do not think he said anything about the Wilson bill. I told him that I thought I had the whole thing. I generally kept those things. That night I sent it to him.

#### ARGUMENT FOR USE BEFORE CONGRESS.

Q. Did you not make an argument before one of the committees of Congress, and print it? I believe you have stated that already.—A. No.

Q. You did not?—A. I wrote an argument for use in one of the proceedings of Congress, which was printed and distributed. It was not delivered before any committee.

Q. Have you a copy of that argument?—A. I presume I have. I usually keep all those things.



## OPINION EXPRESSED REGARDING CLIENTS.

Q. You expressed yourself, I believe, as to the efforts of your clients, Governor Stanford, Mr. Huntington and Mr. Crocker, in the building of the Central Pacific Railroad, very favorably, did you not?—A. I presume so.

Q. You pronounced a eulogy upon them?—A. No, sir.

Q. Did you not speak of the Government of the United States, in its treatment of them, as acting a counterpart of the contract between Shylock and Antonio?—A. No, sir.

Mr. COHEN. I thought you did. I read that within the last twenty-four hours.

The WITNESS. I never wrote such stuff as that, if you did read it within twenty-four hours.

Mr. COHEN. I thought it was worth copying, it was so well put.

The WITNESS. I do not deal in that sort of stuff.

Q. At the same time that you produce those letters to-morrow will you produce a copy of the argument?—A. I will if I find it; but if you have it so easily at hand you had better produce it.

Mr. COHEN. Well, it is one that does not belong to me. I borrowed it.

The WITNESS. It would require much investigation for me to find it.

Mr. COHEN. You were a Treasury official during the building of this road. You had means of knowing what these men did, and your testimony in their behalf would go a long way, I think, if we could get it on the record. At that time you were giving your views as a public officer.

The WITNESS. You are entirely mistaken, sir, in both your premises. While I was in the Treasury Department I did not know anything whatever about the Central Pacific Railroad, and had nothing to do with it.

Mr. COHEN. If you cannot find a copy of it I think I can find a copy to support what I have stated as to what you said of those gentlemen.

## THE COMPLAINT IN THE MAIN CASE.

Q. Who drew the complaint in the Main case, which you have been talking of?—A. I drew it, principally.

Q. Did you send it out to California?—A. Yes.

Q. At the time the contract was made that that suit was brought to suit, do you remember what was the debt of the California Pacific?—A. I do not.

Q. Do you remember the length of the road that was built from Valhalla northward to Sacramento, and just above there?—A. The road to Sacramento, I think, is 60 miles.

Q. The entire length of the road was about 80 miles, was it not?—A. No; now, as I remember, the road is about 134 miles.

Q. I am speaking of the road existing in 1871, at the time this contract was made that you testified about, when the promoters of the Central Pacific acquired a majority of the stock.—A. I think it was about 140 miles, if I remember rightly; the record will show.

Q. What was the bonded debt on that road?—A. I do not remember what it was.

## CALIFORNIA PACIFIC EXTENSION BONDS.

Q. Do you remember the bonds being issued by that company, which were called the California Pacific extension bonds, to the extent of

\$3,500,000, and that those bonds had been issued and sold, and that a yard of road had been built on which those bonds were supposed to have been a lien?—A. I do not understand that; I never understood that.

Q. Do you not remember that at the time this stock was acquired by Mr. Stanford, Mr. Huntington, Mr. Crocker, and Mr. Hopkins, or whoever did acquire it, that the debt on the California Pacific Railroad over and above any security existing, would impose a lien or debt of \$45 a share upon each share of the stock of that company?—A. I do not.

#### CAPITAL STOCK OF COMPANY.

Q. What was the capital stock of the company at that time?—A. I think it was \$12,000,000.

Q. Was not the debt of that company, over and above any security that existed at that time, nearly \$5,000,000?—A. No; I do not understand that it had any debt for which there was no security existing. I believe it had some floating debt—had notes given for the Donohoe road and for the steamers that were outstanding, but I never heard of any other debt. My impression is that the figures show that the cost of that road, as it was made up, was not any larger, if it was as large, as the cost, mile for mile, of the Central Pacific road.

Q. But the Central Pacific road was built through a different country, was it not?—A. A large part of it was built through a much cheaper country.

Q. There were no snow sheds or mountainous pieces of road on the California Pacific, were there?—A. I believe not.

#### DEBT OF CALIFORNIA PACIFIC.

Q. Do you remember the figures of the debt of that road, and what was secured and what was not?—A. What was not secured? I do not know what you are talking about. There was no such thing. There was, first, a mortgage of \$2,250,000.

Q. Was that a first mortgage?—A. There was then a mortgage of \$3,500,000. There was then the mortgage for \$1,000,000 that the people, Mr. Huntington and the others, put on. There was an income bond mortgage, a bond secured upon the income of the company, which at that time was \$1,000,000, possibly \$1,500,000. I am not aware of any other debt that there was against the company, except the notes, part that had been given for the San Francisco and Northern Pacific road and steamers.

Q. Was not the company overdrawn in a banking house of San Francisco to a large amount, and had its notes not been given to secure that amount?—A. No.

Q. You say that it was not so?—A. The testimony showed that there was an overdraft of something like \$10,000 or \$50,000, but there were no notes given to secure it. The testimony also shows that the overdrafts by the California Pacific Railroad Company were quite a matter of course.

#### AMOUNT OF PROPERTY.

Q. According to your statement there was a mortgage of \$2,250,000; other of \$3,500,000, which would amount to \$5,750,000; and a mortgage for \$1,000,000, which would make \$6,750,000; and the entire property of the company was about 140 miles of road, as you recollect it, was it not?—A. Oh, no. At that time the company had these steamers

they paid \$800,000; and they were supposed to be worth it. They had the San Francisco and North Pacific road, which extended on—I cannot give the names of the places; but it had that additional property at that time. Besides, it had the road from Vallejo to Marysville, and the branch that ran up the Napa Valley.

Q. How do you make 140 miles of road of that system?—A. I tell you that such was my impression. The road from Vallejo to San Francisco is, if I remember rightly—

Mr. COHEN (interposing). There was no road from Vallejo to San Francisco, was there?

The WITNESS. From Vallejo to Sacramento. That was, if I remember rightly, 60 miles; the road from Davisville to Marysville was, if I remember rightly, about 45 miles; and the road from Napa Junction to the end of that Napa Valley road was about 40 miles more. I am relying upon my memory for all this, but I think that was about the lot.

Q. What do you make the length of the North Pacific road?—A. I think it is about 30 miles.

Commissioner ANDERSON. As it stood then, you mean?

Mr. COHEN. Yes; as it stood then.

Q. Do you not know that the North Pacific road was covered by a state indebtedness, and that the notes of the California Pacific road were out for the purchase of that North Pacific road; that there was a separate debt in addition to the bonded debt at that time?—A. There was not any bonded debt on that road. There was not any separate debt on that road. There was a note for \$500,000 which these parties claim to have paid.

Q. Which parties?—A. Mr. Huntington and others. They claim to have turned that note over to the Construct and Finance Company. It was outstanding at the time its stock was purchased.

Q. Then that \$500,000, according to your statement now, is in addition to the bonded debt of \$6,750,000?—A. That \$500,000 relates to the machine road alone. It does not touch the California Pacific, of which we have been speaking, and is a separate thing altogether.

#### LIABILITIES OF STOCKHOLDERS IN CALIFORNIA.

Q. Do you understand that there is a law in California that makes the stockholders of the company liable for its debt?—A. It is not different from the law here, as I understand it.

Mr. COHEN. I think it is somewhat different; at least we so understand it.

#### FINANCIAL CONDITION OF CALIFORNIA PACIFIC.

Q. At the time that Mr. Huntington and Mr. Stanford bought out the stock of the California Pacific was not the financial condition of the California Pacific such that if it had been sold under either of its mortgages there would have been a deficiency after all of its property would have been parted with, and would there not have been imposed the liability of \$45 a share on each share of stock?—A. I do not believe any such thing or anything approaching to it. I believe if the road had been decently taken care of it was worth every dollar of the money that was properly placed against it, and would have paid the interest from that day to this. I do not think anybody can examine the evidence and have any doubt on that subject.

Mr. COHEN. I will ask you to produce those letters of which you have spoken, and I may ask you a few more questions on that subject.

The WITNESS. I will produce them.

The Commission then adjourned to Friday, September 30, at 10 a. m.

10 WALL STREET, NEW YORK,  
Friday, September 30, 1887.

The Commission met pursuant to adjournment, all the Commissioners being present.

JOHN H. WALSH, being further examined, testified as follows:

AS TO JOHN I. BLAIR.

By the CHAIRMAN:

Question. Did you serve a subpoena on John I. Blair?—Answer. I did, sir.

Q. Where?—A. At his residence, Blairstown, N. J.

Q. When?—A. On Friday morning, September 2.

Q. What answer did he make?—A. He said he did not know whether he would come here or not; that he was going West, and might not get back by the time for which he was subpoenaed. He would see.

Q. What date was fixed in the subpoena for his attendance here?—A. September 20, 1887.

Q. At what place was he subpoenaed to attend?—A. He was subpoenaed to attend at No. 10 Wall street, in the city of New York.

Q. Has Mr. Blair been here to your knowledge?—A. I have not seen him here.

10 WALL STREET, NEW YORK,  
Friday, September 30, 1887.

OLIVER W. MINK, being further examined, testified as follows:

The WITNESS. In compliance with calls already made by the Commission, I present the following papers:

#### WESTERN UNION CONTRACT.

Copy of a contract between the Union Pacific Railway Company and the Western Union Telegraph Company, dated July 1, 1881.

(This contract is the same as the one appearing in print in the Ward report, being Report No. 3501, House of Representatives, Forty-ninth Congress, second session, relating to land-grant telegraph lines.)

#### PACIFIC EXPRESS COMPANY CONTRACT.

Copy of a contract between the Union Pacific Railway Company and the Pacific Express Company, dated January 19, 1886.

The contract is as follows:

*Agreement.—The Union Pacific Railway Company and the Pacific Express Company, January 19, 1886.*

This agreement, made and entered into this 19th day of January, A. D. eighteen hundred and eighty-six, between the Union Pacific Railway Company, a corporation organized under the laws of the United States, for themselves and for all whom they operated, or controlled by them, party of the first part, and the Pacific Express Company,

ny, a corporation organized under the laws of the State of Nebraska, party of the second part.

Witnesseth, that whereas the party of the first part now owns and is engaged in operating lines of railroad extending from the Missouri River at Council Bluffs, Iowa, to Kansas City, Mo., to Ogden, Utah, and Huntington, Oregon, and diverging lines; And whereas the party of the second part is an express company, having a large and established business between the principal commercial cities of the East and various places upon the lines of said railroad, and points beyond such lines of railroad; And whereas the party of the second part is desirous of securing, for the benefit of itself and the persons employing it, permanent and reliable facilities for the transportation of its express matter, and the party of the first part is desirous of securing business and patronage of the party of the second part,

It is agreed as follows:

First. The party of the first part agrees to provide on each of its daily passenger trains sufficient facilities of the kind customarily furnished to express companies by railroad companies for the transportation of all freight and express matter which may be tendered them by the party of the second part for transportation upon any of their daily passenger trains, at any station which such trains may stop, and to receive and transport such freight and express matter upon the said passenger trains leaving such station next after said tender, and carry and deliver the same without delay. But the carriage of more than one out-load of express matter by any one passenger train, shall, for convenience, be at the option of the party of the first part.

Second. The party of the second part shall be entitled to send free, both ways, all its messenger's safes and empty packing trunks, and shall also have the privilege to send free of charge one person with each car, as messenger, to take charge of its property and the property consigned to it for carriage, and, when necessary, an additional messenger, armed as a guard for protection against highway robbers. Such messengers shall ride in the car provided by the party of the first part for the carriage of their goods in their charge. The agents of the party of the second part shall be carried free of charge in the passenger trains of the party of the first part, whenever such agents are traveling on the business of the party of the second part.

In case the cars for the transportation of express matter are furnished by the party of the second part, the said second party shall be entitled to receive from the party of the first part such compensation for said cars as is the customary mileage paid by said first party to connecting railways for similar cars.

Third. The party of the first part agrees to employ the party of the second part exclusively to receive, take charge of, and deliver all money, remittances, packages, and parcels which they may be required to have sent or delivered on the line of its railway, by express, such service to be compensated for as hereinafter provided.

Fourth. Settlements shall be made monthly, and the party of the first part shall be entitled to receive fifty (50) per cent. of the total gross earnings of the party of the second part on the lines of the said first party's railroad.

Fifth. The party of the second part shall at all times be entitled to have its necessary equipment material transported free on freight trains, as compensation for receiving, caring for, and delivering the money, remittances, packages, and parcels of the party of the first part, and shall not make any other charge for such service.

Sixth. The party of the second part shall have the right to employ the agents and servants of the party of the first part as its own agents, when such employment will, in the opinion of the parties of the first part, not be to the interruption of or detriment of their business. It is understood that in the case of such employment the party is the exclusive employé of the party of the first part, as to any shipment to be made on account of said first party, until it is delivered to an exclusive employé of the party of the second part.

Seventh. This contract is to be perpetual and cannot and is a settlement in full for all existing contracts between the parties hereto, and shall be binding for ten (10) years from the first day of May, 1896, and shall apply to all lines of railroad now owned, operated, or controlled by the party of the first part, and also to such as may be owned, operated, or controlled by them during the period of this contract.

Eighth. The second party, in consideration of this contract and the rights and privileges accorded by it, agrees to give to the said party of the first part two million four hundred thousand dollars (\$2,400,000) of its capital stock, and it is agreed that the capital stock of the second party shall not be increased above \$6,000,000 without the consent of the first party.

Ninth. The party of the first part also agrees not to engage during the last named period in the express business, nor to employ any other express company or individual in the carriage of its money, remittances, packages, parcels, or goods by express, and that they will not permit any of their employes to carry or deliver express matter except as hereinbefore provided.

They also agree that they will not during such period give to any other person, firm, company, or corporation any better or more advantageous terms, rates, or facilities than they give to the party of the second part, and they will so far as they lawfully

# U. S. PACIFIC RAILWAY COMMISSION.

**The Union Pacific Railway Company.**—*Earnings on interchange business between Pacific Railway and branch lines, apportioned to some part of the line on the basis of miles on arbitrary. Month of August, 1887.*

Roads.	Earnings as reported divided on local rates and arbitraries.	Earnings divided on actual mileage.	Gains by local rates and arbitraries.
Union Pacific Rwy., consolidated	\$29,474.78	\$112,119.49	
Omaha and Republican Valley R. R.	10.33	10.37	
Kcho and Park City Rwy.	1.38	.47	88.71
Colorado Central R. R.	4,114.88	4,470.19	1,264.67
Denver, South Park and Pacific R. R.	8,435.58	4,690.15	4,692.23
Utah and Northern Rwy.	\$4,434.00	\$2,473.91	\$2,411.16
Oregon Short Line Rwy.	14,472.91	32,234.45	
Greeley, Salt Lake and Pacific Rwy.	724.30	124.69	98.98
Solomon R. R.	14.90	10.51	4.38
Denver and Boulder Valley Rwy.	1,713.08	1,744.68	
Golden, Boulder and Carlton Rwy.	873.13	229.81	623.33
Georgetown, R. and Leadville Rwy.	32.63	24.11	18.52
<b>Total</b>	<b>100,467.82</b>	<b>100,467.32</b>	<b>78,904.86</b>

\* Denver, Marshall and Boulder Rwy., after August 24, 1887.

**The Union Pacific Railway Company.**—*Summary of interchange and local earnings Union Pacific system, month of August, 1887.*

Business strictly local to the Union Pacific Railway, consolidated.....  
 Business strictly local to branch lines.....  
 Business interchanged between branch lines only.....  
 Business interchanged as per statement A.....  
 Business interchanged as per statement B.....

**Total earnings**.....

**Union Pacific Railway Company.**—*Earnings on interchange business between Pacific Railway and branch lines reapportioned on an actual mileage basis paying any part of the Union Pacific system an arbitrary not included, month of August, 1887.*

Roads.	Earnings on constructive mileage basis, as reported.	Earnings divided on actual mileage.	Gains by constructive mileage.
Union Pacific Rwy., consolidated	\$240,007.11	\$200,374.88	
Omaha and Republican Valley R. R., consolidated	75,411.68	67,187.83	\$8,223.85
Kcho and Park City Rwy.	2,773.14	2,311.10	462.04
Colorado Central R. R.	30,828.13	33,543.70	2,677.57
Salt Lake and Western Rwy.	808.38	818.36	99.97
Denver, South Park and Pacific R. R.			
Utah and Northern Rwy.	213.09	136.11	86.98
Oregon Short Line Rwy.	17,892.78	13,861.33	4,031.45
Greeley Salt Lake and Pacific Rwy.	1,874.48	1,836.60	47.88
Lawrence and Emporia Rwy.	850.04	808.34	41.70
Laramie, North Park and Pacific R. R.			
Jetton City and Fort Kearney Rwy.	4,014.31	4,004.32	9.99
Solomon R. R.	6,426.92	4,002.46	2,424.46
Malina and Northwestern Rwy.	1,655.83	1,236.06	419.77
Denver and Boulder Valley R. R.	2,431.54	2,376.29	55.25
Denver, Marshall and Boulder Rwy.	172.58	131.83	40.75
Georgetown, R. and Leadville Rwy.			
Kansas Central R. R.	334.94	138.97	195.97
Malina, Lincoln and Western Rwy.	1,628.27	1,236.77	391.50
Denver and Middle Park R. R.	4.57	3.91	.66
<b>Total</b>	<b>287,065.79</b>	<b>207,065.78</b>	<b>80,000.01</b>

*Union Pacific Railway Company.—Earnings on interchange business between the Union Pacific Railway and branch lines apportioned to some part of the line on the basis of local rates or arbitrations, month of January, 1937.*

Roads.	Earnings as reported, divided on local rates and arbitrations.	Earnings divided on actual mileage.	Gains by local rates and arbitrations.	Losses by local rates and arbitrations.
Union Pacific Rwy., consolidated.....	\$76,466.21	\$67,824.01		\$8,642.20
Utah and Republican Valley R. R., consolidated.....	43.68	45.66		1.98
Utah Central R. R.....	4,171.36	1,614.87	\$2,556.49	
Davis, South Park and Pacific R. R.....	7,061.34	4,482.27	2,579.07	
Utah and Northern Rwy.....	51,426.82	36,286.76	15,140.06	
Utah Short Line Rwy.....	29,897.13	32,354.81		2,457.68
Utah and Boulder Valley R. R.....	865.47	268.66	596.81	
Hampton, B. and Leadville Rwy.....	44.99	22.56	22.43	
Utah Central R. R.....	83	47	36	
Total.....	162,441.86	167,449.86	21,396.43	21,965.48

*The Union Pacific Railway Company.—Summary of interchange and local earnings on the Union Pacific system, month of January, 1937.*

Earnings strictly local to the Union Pacific Railway, consolidated.....	\$515,251.88
Earnings strictly local to branch lines.....	124,811.09
Earnings interchanged between branch lines only.....	48,651.87
Earnings interchanged as per statement A.....	267,853.79
Earnings interchanged as per statement B.....	162,441.86
Total earnings.....	1,262,229.79

*Union Pacific Railway Company.—Earnings on interchange business between the Union Pacific Railway and branch lines, reapportioned on an actual mileage basis (business paying any part of the Union Pacific system and arbitrary not included), month of February, 1937.*

Roads.	Earnings on constructive mileage basis as reported.	Earnings divided on actual mileage.	Gains by constructive mileage.	Losses by constructive mileage.
Union Pacific Rwy., consolidated.....	\$232,297.09	\$234,880.63		\$25,583.54
Utah and Republican Valley R. R., consolidated.....	91,682.15	71,405.88	\$20,276.27	
Utah and Park City Rwy.....	1,186.43	985.48	199.95	
Utah Central R. R.....	20,266.24	26,611.97	6,345.73	
Utah Lake and Western Rwy.....	321.94	317.61	4.33	
Davis, South Park and Pacific R. R.....				
Utah and Northern Rwy.....	1,486.28	1,182.28	304.00	
Utah Short Line Rwy.....	21,306.44	17,475.97	3,830.47	
Utah, Salt Lake and Pacific Rwy.....	3,646.18	3,664.78	18.60	
Hampton and Leadville Rwy.....	362.60	371.36	8.76	
Utah, North Park and Pacific R. R.....				
Utah City and Fort Kearney Rwy.....	2,967.36	2,864.16	1,033.20	
Utah R. R.....	2,443.36	4,123.29	1,679.93	
Utah and Southwestern Rwy.....	2,634.01	2,634.52	634.43	
Utah and Boulder Valley R. R.....	282.66	689.25	406.59	
Utah, Marshall and Boulder Rwy.....	424.56	364.60	68.96	
Utah Central R. R.....	1,459.37	916.66	542.71	
Utah, Nevada and Western Rwy.....	1,286.09	962.47	323.62	
Utah and Middle Park R. R.....	7.21	4.80	2.41	
Total.....	269,694.27	269,638.27	22,602.43	22,965.48

# U. S. PACIFIC RAILWAY COMMISSION.

road Company.—Earnings on interchange business between the  
and branch lines, apportioned to some part of the line on the basis  
a, month of February, 1937.

Roads	Earnings as reported, divided on local rates and arbi- trarily.	Earnings divided on actual mil- lage.	Gains by local rates and arbi- trarily.	Loss local and arbi- trarily.
Union Pacific Rwy., consolidated.....	\$14,085.13	\$14,051.14		\$
Omaha and Republican Valley R. R., consoli- dated.....	27.47	21.00		
Colorado Central R. R.....	2,484.41	5,351.04	1,066.77	
Denver, North Park and Pacific R. R.....	11,310.01	1,591.07	1,078.04	
Utah and Northern Rwy.....	41,164.41	26,704.06	14,060.15	
Oregon Short Line Rwy.....	19,113.74	29,529.08		
Gravelly, Salt Lake and Pacific Rwy.....	162.77	67.03	36.74	
Jackson City and Fort Kamey Rwy.....	.83	.24	.29	
Salmon R. R.....	.95	.04		
Denver and Boulder Valley R. R.....	1,029.69	1,439.69		
Denver, Marshall and Boulder Rwy.....	.56	.11	.14	
Georgetown, R. and Leadville Rwy.....	145.35	728.90	14.27	
<b>Totals.....</b>	<b>112,491.54</b>	<b>112,491.54</b>	<b>15,952.58</b>	<b>1</b>

\* Credit.

The Union Pacific Railway Company.—Summary of interchanges and local earnings  
Union Pacific system, month of February, 1937.

Business strictly local to the Union Pacific Rwy., consolidated.....	809
Business strictly local to branch lines.....	11
Business interchanged between branch lines only.....	3
Business interchanged as per statement "A".....	20
Business interchanged as per statement "B".....	11
<b>Total earnings.....</b>	<b>1,280</b>

Statement of freight business between Chicago points and Mississippi River points on  
and all points on the Union Pacific Railway upon the west, transcontinental line  
closed, during month of July, 1933.

	As divided in settlement with foreign roads.			Divided on actual mileage basis.		
	East of Missouri River.	West of Missouri River.		East of Missouri River.	West of Missouri River.	
		Union Pa- cific Rwy., consoli- dated.	Branch lines.		Union Pa- cific Rwy., consoli- dated.	Branch lines.
Chicago points, via Council Bluffs.....	212,138.04	2015,930.00	113.70	2236,435.24	2291,813.35	950,016.27
Mississippi River points, via Council Bluffs.....	49,928.34	52,214.45	12,016.80	59,713.42	59,707.06	4,040.01
Chicago points, via Kansas City.....	39,965.01	43,557.79	4,215.58	42,823.26	41,001.53	7,059.00
Mississippi River points, via Kansas City.....	24,878.41	40,547.42	7,079.70	34,217.22	44,417.30	4,040.21
<b>Total.....</b>	<b>344,949.80</b>	<b>478,450.37</b>	<b>127,835.22</b>	<b>472,187.12</b>	<b>291,939.74</b>	<b>74,065.51</b>

Gains to Union Pacific Railway system by present divisions:

Union Pacific Railway, consolidated.....	97
Union Pacific Railway, branch lines.....	4
<b>Total.....</b>	<b>101</b>



*Statement of freight business between Chicago points and Mississippi River points upon the east, and all points on the Union Pacific Railway system upon the west, transcontinental business included, during month of August, 1885.*

	As divided in settlement with foreign roads.			Divided on actual mileage basis.			Total.
	East of Missouri River.	West of Missouri River.		East of Missouri River.	West of Missouri River.		
		Union Pacific R'y, consolidated.	Branch lines.		Union Pacific R'y, consolidated.	Branch lines.	
Chicago points, via Council Bluffs.....	\$449, 862. 57	\$231, 433. 77	\$75, 443. 51	\$222, 117. 22	\$198, 445. 54	\$48, 317. 77	\$435, 593. 08
Mississippi River points, via Council Bluffs.....	17, 439. 52	15, 945. 23	4, 908. 13	22, 934. 67	12, 114. 40	2, 823. 90	37, 871. 23
Chicago points, via Kansas City.....	51, 114. 91	37, 406. 32	4, 417. 82	42, 496. 89	27, 834. 42	3, 598. 93	73, 367. 25
Mississippi River points, via Kansas City.....	28, 006. 41	54, 907. 38	5, 312. 76	40, 968. 39	49, 868. 83	5, 278. 16	96, 168. 27
Total .....	526, 424. 41	379, 753. 70	91, 439. 44	235, 180. 64	275, 117. 69	17, 709. 41	598, 974. 28

*Sales to Union Pacific Railway system by present divisions:*

Union Pacific Railway, consolidated.....	\$64, 877. 06
Union Pacific Railway, branch lines.....	30, 528. 93
Total.....	95, 406. 00

*Statement of business between Chicago points and Mississippi River points upon the east, and all sections on the Union Pacific system upon the west, transcontinental business excluded, January, 1887.*

Movement.	As divided in settlement with foreign roads.			Total charges.	Divided on basis of actual mileage.		
	East of Missouri River.	West of Missouri River.			East of Missouri River.	West of Missouri River.	
		Union Pacific Railway, consolidated.	Branch lines.			Union Pacific Railway, consolidated.	Branch lines.
Chicago points, via Bluffs.....	\$118, 230. 25	\$48, 323. 23	\$43, 483. 18	\$251, 913. 05	\$151, 132. 16	\$67, 851. 89	\$38, 123. 04
Mississippi River points, via Council Bluffs.....	18, 065. 25	10, 568. 49	4, 261. 77	32, 895. 51	21, 414. 68	7, 608. 48	2, 180. 84
Chicago points, via Kansas City.....	12, 437. 73	14, 178. 95	714. 76	27, 329. 32	18, 186. 44	10, 818. 41	261. 33
Mississippi River points, via Kansas City.....	28, 949. 71	37, 931. 84	7, 646. 27	74, 527. 82	33, 882. 23	24, 545. 23	3, 392. 44
Total.....	178, 683. 94	110, 910. 62	56, 066. 98	365, 641. 54	225, 721. 92	112, 023. 35	37, 860. 54

*Sales to the Union Pacific system by present divisions, as follows:*

Union Pacific Railway, consolidated.....	\$79, 987. 47
Branch lines.....	18, 443. 61
Total.....	98, 431. 08

Statement of transcontinental business via Council Bluffs and Kansas City, showing the earnings as apportioned on the basis of constructive mileage and arbitrary, and the amounts the Union Pacific would have earned on the basis of straight mileage during January, 1887.

Route.	West-bound.		East-bound.	
	Union Pacific earned on constructive mileage and arbitrary basis.	Union Pacific would have earned on basis of actual mileage.	Union Pacific earned on constructive mileage and arbitrary basis.	Union Pacific would have earned on basis of actual mileage.
Via C. F. & L. and Council Bluffs (Chicago points).....	\$28,827.28	\$28,827.28	\$8,394.98	\$8,394.98
Via Council Bluffs (Chicago points)...	18,864.23	18,864.23	4,326.83	4,326.83
Via Kansas City (Saint Louis points).....	18,864.23	18,788.45	1,863.18	2,811.31
Totals.....	66,555.74	66,480.96	14,585.00	15,533.12

Gain to the Union Pacific by constructive mileage divisions:

West-bound.....	\$87.28
East-bound.....	\$86.82
Total.....	\$174.10

Statement of freight business between Chicago points and Mississippi River points, upon the east, and all points on the Union Pacific Railway system, upon the west, transcontinental business included, during month of February, 1887.

	As divided in settlement with foreign railroads.			Divided on actual mileage basis.			Total.
	East of Missouri River.	West of Missouri River.		West of Missouri River.		East of Missouri River.	
		Union Pacific Railway, consolidated.	Union Pacific branch lines.	Union Pacific Railway, consolidated.	Union Pacific branch lines.		
Chicago points, via Council Bluffs.....	\$185,168.67	\$217,348.97	\$73,194.70	\$234,168.28	\$172,645.83	\$59,512.45	\$457,711.81
Mississippi River points, via Council Bluffs.....	43,461.18	20,181.25	15,078.83	58,720.26	17,552.60	7,618.77	83,371.86
Mississippi River points, via Kansas City.....	25,355.00	50,857.11	7,333.67	31,625.78	48,732.67	4,918.29	85,381.74
Chicago points, via Kansas City.....	18,864.23	18,864.23	1,902.74	21,629.22	11,844.06	1,053.37	34,486.65
Total.....	250,109.08	317,251.71	97,509.94	347,627.42	240,775.16	73,102.91	661,505.49

Gain to Union Pacific Railway system by present divisions, as follows, &c.:

Union Pacific Railway, consolidated.....	\$82,408.28
Union Pacific Railway, branch lines.....	\$1,364.49
Total.....	\$83,772.77

*Statement of freight business between Chicago points and Mississippi River points upon the east, and all points on the Union Pacific Railway system upon the west, transcontinental business included, during month of August, 1886.*

	As divided in settlement with foreign roads.			Divided on actual mileage basis.			Total.
	East of Missouri River.	West of Missouri River.		East of Missouri River.	West of Missouri River.		
		Union Pacific R'y, consolidated.	Branch lines.		Union Pacific R'y, consolidated.	Branch lines.	
Chicago points, via Council Bluffs	\$148,642.27	\$221,826.77	\$76,622.51	\$372,117.32	\$388,483.58	\$46,217.77	\$468,828.65
Mississippi River points, via Council Bluffs	17,428.88	18,845.23	4,088.78	22,638.57	12,318.88	2,922.56	\$7,871.22
Chicago points, via Kansas City	81,114.91	\$7,888.22	4,647.02	42,448.40	27,634.82	3,288.33	73,367.26
Mississippi River points, via Kansas City	38,628.43	54,897.18	8,512.78	48,888.28	46,848.85	8,778.35	98,168.27
Total	285,800.68	298,744.58	84,432.44	388,156.62	275,117.58	57,786.41	680,874.58

*Ships to Union Pacific Railway system by present divisions:*

Union Pacific Railway, consolidated	\$46,217.77
Union Pacific Railway, branch lines	24,728.83
Total	161,256.83

*Statement of business between Chicago points and Mississippi River points upon the east, and all stations on the Union Pacific system upon the west, transcontinental business excluded, January, 1887.*

Movement.	As divided in settlement with foreign roads.			Total charges.	Divided on basis of actual mileage.		
	East of Missouri River.	West of Missouri River.			East of Missouri River.	West of Missouri River.	
		Union Pacific Railway consolidated.	Branch lines.			Union Pacific Railway consolidated.	Branch lines.
Chicago points, via Bluffs.....	\$412,328.26	\$68,233.33	\$13,483.16	\$333,117.65	\$154,132.18	\$87,861.63	\$29,122.64
Mississippi River points, via Council Bluffs.....	16,048.96	10,566.40	4,281.77	30,815.21	21,010.00	7,599.48	2,199.64
Chicago points, via Kansas City.....	12,487.72	14,178.06	714.75	27,376.53	16,100.40	16,910.51	381.33
Mississippi River points, via Kansas City.....	28,848.71	37,234.04	7,046.37	74,371.62	33,800.25	34,745.23	5,892.54
Totals.....	178,864.94	151,010.83	54,628.05	383,811.61	225,047.82	121,025.85	37,595.55

*Ships to the Union Pacific system by present divisions, as follows:*

Union Pacific Railway, consolidated	\$29,847.47
Branch lines	18,445.51
Total	48,432.98



Statement of payments made at Omaha on account of coal lands, &amp;c.—Continued.

Voucher.	To whom paid.	Amount.	Total.
.....	To amounts paid the following persons for coal lands on Oregon Short Line:		
20098	Joanis Bell, S.E. $\frac{1}{4}$ T. 21, R. 116.....	\$3,371.00	
20099	John Bell, S.E. $\frac{1}{4}$ T. 21, R. 116, 2000.....	2,370.00	
20010	John A. Adams, S.W. $\frac{1}{4}$ T. 17, R. 116.....	1,506.00	
21487	To amount paid United States Government for 40 acres land on Green Creek.....	807.00	
21488	To amount paid W. R. Dendridge for expenses of above purchase.....	1.00	
21815	To J. H. Johnson, amount paid him for procuring title to lands on Twin Creek.....	100.00	
22229	To J. H. Johnson, amount paid him account coal lands.....	207.00	
22728	D. O. Clark, for E. $\frac{1}{4}$ of NE. $\frac{1}{4}$ S. 3, T. 15, R. 12 W. $\frac{1}{4}$ of NE. $\frac{1}{4}$ S. 3, T. 15, R. 12 W. Pay cash to make final payment on 170 acres coal land at 45¢ per acre.....	2,460.00	
23147	Thomas A. Clark, for W. $\frac{1}{4}$ of SE. $\frac{1}{4}$ and E. $\frac{1}{4}$ of SW. $\frac{1}{4}$ S. 3, T. 21, R. 116 west, in Uinta County, Wyoming Territory. Warranty deed No. 6902 to Oregon Short Line.....	700.00	
23232	To J. H. Johnson, for advance on coal lands, October 12, 1902.....	500.00	
23233	To T. M. Foote, amount paid for recording patent favor C. D. Clark for coal lands.....	1.70	
23234	To Samuel Wood, attorney for S. R. Maxwell. For NE. $\frac{1}{4}$ of SE. $\frac{1}{4}$ S. 20, T. 2 R. 7 west; N. $\frac{1}{4}$ of NE. $\frac{1}{4}$ S. 20, T. 2, R. 7 west; SE. $\frac{1}{4}$ of NE. $\frac{1}{4}$ S. 20, T. 2, R. 7 west (in Gallatin County, Montana, deed No. 333).....	27,700.00	
23235	To Samuel Wood, attorney, amount paid payment on above land.....	600.00	
23275	J. H. Johnson, expenses, Omaha.....	125.00	
23276	Do.....	52.00	
23277	To D. O. Clark, for cash advanced to make payment for coal lands on Medicine Lodge Creek, Montana, known as the Rock Cliff claims, as follows: H. J. Sweet, $\frac{1}{4}$ Edward F. Torrie, $\frac{1}{4}$ Frank Hylstrom, $\frac{1}{4}$ James L. Cochran, $\frac{1}{4}$ Alvin M. Baldwin, $\frac{1}{4}$ of 320 acres.....	2,000.00	
23278	To D. O. Clark, for cash advanced to make payment for 800 shares of Reseman Coal Company stock, as per agreement with C. W. Hoffman, F. D. Pease, Frank Elder, R. F. Sherman, and C. H. Cobb, at \$25 a share, authorized by John & Ames by telegram to S. H. H. Clark, January 5, 1904.....	20,000.00	
23279	To D. O. Clark, for amount paid to Lena Orenstein for 640 acres of coal land on Medicine Lodge Creek, Idaho Territory.....	4,500.00	
23280	To H. F. Spitzer, for cash paid for filing 10 coal claims in North Park, at \$2 each.....	20.00	
23281	To William Leach for N.W. $\frac{1}{4}$ S. 17, T. 21, R. 116, coal land number 2, in Uinta County, Wyoming Territory, quit-claim deed to Oregon Short Line Railway Company, No. 6904.....	2,375.00	
23282	Recording patent to Mr. Leach. Note for \$640 was paid in April 1901, V. E. 10000, no part payment on section 1721, R. 116, and $\frac{1}{4}$ of the section has now been paid for is full.....	1.00	
23283	To John Stone, recorder of Uinta County for recording United States patent.....	51.00	
23284	Recording quit claim deed.....	1.00	
23285	Edward R. French, for proportion of salary for examining claims in Wyoming.....	25.00	
23286	Edward R. French, expenses.....	10.00	
23287	To E. S. Crocker, recorder United States land office, Braxton, Wyo. Ter., for amounts paid the United States for following cash entries for coal lands, 940 acres: No. 14, E. H. Brown, S.E. $\frac{1}{4}$ S. 24, T. 19, R. 103, deed 10000.....	90,200.00	
23288	No. 15, J. P. May, N.E. $\frac{1}{4}$ S. 24, T. 19, R. 103, deed 10000.....	2,100.00	
23289	No. 16, Thomas H. Daily, S.W. $\frac{1}{4}$ S. 24, T. 19, R. 103, deed 10007.....	2,000.00	
23290	No. 17, D. C. Barth, N.W. $\frac{1}{4}$ S. 24, T. 19, R. 103, deed 10009.....	2,000.00	
23291	No. 18, Fred A. Gordon, N.E. $\frac{1}{4}$ S. 24, T. 19, R. 103, deed 10011.....	2,200.00	
23292	No. 19, A. H. Coburn, S.E. $\frac{1}{4}$ S. 24, T. 19, R. 103, deed 10010.....	2,200.00	
23293	.....	10,200.00	

## Statement of payments made at Omaha on account of coal lands, &amp;c.—Continued.

Date	Voucher	To whom when paid.	Amount	Yr.
1894. Dec. —	42990 42995	Fee paid for relinquishment of pre-emption entry To Lambert Wiles, for 120 acres coal landman, as follows: S. & N.W. 1/4 Sec. 24, T. 20, R. 24, sec. 24 S.W. 1/4 of N.W. 1/4 Sec. 24, T. 20, R. 24, sec. 24 In Jackson County, Montana, 40 acres being coal lands, died Nov. 1904	\$1.00 1,000.00	
	42995	To Back with Quinn & Co. amount paid through C. D. Clark for coal entries as follows: J. M. Tamm, NW 1/4 Sec. 24, T. 20, R. 24, sec. 24 W. W. Fisk, NE 1/4 Sec. 24, T. 20, R. 24, sec. 24	\$2,200.00 2,200.00	1894
		Sweetwater County, Wyoming Territory.		
1894. Feb. —	42996 42997	To J. M. Tamm, for services in procuring title to NW 1/4 Sec. 24, T. 20, R. 24, in Sweetwater County, Wyoming Territory. To Walter S. Burkhart, recorder of United States land office, Cheyenne, for amount paid to United States for land entries, as follows: No. 10, J. J. Hatten, SE 1/4 Sec. 24, T. 20, R. 24, sec. 24, died 1904 No. 11, Samuel G. Atkins, SE 1/4 Sec. 24, T. 20, R. 24, sec. 24, died 1904 No. 12, J. J. Green, NW 1/4 Sec. 24, T. 20, R. 24, sec. 24, died 1904	1.00 2,200.00 2,200.00 2,200.00	
		Rayman C. D. Clark and L. R. Meyer, in Carbon County, Wyoming. R. E. Coulter, recorder United States land office, Cheyenne, Wyo. Ter., amount paid him for following coal land entries: James E. Barrows, NW 1/4 Sec. 24, T. 20, R. 24, sec. 24, died 1904 Samuel H. Green, NE 1/4 Sec. 24, T. 20, R. 24, sec. 24, died 1904 Charles D. Clark, SE 1/4 Sec. 24, T. 20, R. 24, sec. 24, died 1904 James H. Haddock, NW 1/4 Sec. 24, T. 20, R. 24, sec. 24, died 1904 Wm. H. Taylor, NW 1/4 Sec. 24, T. 20, R. 24, sec. 24, died 1904 Charles D. Clark, NE 1/4 Sec. 24, T. 20, R. 24, sec. 24, died 1904 William J. Koss, NE 1/4 Sec. 24, T. 20, R. 24, sec. 24, died 1904 Charles H. Haddock, SE 1/4 of NW 1/4 and lots 3 and 4, Sec. 24, T. 20, R. 24, sec. 24, died 1904	2,200.00 2,200.00 2,200.00 2,200.00 2,200.00 2,200.00 2,200.00 2,200.00 2,200.00	
		Located in Sweetwater County, Wyoming Territory.		
Mar. —	42998	To A. J. Pappert, for procuring execution of deeds to coal lands.	2,200.00	1894
Apr. —	42999 43000	To C. D. Clark, for services in obtaining patent to E. & SE 1/4 sec. 24 and W. 1/4 NW 1/4 sec. 24, T. 20, R. 24, in Union County, Wyoming, per contract with J. M. Johnson. To James Stephenson, for carrying him by J. L. Stephenson, chief clerk in general attorney's office, collecting deeds to coal lands.	4.00 200.00	
June — 1894.	43001	W. Cooper, for services in rendering deed from L. Wain.	4.00	
July —	43002	To Samuel H. Word, for amount of expenses account of the purchase of coal lands from Maxey, near Bowman, Mont.	2.50	1894
Aug. —	43003	To T. S. McMarvey, amount paid by him for certified plat Medicine Lodge coal field.	2.50	
Sept. —	43004	To T. S. McMarvey, expenses investigating claim coal lands.	20.00	
Oct. —	43005	C. F. Needham, amount paid him for fees, &c.	4.00	
Dec. —	43006	Taxes on coal lands in Sweetwater County, Wyoming, for year 1893.	400.00	
1897. Apr. —	43007	Taxes on coal lands in Carbon County, Wyoming, for year 1893. To W. K. Mansfield, for services in procuring patents on Sweetwater coal land entries Nos. 14, 15, 16, 17, 18, 19, 20, and 21, at \$10 each. Cheyenne entries No. 10, 11, and 12, at \$10 each.	17.00 20.00 20.00	1897
			21.00	
			21.00	

*Union Pacific Railway Company.—Statement of amounts expended on account of Boulder Valley coal property.*

Date.	Voucher.	To whom paid.	Amount.	Total.
1902.				
Mar. 31	26428	To R. R. McCormick, for last payment on purchase of Boulder Valley coal property from the Saint Louis and Denver Mining Company.	\$50,000.00	
June 19	31221	Cash. D. O. Clark, amount paid him on account of disbursements upon Boulder Valley coal mine in April and May, 1902, on account of material, etc.	493.10	
Dec. 31	33949	For amount of taxes on Boulder Valley coal property for year 1904, located in Weld County, California.	508.42	
		Total debits.....		\$51,001.52
		Credits.		
1902.				
June 30		By payment on lots 2 and 3, B. 32, in western addition to Erie, Colo., sold to Mr. Francis.	20.00	
May 31		By sale of lots in Erie, Colo.	115.00	
July 15		By part payment on two lots in Erie, Colo., sold to W. H. Howell.	72.00	
July 31		By balance of account due on lot 26, B. 2, Erie, Colo.	15.00	
Aug. 1		By Thomas McAfee, part payment on lots 20 and 31, B. 20; also on lots 11, 12, and 13, B. 18, Erie, Colo.	65.00	
Aug. 31		By John Lambert, amount received on account of lot 27, B. 12, Erie.	10.00	
		Total credits.....		247.00
		Balance.....		\$50,877.52

*Union Pacific Railway Company.—Statement of account, Boulder Valley Coal Company.*

Date.	Voucher.	To whom paid.	Amount.	Total.
1902.				
May 23	26407	Cash to balance against the Boulder Valley Coal Company; amount advanced by the City National Bank to Superintendent McDowell for improvements after property was purchased— Amount advanced..... \$5,000.00 Interest..... 208.10	\$5,208.10	\$5,208.10

*Union Pacific Railway Company.—Statement of amounts expended at Omaha for coal lands Colorado Division.*

Date.	Voucher.	To whom paid.	Amount.	Total.
1901.				
July 21	17023	To Adolph Wasmek amount paid him for the SE. $\frac{1}{4}$ of the SE. $\frac{1}{4}$ of S. 6, and the E. $\frac{1}{4}$ of the NE. $\frac{1}{4}$ S. 6, T. 17, and the W. $\frac{1}{4}$ of the NW. $\frac{1}{4}$ of the NW. $\frac{1}{4}$ S. 6, T. 1, R. 69 W. in Boulder County, Colorado.	\$8,750.00	\$8,750.00

*Union Pacific Railway Company.—Statement of account of South Park Coal Company.*

Date.	Voucher.	To whom paid.	Amount.	Total.
1902.				
Dec. 31	33627	To Spencer J. Maltby, amount paid him for coal lands as follows: W. $\frac{1}{4}$ of the SW. $\frac{1}{4}$ , NE. $\frac{1}{4}$ of the SW. $\frac{1}{4}$ , SE. $\frac{1}{4}$ of the NW. $\frac{1}{4}$ of section 25, T. 6, R. 76 W.	\$400.00	\$400.00

## EXPENDITURES FOR CONSTRUCTION OF NEW LINES.

I also present a statement of expenditures for construction of lines as shown by the books in the auditor's office at Omaha, from, nary 1, 1877, to December 31, 1886.

The statement is as follows:

## THE UNION PACIFIC RAILWAY COMPANY.

Statement of expenditures for construction of new lines during the years 1877, 1880, 1881, 1882, 1883, 1884, 1885, and 1886, as shown by the books in the auditor's office at Omaha.

Name of new line or extension.	1877.	1878.	1879.	1880.
Omaha and Republican Valley R. R.	\$665,944.86	\$134,308.49	\$591,432.78	\$285,000.00
Omaha, Nebraska and Black Hills R. R.			445,666.00	285,000.00
Hastings and Grand Island R. R.			337,434.90	285,000.00
Marysville and Blue Valley R. R.			695,944.78	285,000.00
Manhattan, Albia and Burlington Rwy.				285,000.00
Archam, Saint Joseph and Moberly Rwy.				285,000.00
Lawrence and Emporia Rwy.				285,000.00
Kansas Central Rwy.				285,000.00
Junction City and Fort Kearney Rwy.				285,000.00
Valmora R. R.				285,000.00
Salina and Southwestern Rwy.				285,000.00
Colorado Central R. R.	\$88,284.41	\$4,374.00		
Colorado Central R. R., Julesburg Branch.				285,000.00
Wendover, Montana and Pacific Rwy.				285,000.00
Utah and Northern Rwy.		\$80,004.25	\$72,000.00	285,000.00
Utah Southern R. R.			\$82,000.00	285,000.00
Lehi and Park City Rwy.				285,000.00
Total	\$854,229.27	\$138,682.49	\$2,479,432.46	\$2,850,000.00

Name of new line or extension.	1881.	1882.	1883.	1884.
Omaha and Republican Valley R. R.	\$665,944.86	\$539,432.88	\$595,944.86	\$285,000.00
Omaha, Nebraska and Black Hills R. R.	\$9,495.00	2,434.00	\$72,000.00	285,000.00
Hastings and Grand Island R. R.	24.25	285.00		285,000.00
Marysville and Blue Valley R. R.	1,795.00	2,285.00		285,000.00
Manhattan and Blue Valley R. R.	\$3,944.00	\$4,434.00	\$4,434.00	285,000.00
Lawrence and Emporia Rwy.	\$41.00			285,000.00
Kansas Central R. R.	\$8,000.25	\$5,000.00	\$5,000.00	285,000.00
Junction City and Fort Kearney Rwy.				285,000.00
Salina and Southwestern Rwy.		\$5,000.00		285,000.00
Salina, Albia and Western Rwy.	1,000.00	\$4,000.00		285,000.00
Colorado Central R. R., Julesburg Branch.	\$4,000.00	\$4,000.00		285,000.00
Wendover, Montana and Pacific R. R.	\$1,000.00	\$5,000.00		285,000.00
Utah and Northern Rwy.	\$80,004.25	\$72,000.00	\$72,000.00	285,000.00
Utah Southern Rwy.	\$82,000.00	\$82,000.00		285,000.00
Lehi and Middle Park R. R.	\$4,000.00	\$7,000.00		285,000.00
Lawrence and Emporia Rwy.	\$41.00	\$4,000.00		285,000.00
Wendover, Montana and Pacific Rwy.		\$4,000.00		285,000.00
Wendover, Montana and Pacific Rwy.		\$4,000.00		285,000.00
Utah and Northern Rwy.	\$72,000.00	\$72,000.00		285,000.00
Utah Southern Rwy.	\$82,000.00	\$82,000.00		285,000.00
Lehi and Middle Park Rwy.	\$4,000.00	\$7,000.00		285,000.00
Total	\$2,479,432.46	\$2,479,432.46	\$2,479,432.46	\$2,479,432.46



## Statement of expenditures for construction of new lines, &amp;c.—Continued.

Name of new line or extension.	1885.	1886.	Total.
Omaha and Republican Valley R. R.	\$688,897.12	\$652,661.66	\$1,341,558.78
Omaha, Nebraska and Black Hills R. R.	15,971.58	22,027.81	37,999.39
Stearns and Grand Island R. R.		27,298.88	27,298.88
Omaha and Elkhorn Valley Rwy.			270,719.31
Mayville and Blue Valley R. R.			716,195.46
Lincoln and Blue Valley R. R.	2,105.49	674,053.93	129,401.86
Nebraska, Ames and Burlington Rwy.			800.00
Nebraska, Saint Joseph and Methuen Rwy.			80,013.14
Lawrence and Emporia Rwy.			288,401.28
Lawrence Central R. R.	5,373.90		288,923.22
Lawrence City and Fort Kearney Rwy.	25,064.85	10.58	5,331.14
Lawrence Railroad			43,173.49
Lawrence and Southwestern Rwy.		965.97	477,233.30
Lawrence, Lincoln and Western Rwy.	20,698.89	448,543.31	4,180.97
Lawrence, Frankfort and Marysville Rwy.			57,125.17
Lawrence and Colby Rwy.			437,422.17
Lawrence Central R. R.			2,809,830.17
Lawrence Central R. R., Julesburg Branch			2,831,781.48
Lawrence, South Park and Pacific R. R.	178.94	26.10	1,466,348.48
Lawrence, Salt Lake and Pacific Rwy.	7,280.21	28,572.30	482,567.88
Lawrence, Cheyenne and Leadville Rwy.	6,105.97	303.00	430,479.38
Lawrence, Marshall and Boulder Rwy.	183,121.75	108,415.24	22,923.86
Lawrence and Middle Park R. R.	4,789.76		4,598.11
Lawrence and Northern Rwy.			4,598.11
Lawrence Branch			68,478.43
Lawrence, North Park and Pacific Rwy.	2,171.28		77,178.87
Lawrence, Montana and Pacific Rwy.	5,163.85	1,056.66	98,432.53
Lawrence, Pacific and Western Colorado Rwy.			74,882.66
Lawrence, Pacific and Western Colorado Rwy. in Wyoming			482,732.61
Lawrence Railway	78,678.08	381,221.16	3,378,483.56
Lawrence and Northern Rwy.	88,851.88	143,888.09	14,543,145.32
Lawrence Street Line Rwy.	68,844.68	86,228.89	898,973.93
Lawrence Southern R. R.			471,868.70
Lawrence and Park City Rwy.			817,360.75
Lawrence Lake and Western Rwy.			
Total	933,949.39	3,183,433.31	\$5,398,075.04

## Statement of miscellaneous earnings of the Union Pacific system from 1880 to 1886, inclusive.

Source.	1880.	1881.	1882.	1883.	1884.	1885.	1886.
Extra baggage	\$94,873.21	\$122,312.58	\$618,444.87	\$601,773.92		\$120,538.50	\$608,695.52
Freighting	14,542.39	23,678.28	30,632.48	40,788.88	64,723.46	84,230.74	79,216.99
Telegraph receipts	42,401.38	41,973.47	44,047.54	58,388.48	64,723.46	84,230.74	79,216.99
Privileges on trains	11,825.82	14,174.81	14,798.86	14,508.88	14,473.01	13,280.71	16,718.16
Rest of Council Bluffs depot	12,000.00	21,325.46	23,008.78	26,400.11	26,390.36	28,400.00	28,400.00
Station service	8,373.10	4,400.00	10,182.87	414.83			
Interest and exchange	588.84	8,100.25	21,480.86	8,313.77	18,364.79	8,233.42	9,154.86
Track rental	51,123.45	64,718.25	122,587.78	127,801.88	288,929.50	112,816.81	159,848.84
Bridge rental			700.00	675.00	2,400.00	2,400.00	2,575.00
Use of material at Topeka mill			34,214.97				
Loss on our department material			17,229.84				
Profit and loss on material	101,328.64	228,812.27	162,692.84	169,288.57			
Profit and loss on Leavenworth mill		69,960.81	26,481.97	64,320.70		*10,000.00	
Profit and loss on mining and milling coal	*4,978.24	*69,045.07	*23,402.82	178,192.44	188,582.13		
Profit and loss on foot			5,142.07	12,011.55			
Boiler Valley and Ogallala City wagon road				1,645.75	158.15	1,221.73	732.74
Loss on Dodge County bridge				*13,472.21			
Use of sand, slag, clinkers, &c.				68.00	487.89	915.77	836.00
Transportation cost used by engines purchased at outside prices, amount of charges						*62,273.54	
Station service	20,822.81	20,978.70	40,829.77	101,879.58	68,200.74	67,706.98	61,498.25
Freight	763.13	22,058.06	2,821.16	5,218.68	5,190.96	3,570.30	3,182.41
Total	\$98,518.14	\$94,388.06	\$73,454.62	\$63,063.60	\$74,508.34	\$27,270.29	\$34,918.63

\* Debits.

# U. S. PACIFIC RAILWAY COMMISSION.

the "pool" and "non-pool" passenger earnings of the Union Pacific system, February 1, 1880, to January 1, 1887.

Years.	Earnings covered by pools.	Earnings not covered by pools.	Total.
1880.....	\$234,287.45	\$6,612,948.26	\$6,847,235.71
1881.....	1,829,568.48	4,452,509.20	6,282,077.68
1882.....	2,725,206.77	5,168,124.01	7,893,330.78
1883.....	1,638,048.13	5,277,452.55	6,915,500.68
1884.....	817,684.36	5,450,252.58	6,267,936.94
1885.....	2,028,042.98	6,727,996.62	8,756,039.60
1886.....	1,161,347.91	4,664,989.93	5,826,337.84
Total.....	8,717,272.34	33,669,528.26	42,386,800.60

Statement of passenger earnings in the various pools, by years, from February 1, 1880, to December 31, 1886, inclusive.

Pools.	1880.	1881.	1882.	1883.
Transcontinental.....		\$1,365,684.48	\$1,548,828.21	\$1,588,592.54
Montana.....				39,808.12
Virginia City.....				5,728.05
Western Colorado.....			76,825.27	\$24,178.05
Colorado Railway Association.....	\$283.60	548,465.50	1,152,131.55	\$48,728.07
McPherson.....	99	2,618.44	5,585.76	6,977.35

Pools.	1884.	1885.	1886.	Total.
Transcontinental.....	\$547,208.35	\$649,896.21		\$6,277,698.97
Montana.....	175,238.79	189,394.66	\$128,564.06	684,228.51
Virginia City.....	(*)	(*)		5,728.05
Utah traffic.....		137,406.82	\$6,118.20	242,694.22
Utah and Colorado common points.....		21,294.86	\$9,838.56	40,133.42
Western Colorado.....	95,130.46	42,765.61	106,863.00	419,914.61
Colorado Railway Association.....	92,198.54	457,612.76	480,800.05	2,412,647.78
McPherson.....	1,596.49			17,864.34
Oregon.....	11,222.70	298,516.90	273,860.71	583,599.67
Grand total.....				\$9,137,572.34

\*Included in the Montana pools.

## "POOL" AND "NON-POOL" FREIGHT EARNINGS.

I also present a statement showing the "pool" and "non-pool" freight earnings of the Union Pacific system, February 1, 1880, to December 31, 1886.

The statement is as follows:

Statement showing the "pool" and "non-pool" freight earnings of the system from February 1, 1880, to December 31, 1886.

Years.	Earnings covered by pools.	Earnings not covered by pools.	Total.
1880 (11 months only).....	\$2,756,806.18	\$14,274,074.37	\$16,140,880.55
1881.....	2,585,457.63	18,627,748.76	20,913,206.39
1882.....	4,087,822.78	15,865,622.03	19,953,444.81
1883.....	2,483,266.70	17,446,374.17	19,929,640.87
1884.....	3,063,328.88	14,824,396.51	17,887,725.39
1885.....	5,512,961.56	12,491,235.45	18,004,197.01
1886.....	4,091,954.97	14,568,786.28	18,660,741.25
Total.....	22,116,941.82	107,696,706.20	129,813,648.02

height earnings in the various pools, by years, from February 1, 1930, to December 31, 1936, inclusive.

Pools.	1930.	1931.	1932.	1933.
all.	814,353.71	813,781.10	808.73	
	12,817.02	14,533.87	48,878.49	91,831.23
	8,864.87			
the P & cattle pool.	1,283.50			
	10,063.61			
	677.49	678.48		
oil.				8,867.77
pool.			1,823,274.36	469,062.77
Pools.	1934.	1935.	1936.	Total.
all.				808.73
				81,878.49
				78,862.00
				8,864.87
the P & cattle pool.				1,283.50
				10,063.61
	917,543.59	938,916.91	*9471,258.89	1,705,828.46
				1,384.87
oil.	7,868.48	8,864.77	18,181.72	34,914.97
pool.			18,488.96	2,283,062.46
				18,488.96

\*Includes first nine months of 1936 only.

Pools.	1934.	1935.	1936.	1937.
y Association.	\$2,142,818.82	\$2,223,515.72	\$1,838,219.49	\$781,885.76
l pool.				
ton, Missouri Pacific pool.	15,498.78	19,021.28	21,781.13	86,602.79
Missouri cattle pool.	78.73	105.09	26.25	
to pool.	47,568.89	26,878.45	88,665.65	887,821.86
station.			487,821.06	489,188.76
o.				286,833.25
pool.	297.13			
all common points.				
	2,268,888.19	2,286,457.64	4,082,822.78	2,608,384.78

Pools.	1934.	1935.	1936.	Total.
y Association.	\$275,404.88	\$1,188,965.48	\$1,898,685.88	\$8,888,977.15
	678.18	221,823.07	208,655.87	429,477.12
l pool.	289,497.49	1,594,682.15		1,823,082.61
ton, Missouri Pacific pool.				128,781.23
Missouri cattle pool.				310.00
			4,941.78	4,941.78
to pool.	668,415.84	694,558.74	494,870.45	2,857,879.88
station.	810,288.95	651,282.00	712,738.15	2,876,499.97
s.	892,451.88	877,117.17	770,644.58	2,846,332.58
pool.				887.13
all common points.	72,133.74	81,964.88	42,888.72	197,987.24
	2,068,528.88	6,512,981.80	4,804,960.97	22,716,941.85

## PASSENGER POOL BALANCES.

I also present a statement of passenger pool balances, by years, from February 1, 1880, to December 31, 1888, for the Union Pacific system. The statement is as follows:

Statement of passenger pool balances, by years, from February 1, 1880, to December 31, 1888, inclusive.

Years.	Transcontinental.		Northern lines' subsidy.		Montana.		Virginia City.	Utah traffic.
	Balance due from.	Balance due to.	Balance due from.	Balance due to.	Balance due from.	Balance due to.	Balance due from.	Balance due to.
1880								
1881	\$750, 750. 07							
1882	195, 852. 44							
1883	12, 453. 59		85, 948. 88			87, 388. 15	\$1, 808. 48	
1884	64, 732. 08		66, 872. 79			17, 529. 04		
1885		\$50, 686. 49		\$8, 746. 81	\$39, 858. 70			65, 882. 20
1886						20, 878. 79		1, 702. 50
Total	\$989, 832. 50	\$50, 686. 49	\$54, 871. 42	\$7, 746. 81	\$39, 858. 70	\$58, 897. 90	\$1, 808. 48	\$67, 584. 70

\* Included in the Montana pool.

Years.	Utah and Colorado common points.	Western Colorado.		Colorado Railway Association.		McPherson.	Oregon.
	Balance due to.	Balance due from.	Balance due to.	Balance due from.	Balance due to.	Balance due to.	Balance due to.
1880					\$4, 342. 93	\$113. 07	
1881					30, 050. 18	25. 19	
1882		\$175. 04			\$4, 342. 93	1, 298. 56	
1883		1, 012. 70		\$9, 537. 48		1, 087. 02	
1884			\$7, 865. 41		12, 482. 44	\$12. 41	
1885	\$3, 822. 63		29, 467. 05	\$2, 541. 59			\$4, 252. 20
1886	4, 127. 77	\$2, 459. 27		45, 260. 75			27. 50
Total	\$7, 950. 40	\$3, 471. 97	\$30, 562. 56	\$10, 444. 90	\$16, 688. 03	\$2, 417. 10	\$4, 279. 70

## RECAPITULATION.

Balances paid by Union Pacific system:

Transcontinental	\$436, 750. 07
Northern lines' subsidy	67, 453. 59
Virginia City	1, 808. 48
Utah traffic	11, 002. 50

\$517, 014. 64

Balances received by Union Pacific system:

Montana	\$37, 058. 70
Utah and Colorado common	7, 050. 40
Western Colorado	\$3, 812. 70
Colorado Railway Association	9, 537. 48
McPherson	2, 417. 10
Oregon	\$4, 279. 70

\$57, 156. 28

Net balance paid by Union Pacific system..... \$459, 858. 36

## FREIGHT POOL BALANCES.

I also present a statement of freight pool balances from February 1, 1886, to December 31, 1886, for the Union Pacific system.

The statement is as follows:

*Statement of freight pool balances of the Union Pacific system from February 1, 1886, to December 31, 1886.*

Yr.	Leadville pool.	New Orleans Pacific pool.	Kearney pool.	McPherson pool.	Lawrence pool.	Atchison, Topeka and Santa Fe cattle pool.	Topeka pool.
	Balance due to.	Balance due to.	Balance due to.	Balance due to.	Balance due from.	Balance due to.	Balance due to.
1886	\$62,261.02		\$1,494.41	\$5,300.75	\$8.78	\$542.50	\$4,428.86
1887	57,684.57		2,225.16	7,664.50			
1888		\$1,984.05	178.48	4,224.68			
1889				2,270.91			
1890							
1891							
1892							
1893							
1894							
1895							
1896							
1897							
1898							
1899							
1900							
Total	119,945.59	1,984.05	4,091.87	15,614.43	8.78	542.50	4,428.86

Yr.	Nebraska pool.	Carbondale pool.	Western Colorado pool.		Northern lines subsidy.		Pacific freight pool.
	Balance due from.	Balance due to.	Balance due from.	Balance due to.	Balance due from.	Balance due to.	Balance due from.
1886		\$1,217.53					
1887		2,422.25					
1888				\$14,328.90			\$423,102.18
1889				63,114.57	\$4,685.34		21,584.31
1890	\$13,262.54		\$15,718.46		79,731.31		
1891	46,670.41			12,498.82		\$20,474.41	
1892	44,945.18			2,300.18			
1893							
1894							
1895							
1896							
1897							
1898							
1899							
1900							
Total	104,878.14	4,239.78	15,718.46	88,235.84	75,418.15	20,474.41	444,586.49

Yr.	Norton County pool.	Freemont pool.	Colorado pool.		Oregon pool.		Transcontinental pool.
	Balance due from.	Balance due to.	Balance due from.	Balance due to.	Balance due from.	Balance due to.	Balance due from.
1886	\$144.58			\$100,185.91			
1887				287,845.41			
1888				48,105.53			
1889				27,889.83			
1890				24,410.77			
1891					\$8,789.78	\$33,180.81	
1892			\$25,127.41		18,847.00	21,503.54	
1893		\$1,265.99		84,685.38	\$3,024.99		
1894							
1895							
1896							
1897							
1898							
1899							
1900							
Total	144.58	1,265.99	25,127.41	605,606.83	3,024.99	25,427.39	27,484.35

## Statement of freight pool balances of the Union Pacific system, &amp;c.—Continued.

Year.	Central Branch Union Pacific pool.		North Platte pool.	Burlington and Missouri cattle pool.		Virginia City pool.
	Balance due from.	Balance due to.	Balance due from.	Balance due from.	Balance due to.	Balance due to.
1900.....		\$15,364.91			\$704.12	
1901.....		1,696.85			1,696.85	
1902.....	6927.87			692.12		
1903.....	6,779.69					78,001.9
1904.....						71,001.9
1905.....						71,001.9
1906.....						71,001.9
Total.....	13,787.45	22,289.24	1,479.69	12.12	3,798.77	15,285.7

Year.	Holeman and Butte pool.		Colorado hay and grain pool.	Utah pool.		Colorado-Utah common points.	
	Balance due from.	Balance due to.	Balance due from.	Balance due from.	Balance due to.	Balance due from.	Balance due to.
1900.....							
1901.....							
1902.....				67,000.79			
1903.....	698,719.94			7,000.00			
1904.....	208,076.26			26,076.27			698,719.94
1905.....	261,001.43		95.07		698,000.04		6,980.0
1906.....	207,000.00		75.00		26,700.00	26,000.71	
Total.....	666,817.63	207,000.00	64.06	64,205.61	33,700.69	3,000.71	15,160.9

\* Excluded in Holeman and Butte.

## RECAPITULATION.

## Balances paid by Union Pacific system:

Lawrence.....	6.97
Nebraska.....	197,001.9
Northwestern subsidy.....	34,100.7
Pacific freight.....	444,000.0
Norton County.....	30.12
Transcontinental.....	25,000.0
Norfolk.....	1,000.0
Virginia City.....	11,210.0
Holeman and Butte.....	430,722.0
Colorado hay and grain.....	64.06
	1,000,000.0

## Balances received by Union Pacific system:

Leadville.....	\$100,000.00
New Orleans Pacific.....	1,000.00
Kearney.....	4,000.00
Mohrman.....	20,000.00
Atchison, Topeka and Santa Fe cattle.....	543.50
Topeka.....	4,000.00
Carbondale.....	4,000.00
Western Colorado.....	75,000.00
Frontier.....	1,000.00
Colorado.....	400,000.00
Oregon.....	22,000.00
Central Branch Union Pacific.....	10,000.00
Burlington and Missouri cattle.....	3,000.00
Utah.....	67,000.79
Colorado-Utah common points.....	10,000.00
	\$11,000.00
Net amount paid by Union Pacific system.....	889,000.00

## PAYMENT TO INDIVIDUALS AND COMPANIES ON PASSENGER TRAFFIC.

I also present statements of payments made to individuals and companies January 1, 1868, to December 31, 1886, on account of passenger traffic:

*The Union Pacific Railroad.—Statement of payments made to individuals and companies, and foreign railroad companies, from January 1, 1868, to January 31, 1890, inclusive, on account of passenger traffic.*

Years.	Individuals and companies.		Railroad companies.			Total.
	Overcharge.	Rebates.	Overcharge.	Rebates.	Fuels.*	
1868	\$6,164.55					\$1,164.55
1869	4,602.27					4,602.27
1870	5,571.88		\$2,223.08	\$682.00		8,396.49
1871	25,250.88		1,001.08			26,251.96
1872	59,712.32	2261.50	112.33			61,005.15
1873	61,807.42		143.44			61,950.86
1874	62,252.14		151.53			62,403.67
1875	116,720.79		686.61		\$71,827.25	188,234.65
1876	102,414.25		135.61		66,248.66	178,798.52
1877	64,686.25	477.60	1,227.45		75,183.36	141,573.66
1878	65,277.79	2,611.00	104.86		56,287.64	124,280.29
1879	126,433.20	768.00	266.79		22,641.78	149,109.77
1880	1,000.00	126.00	57.50		5,144.30	11,327.80
Total	726,144.40	4,176.60	4,978.23	688.60	222,002.29	1,002,072.62

\* Pacific Mail subsidy.

† Credit.

*The Union Pacific system.—Statement of payments made to individuals and companies, and foreign railroad companies, from February 1, 1860, to December 31, 1886, inclusive, on account of passenger traffic.*

Years.	Individuals and companies.		Railroad companies.			Total.
	Overcharge.	Rebates.	Overcharge.	Rebates.	Fuels.*	
1860	\$17,322.56	\$3,673.97	1,278.75		\$61,272.00	\$72,466.28
1861	26,505.42	7,515.90	577.64	\$236.18	224,466.37	271,626.24
1862	62,674.78	861.25	156.43		154,535.00	218,167.46
1863	26,145.86	1,290.65	2,278.76		64,662.98	94,377.25
1864	30,907.81	4,431.50	1,866.66		60,636.33	123,642.30
1865	23,081.85	1,875.72	1,625.79		20,486.89	47,069.25
1866	20,588.54		2,606.73		54,558.36	77,753.63
Total	221,810.26	22,577.60	11,162.15	224.00	613,662.27	906,266.28

\* Including Pacific Mail Steamship subsidy.

† Credit.

## PAYMENTS ON FREIGHT REBATES, OVERCHARGES, AND POOLS.

I also present statement of amounts paid on account of overcharges, rebates, and pools, April, 1887, to December 31, 1888, on account freight traffic:

*The Union Pacific system—Statement of amounts paid on account of overcharges, rebates, and pools, to certain parties, from April, 1887, to December 31, 1888, on account freight traffic.*

Year.	Amount.	Year.	Amount.
1887.....	.....	1887.....	578
1888.....	6131,428.77	1888.....	507
1889.....	48,714.43	1889.....	1,100
1879.....	77,405.70	1890.....	80
1878.....	123,804.95	1891.....	1,800
1877.....	128,604.00	1892.....	2,800
1876.....	124,010.00	1893.....	1,000
1875.....	160,852.24	Total.....	9,400
1874.....	100,470.17		
1873.....	600,420.94		

I also present statement of payments for freight rebates, overcharges and pools for 1884, 1885, and 1886:

*Statement of payments for freight rebates, overcharges, and pools, made by the Pacific system in 1884, 1885, and 1886.*

Year.	To individuals.		To railroad companies.			Total.
	Rebates.	Overcharges.	Rebates.	Overcharges.	Pools.	
1884.....	600,444.00	623,404.10	600,416.10	603,900.75	6070,000.00	61,000
1885.....	600,848.27	130,708.57	54,784.74	300,000.10	200,000.74	1,000
1886.....	1,047,000.00	64,780.10	50,700.00	60,000.10	144,700.00	1,000
	2,500,000.00	448,000.00	245,076.00	200,254.00	200,272.24	4,000



## GROSS RECEIPTS AND GROSS EARNINGS: 1867-1890.

I also present statement of the gross receipts and gross earnings of the Union Pacific Railroad Company from April, 1867, to January 31, 1890:

*Union Pacific Railroad Company.*—Statement of gross receipts and gross earnings from April, 1867, to January 31, 1890, showing deductions from freight and passenger receipts on account of interchange business, rebates, overcharges, and pools.

Period.	Passenger.			Freight.		
	Gross receipts.	Deductions.		Gross receipts.	Deductions.	
		Amount paid foreign roads and companies their proportion of interchange business.	1 Rebates, overcharges and pools.		Amount paid foreign roads and companies their proportion of interchange business.	1 Rebates, overcharges and pools.
Apr. to Dec.	6250,516.04	971,106.15	...	6250,516.47	...	...
1,868,757.78	812,297.43	61,106.95	3,430,256.15	338,628.09	411,628.77	
4,367,842.36	218,537.81	4,042.27	2,818,259.27	444,656.07	65,714.43	
4,356,250.92	228,215.03	9,183.40	3,560,070.58	433,845.06	77,403.76	
3,664,831.50	251,200.61	50,241.41	3,072,549.04	107,704.16	123,856.85	
2,875,707.00	245,477.20	60,808.10	4,455,106.17	606,193.62	136,804.06	
4,354,405.60	310,013.25	61,005.00	5,020,027.08	281,708.48	122,040.00	
4,460,131.64	303,006.47	62,274.82	4,060,023.01	325,028.82	180,053.06	
5,419,827.41	402,275.31	102,537.60	7,218,133.40	377,168.96	180,452.17	
4,856,570.31	307,116.77	175,804.01	6,728,719.58	576,156.42	445,424.94	
4,000,040.49	319,665.67	131,287.05	4,047,452.27	835,121.60	708,056.18	
2,867,873.38	341,713.48	161,436.84	2,440,392.91	660,570.00	567,856.35	
2,810,418.65	329,473.13	183,258.60	12,276,125.61	2,432,268.45	1,401,656.00	
185,547.10	85,876.79	12,028.45	1,013,347.43	283,925.64	70,001.40	
<b>Total</b>	<b>47,000,363.91</b>	<b>3,437,724.08</b>	<b>1,062,873.85</b>	<b>31,294,368.96</b>	<b>7,004,415.18</b>	<b>3,534,886.45</b>

Period.	Passenger earnings.	Freight earnings.	Mail earnings.	Express earnings.	Miscellaneous earnings.	Total earnings.
Apr. to Dec.	6250,516.04	6000,810.47	...	...	64,717.00	\$1,386,563.51
1,868,757.78	2,436,807.27	\$100,000.00	872,253.50	42,645.77	4,002,671.41	
4,078,982.37	3,780,049.17	220,628.54	339,013.53	711,718.09	8,107,951.90	
4,316,427.60	3,058,515.30	274,513.06	282,001.74	194,026.04	7,650,277.11	
3,122,510.00	3,029,868.91	268,714.09	307,731.32	177,202.07	7,651,002.16	
2,776,212.41	4,768,413.07	281,815.00	320,532.56	135,885.70	8,802,045.33	
2,067,209.64	5,614,807.56	283,833.80	410,100.16	167,845.61	10,264,103.00	
2,030,638.15	5,668,723.78	345,764.00	381,860.77	215,728.47	10,558,686.18	
4,844,014.54	8,811,512.27	528,183.00	444,173.23	236,060.35	11,863,022.46	
4,367,802.53	7,301,125.50	674,198.00	505,706.42	308,255.30	12,608,866.84	
2,506,756.47	7,347,040.51	696,775.08	478,718.96	348,179.68	12,473,369.60	
2,190,880.72	8,760,953.70	690,775.08	481,145.70	345,025.31	13,131,272.50	
2,207,606.92	8,582,414.24	696,775.08	309,646.08	343,137.00	13,301,677.80	
167,282.33	845,013.62	42,731.23	343.32	12,590.32	856,880.63	
<b>Total</b>	<b>62,002,362.25</b>	<b>50,770,600.95</b>	<b>4,045,383.65</b>	<b>4,264,874.72</b>	<b>2,820,861.82</b>	<b>620,917,270.60</b>

\* Omaha Bridge earnings included after January 1, 1878.  
 † Includes Pacific Mail Steamship subsidy.

## GROSS RECEIPTS AND GROSS EARNINGS: 1880-1886.

I also present a statement of gross receipts and gross earnings the Union Pacific system from February 1, 1880, to December 31,

*The Union Pacific system.—Statement of gross receipts and gross earnings from Fe 1, 1880, to December 31, 1886, showing deductions from freight and passenger receipts account of interchange business, rebates, overcharges, and pools.*

Period.	Passenger.			Freight.		
	Gross receipts.	Deductions.		Gross receipts.	Deductions.	
		Amount paid foreign mails and companies—their proportion of joint business.	*Rebates, overcharges, and pools.		Amount paid foreign mails and companies—their proportion of joint business.	*Rebates and
1880 (11 months)	\$5,787,598.91	\$787,338.32	\$72,498.95	\$23,338,397.39	\$7,965,417.04	98
1881	7,481,188.55	827,278.95	\$71,828.95	24,888,542.17	8,509,947.78	1.2
1882	8,488,138.68	873,779.67	\$68,158.97	26,428,471.31	7,878,927.58	2.9
1883	7,653,378.47	1,048,688.08	\$8,377.64	28,188,578.46	7,628,438.00	1.8
1884	7,632,881.29	848,138.09	\$23,958.88	28,138,158.78	7,538,688.27	1.8
1885	8,718,378.68	848,688.74	47,798.48	37,232,882.88	7,477,687.97	1.8
1886	7,548,148.97	1,083,681.56	\$8,964.98	28,797,178.08	8,063,721.89	1.8
Totals...	\$51,538,627.94	\$8,657,982.34	\$88,284.98	281,688,652.38	63,334,397.31	18.1

Year.	Passenger earnings.	Freight earnings.	Mail earnings.	Express earnings.	Miscellaneous earnings.	Total.
1880 (11 months)	\$5,787,572.90	\$78,384,888.86	\$177,677.43	\$888,327.95	\$848,478.48	\$84,487,944.62
1881	8,532,351.05	28,678,181.84	\$47,845.84	\$88,885.79	\$41,798.28	\$87,688,262.80
1882	7,613,181.81	28,678,678.88	\$88,798.98	\$12,798.38	\$88,888.68	\$87,688,262.80
1883	8,664,582.59	28,738,188.38	\$88,116.44	\$88,458.84	\$87,341.44	\$87,688,262.80
1884	8,678,988.95	27,887,987.39	\$88,778.89	\$88,888.48	\$17,691.98	\$87,688,262.80
1885	8,688,918.77	28,138,158.84	\$14,888.84	\$88,428.87	\$42,778.18	\$87,688,262.80
1886	8,068,287.28	28,688,744.48	\$18,888.47	\$87,368.43	\$87,968.77	\$87,688,262.80
Totals...	\$51,578,138.72	\$23,688,658.88	\$88,688.84	\$88,688.17	\$87,728.28	\$87,688,262.80

\* Includes Pacific Mail Steamship subsidy.

## "AID" BONDS RECEIVED.

I also present a statement showing the amount of "aid" bonds received by the Union Pacific Railway Company or its branch lines up December 31, 1896:

*Union Pacific Railway Company—Comptroller's office. Statements showing amounts of "aid" bonds received by the Union Pacific Railway Company or its branch lines to December 31, 1896.*

Road or branch aided.	Name of county, township, &c., granting aid.	Amount.	Total.
Union Pacific R. R.	Schuyler Precinct, Colfax County, Nebraska.	\$25,000	
Do.	Grand Island Precinct, Valley County, Nebraska.	25,000	
Union Pacific Bridge.	De Witt County, Nebraska.	250,000	
Union Pacific Rwy.	Lawrence County, Kansas.		\$250,000
Union Pacific Railway and Telegraph Company.	Arapahoe County, Kansas.		\$250,000
Union Central R. R.	Boilder County, Colorado.	100,000	
Do.	Galpin County, Colorado.	25,000	
Union City and Fort Kearney Rwy.	Clyde City, Cloud County, Kansas.	500	250,000
Do.	Belleville Township, Republic County, Kansas.	20,000	
Do.	Frederick Township, Republic County, Kansas.	15,000	
Do.	Clay County, Kansas.	100,000	
Do.	Davis County, Kansas.	50,000	
Do.	Elk Township, Cloud County, Kansas.	25,000	
Do.	Lawrence Township, Cloud County, Kansas.	25,000	
Union and Republican Valley.	Butler County, Nebraska.	100,000	
Do.	Howard County, Nebraska.	40,000	
Do.	Sherman County, Nebraska.	25,000	
Do.	Polk County, Nebraska.	45,000	
Do.	Seander County, Nebraska.	140,000	
Do.	Grand Island Precinct, Hall county, Nebraska.	25,000	
Do.	Bostrick Precinct, Gage County, Nebraska.	15,000	
Do.	Blue Springs Precinct, Gage County, Nebraska.	10,000	
Do.	Scotts Precinct, Greeley County, Nebraska.	5,000	
Do.	Oak Precinct, Nuckolls County, Nebraska.	5,000	
Do.	Midland Precinct, Colfax County, Nebraska.	5,000	
Do.	Capital Precinct.	5,000	
Do.	North Lamp Precinct, Valley County, Nebraska.	4,000	
Union and Northwestern Rwy.	McPherson City, McPherson County, Kansas.	2,000	400,000
Do.	McPherson Township, McPherson County, Kansas.	5,000	
Do.	Smoky Hill Township, McPherson County, Kansas.	14,740	
Do.	Smoky View Township, McPherson County, Kansas.	10,000	
Maple and Mine Valley R. R.	Jackson Township, Riley County, Kansas.	17,000	31,740
Do.	Marysville Township, Marshall County, Kansas.	15,000	
Union, Adams, and Black Hills R.R.	Bonne County, Nebraska.		72,000
Union Central R. R.	Starr Township, Cloud County, Kansas.		5,000
Union R. R.	Ottawa County, Kansas.		10,000
Union, Adams, and Western Rwy.	Lincoln County, Kansas.	60,000	20,000
Do.	Morton County, Kansas.	15,000	
Do.	Culver County, Kansas.	15,000	
Union and Northern Rwy.	Laramie County, Wyoming.		60,000
			100,000
			2,000



## UNION PACIFIC COMPANY IN STOCKS OF OTHER ROADS.

Railway Company.—Statement of certain particulars in relation to, and the company in stocks of other railroad companies, December 31,

name of road.	Par value.	Ledger account.	Cost of the company.
St. Paul & N. W. R. R.	\$134,400.00	\$7,351.22	\$2,291.22
St. Paul & Northern P. R. R.	223,154.12	50,971.04	52,971.04
St. Paul & Northern P. R. R.	534,708.00	1,375,440.00	1,375,440.00
St. Paul & Northern P. R. R.	6,239,004.00	3,440,189.17	3,440,189.17
R. of Wyoming	234,000.00	1.00	75,445.18
R. of Wyoming	9,100.00	1.00	500.00
St. Paul & Northern P. R. R.	1,000,000.00	415,447.51	415,447.51
St. Paul & Northern P. R. R.	9,335,100.00	4,004,732.48	4,304,732.48
St. Paul & Northern P. R. R.	400,000.00	85,282.95	85,282.95
St. Paul & Northern P. R. R.	137,700.00	127,700.00	127,700.00
St. Paul & Northern P. R. R.	4,000.00	1.00	500.00
St. Paul & Northern P. R. R.	500,000.00	500,500.00	500,500.00
St. Paul & Northern P. R. R.	44,000.00	40,772.18	43,772.18
St. Paul & Northern P. R. R.	1,512,400.00	1.00	473,702.18
St. Paul & Northern P. R. R. and Telegraph	44,400.00	44,400.00	44,400.00
St. Paul & Northern P. R. R.	145,000.00	1.00	51,361.37
St. Paul & Northern P. R. R.	350,000.00	1.00	57,425.75
St. Paul & Northern P. R. R.	4,000.00	1.00	1,360.00
St. Paul & Northern P. R. R.	419,000.00	44,700.58	44,700.58
St. Paul & Northern P. R. R.	450,000.00	450,000.00	450,000.00
St. Paul & Northern P. R. R.	500.00	500.00	500.00
St. Paul & Northern P. R. R.	300,000.00	1.00	100,350.00
St. Paul & Northern P. R. R.	1,000,000.00	553,045.21	553,045.21
St. Paul & Northern P. R. R.	2,015,000.00	3,342.91	3,342.91
St. Paul & Northern P. R. R.	3,341,000.00	377,075.90	377,075.90
St. Paul & Northern P. R. R.	251,700.00	34,072.18	34,072.18
St. Paul & Northern P. R. R.	1,030,000.00	18,540.90	18,540.90
St. Paul & Northern P. R. R.	1,000,000.00	117,300.00	117,300.00
St. Paul & Northern P. R. R.	1,000,000.00	1.00	34,745.50
St. Paul & Northern P. R. R.	500,000.00	317,058.24	317,058.24
St. Paul & Northern P. R. R.	4,816,000.00	674,390.45	674,390.45
St. Paul & Northern P. R. R.	1,000,000.00	602,071.82	602,071.82
	43,370,778.13	14,902,515.00	15,048,624.00

Amount does not include the following railroad stocks deposited in the consolidated Mortgage Trust:

Valley R. R.	\$71,000.00
Carolina R. R.	50,000.00
St. Paul & Northern P. R. R.	794,000.00
	1,000,000.00
	1,797,000.00

## DISPOSITION OF AID BONDS.

A letter, with accompanying statement, was also received:

THE UNION PACIFIC RAILWAY COMPANY,  
New York, October 19, 1907.

PATTON,  
U. S. Pacific Railway Commission, No. 10 Wall Street, New York:  
Enclose with this, in answer to a request of the Commission, a statement of the disposition made of the aid bonds received by the various Union Pacific systems.  
Yours, very respectfully,

OLIVER W. MINK,  
Comptroller.

**U. S. PACIFIC RAILWAY COMMISSION.**

*The Union Pacific Railway Company.—Comptroller's office.—Statement concerning the position made of the "aid" bonds received by the Union Pacific Railroad, the Kansas Pacific Railway, the Denver Pacific Railway and Telegraph Company, the Colorado Central Railroad, and other companies.*

Road or branch aided.	Name of section, township, &c., granting aid.	Amount.	Proceeds.	Remarks.
Union Pacific R. R.....	Schuyler Precinct, Colfax County, Nebraska.	\$20,000.00	\$20,000.00	
Do.....	Grand Island Precinct, Valley County, Nebraska.	25,000.00	25,000.00	
Omaha Bridge.....	Houghton County, Nebraska.	200,000.00	215,000.00	
Kansas Pacific Rwy...	Leavenworth County, Kansas.	250,000.00		
Denver Pacific Railway and Telegraph Company.	Atopah County, Kansas.	240,000.00		
Colorado Central R. R.	Boonville County, Colorado.	100,000.00	107,000.00	
Do.....	Gilpin County, Colorado.	50,000.00	50,000.00	
Junotown City and Fort Kearney Rwy.	Clarks City, Cloud County, Kansas.	200.00	200.00	
Do.....	Belleville Township, Republic County, Kansas.	30,000.00	30,000.00	
Do.....	Freedom Township, Republic County, Kansas.	15,000.00	15,000.00	
Do.....	Clay County, Kansas.	100,000.00		
Do.....	Davis County, Kansas.	25,000.00	52,000.00	
Do.....	Elk Township, Cloud County, Kansas.	10,000.00	17,100.00	
Do.....	Lawrence Township, Cloud County, Kansas.	15,000.00	15,000.00	
Omaha and Republican Valley R. R.	Bellevue County, Nebraska.	100,000.00	95,000.00	
Do.....	Howard County, Nebraska.	60,000.00	55,100.00	
Do.....	Sheridan County, Nebraska.	50,000.00	50,000.00	
Do.....	Fair County, Nebraska.	45,000.00	45,750.00	
Do.....	Hammond County, Nebraska.	140,000.00	140,000.00	
Do.....	Grand Island Precinct, Hall County, Nebraska.	25,000.00	25,000.00	
Do.....	Boonville Precinct, Gage County, Nebraska.	15,000.00	14,000.00	
Do.....	Blue Springs Precinct, Gage County, Nebraska.	10,000.00	9,500.00	
Do.....	Scotts Precinct, Greeley County, Nebraska.	5,000.00	5,100.00	
Do.....	Oak Precinct, Nicholls County, Nebraska.	5,000.00	5,000.00	
Do.....	Midland Precinct, Colfax County, Nebraska.	5,000.00	5,000.00	
Do.....	Capital Precinct, Colfax County, Nebraska.	5,000.00	5,000.00	
Do.....	North Loop Precinct, Valley County, Nebraska.	5,000.00	5,000.00	
Salina and Southwestern Rwy.	McPherson City, McPherson County, Kansas.	2,000.00	2,000.00	
Do.....	McPherson Township, McPherson County, Kansas.	5,000.00	4,700.00	
Do.....	Smoky Hill Township, McPherson County, Kansas.	14,700.00	22,000.00	
Do.....	Smoky View Township, McPherson County, Kansas.	25,000.00		
Marysville and Blue Valley R. R.	Jackson Township, Riley County, Kansas.	17,000.00	15,000.00	
Do.....	Marysville Township, Marshall County, Kansas.	15,000.00	15,000.00	
Omaha, Nebraska and Black Hills R. R.	Cedar Precinct, Boone County, Nebraska.	5,000.00	5,700.00	
Kansas Central R. R.	Starr Township, Cloud County, Kansas.	60,000.00	10,000.00	
Robinson R. R.	Ottawa County, Kansas.	50,000.00	42,000.00	
Salina, Lincoln and Western Rwy.	Lincoln County, Kansas.	50,000.00	50,000.00	
Do.....	Morton County, Kansas.	15,000.00	15,000.00	
Do.....	Cherokee County, Kansas.	15,000.00	15,000.00	
Cherokee and Northern Rwy.	Laramie County, Wyoming.	100,000.00	112,000.00	

Borrowed and used on construction equipment, bonds, etc. \$4,000.00, up to date of construction.

\$42,000.00, \$20,000.00, \$20,000.00, and purchase of Kansas V. Railway Co. securities.

The Smoky Hill Railway Co. has paid \$25,000.00.

## REMARKS OF MR. JOHN F. DILLON.

MR. JOHN F. DILLON. I wish to say something with reference to the suit of Arnold Leo against the Union Pacific Railroad Company, which has been already several times referred to.

That suit was brought by Leo as a stockholder to have it adjudged that the Union Pacific Company had no legal power to invest in the securities of branch lines or to make the collateral trust. In that case the questions involved were investigated and argued.

## AS TO BRANCH LINES.

Among other evidence produced by the company in the case was a letter from Mr. T. F. Oakes, who was at that time vice-president of the Northern Pacific Company—a rival company to the Union Pacific—but who was for many years officially connected with the Kansas Pacific in various capacities, as superintendent and receiver. The letter is in regard to the policy of constructing branch lines. Mr. Oakes is in the city, and if the Commission prefer to have him here we will produce him, so that he may affirm on oath his judgment given in that letter.

Commissioner LITTLE. Is that letter on the subject of branch lines?

MR. JOHN F. DILLON. Yes.

Commissioner LITTLE. It contains his opinion on that subject.

MR. JOHN F. DILLON. Yes, and presents the subject in a strong light.

Commissioner LITTLE. Do you present the testimony of this man as an expert?

MR. JOHN F. DILLON. Not only as an expert, but as a man familiar with the Kansas Pacific road and the country tributary to it.

The CHAIRMAN. Do you present the testimony in connection with the question of the wisdom of constructing branch lines or as to the methods of their construction?

MR. JOHN F. DILLON. As to these particular branch lines I ask to be permitted to read the letter, and the Commission can give such weight to it as it sees fit.

The letter is as follows:

[Northern Pacific Railroad Company, Vice-President's Office. T. F. Oakes, Vice-President.]

NEW YORK, February 7, 1883.

HON. JOHN F. DILLON, Esq., President of the Union Pacific Railway Company:

DEAR SIR: Your letter of the 5th instant, asking for my opinion as to the policy of your company investing in branch lines, is received, and you make this request on the ground of my former connection with the Kansas Pacific Railway (which was for a period of about sixteen years) and my familiarity with your entire system of roads. I am entirely free to give my opinion, which is very decided on the subject named, and my views are based on an experience of about twenty years in the West and Southwest.

If the Kansas Pacific Railway Company had adopted and pursued the policy of building and extending branches of its main line into territory geographically tributary to it, I have no doubt it would have avoided the disasters which befall it. But it did not do so, and its failure was from the want of a system of branches wisely constructed to bring to it the nourishment necessary for its support. In striking contrast with this is the Atchison, Topeka and Santa Fé Railroad Company. The road of that company is constructed through a country in no respect more fertile than the elements which furnish railway traffic to that traversed by the Kansas Pacific, but that company adopted the policy of providing feeders for the main line in the construction of branches, and the result is the achievement of great success. If that company pursued a different policy the expense of maintaining and operating

ing its line would have so exhausted its resources that it would long ago have reached in disaster to all concerned.

Were I writing this to any one not connected with the Union Pacific Railway, I would point to your company, and its policy in building branch lines from eligible points and on judiciously selected lines, as another illustration of the wisdom and beneficial effects of that system.

The Saint Paul, Minneapolis and Manitoba Railway Company has adopted the same policy, and with a result not only gratifying and remunerative to its stockholders, but of incalculable benefit to the country thus brought into railway communication with the East and South; and so of the Chicago, Milwaukee and Saint Paul and the Chicago and Northwestern Railroad Companies. But it is needless to multiply instances. These facts are apparent and speak louder than words.

From another view of the subject I come to the same conclusion, namely: a land grant road, as yours is, and so far distant from the seaboard, must furnish facilities to the settlers on the lands for getting their products to market. These products will not bear ordinary wagon transportation over more than a few miles without consuming every cent of profit. How are the purchasers of, and settlers on, your lands to be sustained unless you give them the means of access to market? And the same interest of settlers on the Government lands. But as to the former, it has always seemed to me that such railroad companies are under the highest moral obligation to do everything within their power necessary to give the means, at least, of subsistence; and this, under our present conditions of life, cannot be done if they are left shut off from access to the rest of the world.

Public policy also requires this course to be efficiently and thoroughly carried out whenever the ends will seem to justify the means, and the interest of the stockholders is plainly in the same direction.

In conclusion, I say that my unqualified opinion is that a railroad company whose trunk line traverses a region suitable for the homes of industrious, educated, and law-abiding citizens, or that can be made accessible to natural sources of wealth, should adopt and carry out the policy of constructing branch roads so as to afford the required facilities, and at the same time thus promote the interests of its own stockholders.

Very truly yours,

J. F. OAKES.

#### REFERENCES TO BRANCH LINES IN REPORTS OF GOVERNMENT DIRECTORS.

I now wish to call the attention of the Commission briefly to the references in the reports of the Government directors from year to year on the subject of branch lines, showing that every year what has been done has been reported to Congress. It is a very important element in this case, as Judge Wheeler held when he decided the *Leo* case. I have not the reports of 1872 or 1873, but in one of the reports before me there is an extract from and a reference to the reports of those years which will be sufficient for the present purpose, I think. I should like to have these on the record.

In the report of the Government directors for the year 1876 (the general interests of the Union Pacific Company in Colorado and Utah) roads more or less directly connected with its main line are given as follows:

*Particulars of the company's interests in the Colorado Central Railroad Company, as of 30, 1876.*

Amount charged for materials, cash, freights, &c .....	\$1,316,462
Credits:	
110,000 first-mortgage bonds, at \$37 .....	\$40,700.00
196,000 first-mortgage bonds, at \$30 .....	5,880.00
2,100 shares stock, at \$25 .....	52,500.00
44,000 Gypsum County bonds, at \$20 .....	880,000.00
Balance unprovided for, without interest .....	738,462

Overdue coupons, not included in above, \$231,440, gold.

The company has sold 50 of the Colorado Central Railroad Company first-mortgage bonds, received as above, leaving 40 still on hand; in addition to which



1876, received through the Colorado Improvement Company, making 1,056 bonds owned by the company.

Of the stock, the company still owns the 2,100 shares received as above, and also 2,300 shares received through the Colorado Improvement Company, making 4,400 shares in all owned by the company.

*Particulars of the company's interest in the Utah Central Railroad Company, June 30, 1876.*

4,400 shares stock, at \$50 .....	\$220,000.00
200 shares stock, at \$50 .....	10,000.00
Total, 4,600 shares, costing .....	\$230,000.00

This stock is in the hands of the company.

*Particulars of the company's interest in the Utah Southern Railroad Company, June 30, 1876.*

Amount charged for materials, cash, freight, &c. ....	\$912,353.51
Bonds: 1,016 first-mortgage bonds, at \$50 .....	\$508,000.00
Balance unprovided for .....	653.51

In addition to the 1,016 bonds received as above, the company received 121 bonds in consideration for its interest in the Utah Southern Railroad Company, making 1,137 bonds, of which 719 have been disposed of, leaving 421 bonds still on hand. The Union Pacific Railroad Company has 2,860 shares of Utah Southern Railroad Company stock upon which 70 per cent. has been paid, and which has cost the company \$102,549.32, in addition to which it has 5,000 shares of full paid stock, which received as a consideration for its interest in that company.

*Particulars of the company's interest in the Utah Northern Railroad Company, June 30, 1876.*

Amount charged for freight, materials, interest, &c. ....	\$148,100
Bonds: By cash and coupons .....	73,700
30 bonds, at 50 per cent. ....	\$74,400
16 coupons .....	16,636

The 30 bonds received as above are in the hands of the company.

The company owns 178 shares of the Utah Northern Railroad Company stock, received as a consideration for its interest in that company.

In the report of the Government directors for the year ending June 1877, the directors say:

On the subject of the aid extended by the Union Pacific Company to other companies, the Government directors in their report for 1873 remarked:

With regard to the advances which the Union Pacific Company has made in aid of the roads mentioned, we can but repeat what we said in our report of 1872: 'We do not question the wisdom of a policy which tends to secure to the trunk line the business which the said several roads may command. It could not well afford to divert its business diverted from it. The policy, however, should be so ordered as not to interfere with whatever present or future claim the Government may have for its own account.' The ability of the company to make the advances referred to shows that it could have returned more to the Government than it has, and raises the question of the power of the company to divert its means into channels not authorized by law.

The total advances made, and the companies aided, appear in the following table taken from last year's report:

Investment in Summit County Railroad Company, \$134,506 bonds, 1,032 shares full-paid stock, 2,750 shares receivable stock, and valuable coal lands. Estimated value \$60,000.

Utah Central Railroad has been aided to the extent of .....	\$1,610,497.96
Secured by Union Pacific Railroad Company .....	267,136.20

Balance, without interest .....	\$,241.00
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The investments in the Utah Central, Utah Southern, and Utah Northern Companies have not been increased during the past year, and remain as stated in the report of the Government directors for the year ending June 30, 1878.

The statement of investments in the Republican Valley Railroad has not yet been received, and will not be in time to be entered in this report. The Union Pacific Company's investment in this road is regarded as a safe and remunerative one, very considerable aid has been secured from the counties into which it has been constructed, and the country will supply it with a large local business.

The Utah Central, Utah Southern, and the Colorado Central are the most important of the roads aided. These, and the Utah Northern, are reported quite fully in the reports of the Government directors for the years 1874, 1875, and 1876. The Republican Valley road, in Nebraska, and the Summit County road, in Utah, involve investments of more recent date.

Aid to other roads is in contemplation by the company—one to the Black Hills region and one to secure the business of Montana. The Government directors believe that this policy of the company should be at all times held subordinate to such questions to the United States. When this is secured, the policy may result in public as well as corporate gain. It would seem to be definitely settled that national aid in the construction of railroads by grants of public lands, or otherwise, is at an end. Still, there are important regions of our country to be developed by the construction of railroads. If this can be done by corporations whose interests it is to secure the business of these regions, without endangering repayment to the Government in as secure a way as that of the Union Pacific Company, an important public interest would subserved. Wherever railroads go, the Indian question is practically settled. On the vast domain covered by the Union Pacific road, its connecting lines, and the elements included by them, Indian troubles have disappeared, and the cost of the Indian service generally has been greatly reduced. The roads above mentioned, and in contemplation by the Union Pacific Company, would, if constructed, tend still to further simplify said service and reduce its cost. If the policy can be carried out without hazard to the claim of the Government, it involves possibilities of great benefit to the country at large, and of almost incalculable advantage to the various our Western Territories most directly interested. (See letter of General Crook, conclusion of this report.)

General Crook was at that time in charge of the military department of the Platte.

#### GENERAL CROOK'S LETTER ON THE UNION PACIFIC BRANCHES

The letter of General Crook, to which reference is made, is as follows:

HEADQUARTERS DEPARTMENT OF THE PLATTE,  
COMMANDING GENERAL'S OFFICE.  
(Omaha, Neb., October 9, 1877.)

SIR: Referring to your communication of the 6th instant, stating that the managers of the Union Pacific Railroad propose building two branches from the main line, the initial of one east of Sherman, Wyo., with its objective point at Fort North Platte, Mont., the other to start at or near Rawlins, Wyo., and join the main branch at its terminus in Montana—the eastern branch passing through the Black Hills and the western through the Wood River country—you request my opinion on the points explained in the following answers:

They will have a most salutary and positive effect in settling our Indian troubles, thereby saving large expenditures of public funds. They will invite to and open for settlement most valuable farming and grazing lands, aid in the discovery of mineral sections, and promote the development of valuable mineral resources already discovered. They will save the public Treasury vast amounts in economy in the purchase of military supplies, troops, and mules. From my personal knowledge of the country through which the proposed lines will pass, I regard the project as entirely practicable, and more easily accomplished than many of the works of similar character now in successful operation in the country west of the Mississippi.

I have confined my reply to the questions embraced in your letter, but without heed of gain, &c., I would say, generally, that I know of no proposed work more important to the vast country they will open up, nor any that will be of so positive and enduring good to the whole country. They will, when completed, be of national importance and benefit.

I have the honor to be, very respectfully, your obedient servant.

GEORGE CROOK.

Major-General, U. S. Army.

Hon. J. H. MILLARD,

Government Director Union Pacific Railroad, Omaha, Neb.

Commissioner ANDERSON. Those particular branches were not completed?

JOHN F. DILLON. We have one looking toward the Black Hills, which have reached Montana through the Utah and Northern, which has not extended to that point.

#### GOVERNMENT DIRECTORS FAVOR BUILDING BRANCH ROADS.

The Government directors' report for the year ending June 30, is the following:

During the last few years, however, and under the management of those who now direct, the policy of the Union Pacific has been to protect itself from competition in every way. It has sought to occupy the territory adjacent to its line in order to prevent the construction of a system of branch roads or feeders. This seems to respect a wise policy, and one which it is for the interest of the Government to encourage. Through it not only are much needed railroad facilities furnished, but earnings of the company being thus applied, the permanent value of the road as a security for the advances made to the corporation by the Government is enhanced. There are now five of these branch lines in which the Union Pacific is interested, either directly or indirectly, to the extent of entire possession or in these are the Omaha and Republican Valley, the Colorado Central, the Utah Central, the Utah Southern, and the Utah Northern. It is not deemed necessary to set this report with any details concerning these branch lines, either as to their length or their business and financial relations with the Union Pacific. If by the Department, these can most readily be obtained through the office of the agent and auditor. Meanwhile, it, of course, need not be said that those branch lines the securities which represent them, in so far as they are the property of the Union Pacific Railroad Company, are not covered by the Government mortgages, but are to the security of these mortgages only in so far as these branches are a feeder of the main line, and as such practically inseparable from it.

#### POLICY OF COMPANY TO FOSTER ITS BRANCHES.

The Government directors' report for the year ending June 30, contains the following:

The policy of the company has been to foster its branches until they become self-sustaining. This is good policy, since, for example, on through traffic with points on the Utah and Northern, it gives the Union Pacific a haul over the entire line. Large amounts of freight formerly went via the Missouri River to Fort Benton and were distributed by wagon transportation from that point are now distributed from the Union Pacific station at the Utah and Northern.

The company leased in March last the Colorado Central Railroad for a term of fifty years and guaranteed that 25 per cent. of the gross earnings should be applied upon the principal of the road. This leaves 75 per cent. to equip, maintain, and operate the road.

In order to give a concise view of the feeding lines directly connected with the Union Pacific Railroad, or in which it is interested, or whose building is contemplated, a brief description of them furnished to the directors by Mr. S. H. H. Clark, general manager, is placed in the appendix.

It has been suggested that in view of the contingency of the branch or feeding lines being connected with other main lines of railway, and thus diverting their earnings from the Union Pacific, it may be good policy for the Government to require the sinking fund in first-mortgage bonds of these branch lines, bearing 7 per cent., if satisfactorily guaranteed by the Union Pacific, and thus secure to the Government the business of said lines until the debt of the Government is paid.

The appendix to report of the Government directors for 1879 is a statement of feeding lines of railroad built or projected and connected with the Union Pacific Railroad, furnished by Mr. S. H. H. Clark, general manager of the Union Pacific Railroad. In that statement the following named lines are mentioned: The Omaha and Republican Valley Railroad; the Omaha, Niobrara and Black Hills Railroad; the Union Pacific and Grand Island Railroad; the Utah Central and Utah Southern Railroads; the Utah and Northern Railway (narrow gauge).

## CONGRESS PRACTICALLY RATIFIED THIS POLICY.

I may observe that Congress has practically ratified this policy, at least in regard to the Utah and Northern and the Oregon Short Line in this way: It chartered the Utah and Northern originally, and when the Union Pacific acquired an interest in it, it rechartered it, knowing the relation of the Union Pacific and the Utah and Northern. In 1880 Congress granted directly a charter to the Oregon Short Line Railroad Company with a full knowledge of the relation that actually exists between the Oregon Short Line and the Union Pacific.

In the report of the Government directors of the Union Pacific for 1880 (page 10 of the Government pamphlet) this statement occurs:

The policy of building and aiding to build branch lines of railroad by this company, that has been pursued in past years and is still being continued, was not only in its conception and in its execution, as the trunk line of railway has been and feeding line of railway to support it, independent of its through business, but now amounts to but a small proportion of its traffic, viz: 24 per cent.

## CONGRESS INFORMED THAT UNION PACIFIC COMPANY CREATED A COLLATERAL TRUST FUND.

In the same report for 1880, on page 12, is a full statement that the Union Pacific Company created a collateral trust fund dated July 1, 1879, to run twenty-nine years, drawing 6 per cent. interest, secured by the first-mortgage bonds of the Colorado Central road, the Omaha and Republican Valley road, and the Utah and Northern road, all of which draw 6 per cent. interest. That report for 1880 further says:

Five millions dollars of collateral trust bonds have been delivered to the railroad company in conformity with the terms of the trust, nearly all of which have been sold—last sales made at \$1.05—and their proceeds have been substantially used and are in the construction of branch roads, thus enabling the railroad company to reduce the securities of its branch roads, and by their deposit, in this or similar trusts, to multiply the construction of branch roads as the mining interests or further settlement of the country may require. A copy of this trust indenture the Government directors attach to this report.

They then set out in full a copy of the indenture, with a form of bond and full particulars.

## CONGRESS INFORMED OF THE CONSOLIDATION.

In the same report the Government directors, under date of December 16, 1880, report as follows:

The Union Pacific Railroad Company entered into articles of union and consolidation of the Union Pacific Railroad Company, the Kansas Pacific Railway Company and the Denver Pacific Railway and Telegraph Company, January 24, 1880.

They then give the particulars of the transaction and annex to this report a copy of the articles of union and consolidation, which was transmitted to Congress.

## FEEDERS OF UNION PACIFIC.

In the Government directors' report for 1881 the following statement in regard to the branches is made:

From information furnished from the Union Pacific Railroad officers, these are roads that extend from the main line and operate as feeders to it. It will be seen that these branches are already much longer than the main line, and that they cover a vast range of country that is either wholly new territory or else occupied

comparisons with competing lines of other roads. The following are the lines above referred to:

	Miles.
Omaha and Republican Valley Railroad .....	132
Nebraska and Black Hills .....	382
Saint Joseph and Western .....	262
Colorado Central road .....	166
Denver and Pacific Railway .....	100
Keokuk and Park City Railroad .....	31
Utah and Northern Railway .....	421
Ogden Short Line (completed) .....	50
Julesburg Extension .....	151
Total .....	1,490

#### AUDITOR OF RAILWAYS APPROVES BRANCH LINES.

I have not before me the report of the auditor of railways; but Auditor French, in 1880, at page 25 of his report, refers to the branch lines with approval, and Commissioner Armstrong likewise refers to them with approval, stating the particulars in his report for 1882, at page 33.

#### GENERAL POLICY OF BRANCHES NOT SO MUCH AT ISSUE AS MANNER OF EXECUTING POLICY.

Commissioner ANDERSON. What I understand the chairman to have meant in his remarks on this subject heretofore—and it seems to me to be a great force—is that the general subject is not so much at issue as the particular manner in which the policy was carried out, both as to judgment in selecting the particular branches and (as in former years) (any rate) as to the honesty of the manner in which the thing was carried out. To use an illustration: I suppose everybody would concede that the aqueduct now being constructed to increase the water supply of the city of New York is a proper and judicious use of money, and if an aqueduct were to be built through an arid desert, and it should turn out that the city officials were interested in the construction (I do not mean to say that these are facts at all, but I mention them to illustrate the point)—if that were proven, and if the fact still were that the increase of water supply was of importance to the city of New York, it would hardly be relevant to use that fact in a discussion of the method of particular construction.

As to the methods pursued in the case of the Union Pacific Railroad, we have had a great deal of evidence, and I do not know whether you want to give us any more. There have been questions raised as to the Leadville line, as to the acquisition of interest in the Saint Joe and Western, and as to some others that are not perhaps so much in point. On the other side there has been given evidence to show, as to some of these branches, that they were constructed in the most economical method possible, and have been of great advantage. It is to that point that I wish to call your attention; so that in case you desire to give any further evidence on this subject, it should be addressed rather to the methods of construction than to the general question of the wisdom of the policy.

#### TWO BRANCHES OF THE SUBJECT.

MR. JOHN F. DILLON. I am very glad you have made this suggestion, because it enables me to say pertinently that this subject of branches has evidently two branches to it: one is the legal power to do so, and the other is a question of policy. The first is a very particular branch.

The Commission will have noticed throughout the entire history this matter that the legal power of the Union Pacific to invest its plus earnings (much more the power of the Union Pacific to pledge credit) for the purpose of building branch lines has been denied from the beginning to this day.

#### CHARACTERIZATION OF MR. REIFF'S REMARKS.

In his testimony given yesterday Mr. Reiff mentioned it. The substance of his distributive was: "There is no legal power in the Union Pacific Company to have ever done more than one thing, namely, to build a main line from Omaha to Ogden; everything else that it has done been illegal." The parties he acted with—Woerishoffer and those people—as late as 1882, brought in the courts of New York, or cause to be brought, a suit to have it judicially determined that the Union Pacific had no such legal power. He was here yesterday, and others have been before in the Department, and in Congress, no later than last year what is known as the Hentley resolution (copy of which I believe in your record somewhere), charging that all these investments were legal, and that the Union Pacific had no authority to issue the collateral trust bonds; that all the guarantees which it has made on the Ore Short Line, and on the Saint Jo and Western, and in fact everything it has at any time done in the way of aiding branch lines, is illegal beg the Commission not to forget that.

If it is illegal, then we want this Commission to report (and the fact of this was so obvious that Mr. Reiff conceded that it should be reported one way or the other) that in every State and Territory through which our road runs we should have the same power, and no more, that roads have which are created by those several States and Territories in respect to building branch lines, so that whenever they may do, under whatever conditions they may do it, we may do it. Otherwise we are at a disadvantage.

#### THE UNION PACIFIC AT A DISADVANTAGE IN BUILDING BRANCHES

The honorable chairman has said that it is not now a question of legality. But it is a question of legality. He says we have always done it. True, we have; but we have done it by indirection. We have done it under a great disadvantage. The Chicago, Burlington and Quincy Company can build and promote branch lines, and during the last year has been able to get money at 4 per cent., because that company has the plain charter right to do it, and the use of their credit in reference to the matter is under no cloud or question. But when we undertook to do it, Mr. Reiff and everybody else who is our enemy rushes into public prints or rushes down to the Department of the Interior. The people have flooded the offices of the Commissioner of Railroads with protests against these collateral trust bonds and with protests against these guarantees. They stimulate people to distrust our security. Our enemies do this; I do not particularize anybody. The record of Congress shows that at almost every session somebody gets up and moves an inquiry into the management of the Union Pacific Company.

#### FAILURE OF ACT TO GIVE POWER TO BUILD BRANCHES.

Mr. COHEN. Where do you find any doubt as to the power of the company to build a branch road?

Mr. JOHN F. DILLON. They say it is based on the law.

Commissioner ANDERSON. It is based on the act of 1873 mostly.

Mr. JOHN F. DILLON. Not alone on that.

Commissioner ANDERSON. On the failure to give power.

Mr. JOHN F. DILLON. On the failure to give power. The act says that the Union Pacific may extend its line to meet the Central Pacific, and says nothing about branches. In 1882, when this road was chartered, the country looked to nothing but a main line, and did not have its attention directed to branches.

Mr. COHEN. Has it not all the power necessary to make its main line productive?

Mr. JOHN F. DILLON. Well, I have very grave doubts about that, Mr. Cohen. At all events, the power ought to be plainly expressed, so as to prevent doubts and controversy about it.

#### THE GOVERNMENT LIEN LIMITED TO PORTION OF ROAD SUBSIDIZED?

The CHAIRMAN. I understand that you deny absolutely any claim of the Government to a lien on any property acquired beyond the subsidized part of the road. Now, if on the subsidized part of the road there is realized a surplus by which, or through which, improvements made on the property become part of the property, you say that is an advantage to the property, but you deny that the Government has any interest in that acquired property so far as security is concerned.

Mr. JOHN F. DILLON. That suggests a matter of great importance for you to consider in your report. There is nothing plainer on earth than that the lien of the Government for these subsidy bonds is limited to the road in respect of which the bonds were issued. So thoroughly was that the case that the Supreme Court of the United States decided that as the subsidy bonds on the Kansas Pacific were issued only to the extent of 394 miles, that extent of line was the extent of the Government lien—that it is simply a mortgage of the subsidized part of the road and nothing else.

Commissioner LITTLE. And that its lien is only co-extensive with the line which its money assisted to construct.

#### LIEN INCLUDES EQUIPMENT, BUT NOT GRANTED LAND.

Mr. JOHN F. DILLON. That is adjudicated, and does not admit of debate. It includes the equipment of the road but, of course, does not include the land. It is limited by its terms. As long therefore as the Government is paid its interest as a creditor, or whatever is due to it, it has nothing further to ask. The surplus earnings of the road, after paying the interest, belong to the stockholders. And instead of criticizing the Union Pacific and its stockholders, who might lawfully have distributed this whole surplus in the way of dividends, without violating any moral obligation, the stockholders should be lauded for having said, "We will put the surplus earning into branch lines." Will you tell me what equity the Government has to that, under the contract?

#### DEMAND FOR APPROPRIATING ALL EARNINGS WOULD BE FOUNDATION OF GOVERNMENT'S LIEN ON BRANCHES.

In suggesting an alteration of the status, you may say that if the Government, under the Thurman act, or under the power which is reserved, should desist from a claim of appropriating all of these earnings to the payment of its debt, and allow the company to use the part of the money which, by the exercise of its great

Government might take to itself, that should be the foundation of a lien on the branches thus built. That has got to be done, not by virtue of any existing statute, but by virtue of a new relation to be entered into between the Government and the company. And, speaking for myself here, on the spur of the moment, I should say that under proper limitations, that would be right; that this property ought to be legally bound together, and that your first duty is to take such steps as to require or authorize an arrangement whereby all the property shall be kept together, and not to allow it to become dismembered, as it might be under existing circumstances.

#### POSITION OF STOCKHOLDERS IF COMPANY FAILS TO PAY ITS DEBT.

Suppose we did not pay, and a great many are of the opinion that the true solution of this matter is that we are just like anybody else, and if we cannot pay at the day, and in full, the Government should foreclose its lien and make the stockholders come in and protect themselves, letting the property be put up to the highest bidder. That would have the effect of putting the Government where it would get the benefit of its lien for what it is worth; it would sell out the railroad, and the stockholders would lose everything unless they bid the road in, and if they did they would be just where they are now through their existing corporate organization.

I know the disadvantages which the present status entails. We are at a disadvantage in dealing with our property, in holding our territory, and competing with our rivals by reason of those doubts as to our power to do anything legally.

#### CLAIM OF THE COMPANY AGAINST THE UNITED STATES FOR DELAWARE AND POTTAWATOMIE LANDS.

There is one other matter that I have been requested to call your attention to, so that if you think proper, and if it is within the scope of your powers, you may make a suggestion in regard to it. I refer to the testimony of Judge Usher before this Commission in regard to the claim of the company against the United States, in favor of the Kansas Pacific Company, for selling lands in the Delaware and Pottawatomie Reservations, as to which lands the United States covenanted as follows in the second section of the act of 1862:

The United States shall extinguish as rapidly as may be the Indian title to all lands falling under the operation of this act and required by the said right of way and the grants hereinafter made.

The grants referred to are the grants of land.

According to Judge Usher's testimony the Government, instead of keeping this contract with us, and extinguishing this Indian title and fulfilling the grants made to the company, has sold these lands to others, and keeps the consideration or benefit. We ask you to make a report that in any adjustment this claim should be adjusted on fair and equitable principles. It is a very considerable claim.

Commissioner LITTLE. Have you a list of the lands misappropriated, as you claim.

Mr. JOHN F. DILLON. Judge Usher states the amount approximately. Of course you cannot deal with the question judicially, but you can with the principle involved, if you see fit.



## TO THE DUTY OF THE COMMISSION REGARDING THE CONSOLIDATION.

I have only one other thing to say. I would like to look for a moment at the act under which you are operating, in regard to your duties in to the consolidation.

Commissioner ANDERSON. The act requires us "to investigate and report all the facts relating to the alleged consolidation of the Union Pacific Railway Company, the Kansas Pacific Railroad Company, and the Denver Pacific Railway and Telegraph Company into an alleged corporation known as the Union Pacific Railway Company."

Mr. JOHN F. DILLON. Do you understand that a direction to report to the facts requires from you any expression of opinion as to the legal power to do what was done?

Commissioner ANDERSON. We cannot answer that question now.

Mr. JOHN F. DILLON. Then I would like to say a word or two on that subject, if you have any doubt about it. I do not ask you to express an opinion. The only point is whether I shall occupy five minutes of your time.

Commissioner ANDERSON. Had you better not leave that for us to deal with if we desire it?

Commissioner LITTLE. Mr. Dillon's suggestion is that he be allowed to argue the legal question of the alleged consolidation of the Kansas Pacific and the Union Pacific.

Mr. JOHN F. DILLON. The legal power.

Commissioner ANDERSON. Yes, the legality. I have just read the language of the act, and I have stated that I do not think we could answer as to whether or not the act requires us to pass on the question of legality; but it seems to me that a question of that magnitude could certainly not be treated satisfactorily in five minutes by any counsel, not even by Judge Dillon.

Mr. JOHN F. DILLON. I could not go into it at all, but I should like to speak for five minutes on it.

Commissioner ANDERSON. I have no objection to your occupying five minutes, but it seems to me that a subject of that scope, no matter how you treat it, could hardly be inclosed within the limit of five minutes.

Mr. JOHN F. DILLON. I occupied four hours before the Supreme Court of the United States on that subject, and I think that court practically passed upon it.

Commissioner LITTLE. If we desire to hear argument at all I think it would be more satisfactory to hear you at length and at our convenience.

## ALL THE STOCK EXCHANGED.

Mr. JOHN F. DILLON. That would be very much more satisfactory to me. I believe it is in evidence before you that all the stock has been exchanged pursuant to the consolidation years ago.

Commissioner ANDERSON. Yes, we have all that. We have the exchange completed except to the extent of four or five hundred shares.

Mr. JOHN F. DILLON. I think that now practically all the stock has been exchanged, so that it has ceased to be a question so far as the stockholders are concerned, or so far as State of Kansas is concerned, and as far as the United States is concerned. I do not think anything is to be demonstrated than that the companies were not only authorized but encouraged to build as a unit, and it would have been a good deal better for everybody if the subsidized roads had all been built as one system.

member of the Commission would limit the call to such letters as are covered or related to the subject of inquiry. Are you now prepared to answer whether the Central Pacific Railway Company has not possession letter-press copies of the letters written by Mr. Hunt between 1872 and 1880?

Mr. COHEN. I have no recollection on the subject one way or other.

#### THE COMMISSION PROPOSED TO PAY ITS WAY.

The CHAIRMAN. I wish to state here with reference to the transportation that the Commission made a contract with the Pacific Railway Company, and also with Mr. Potter, vice-president of the Central Pacific Company, for all the transportation of the Commission. We desired an itemized bill of expenses rendered, and that the Commission desired to pay all charges for such transportation that in the judgment of the Commission would meet the approval of the Government, and only such ordinary transportation and meals given by the company to travelers in the ordinary trains. The bill rendered to the Commission, with items, the Commission will be prepared to pass upon it. These remarks apply to the Pacific Company and the Sioux City and Pacific Company, as well to the Central Pacific Company and any other roads that the Commission has passed over under that arrangement with reference to transportation. The Commission declined all offers or propositions of road companies to transport us free of charge, and desired to treat toward the several corporations the same relations as strangers occupy, paying for all services rendered. That was the proposal of the Commission to the companies.

#### AS TO THE OFFER TO SELL THE COLTON LETTERS TO MR. HUNT.

Commissioner ANDERSON. There was one answer made by Mr. Huntington, or one statement made by him, to which I wish to call attention. He stated when before the Commission that an agent of the Colton estate had offered these Colton letters to him for sale. The Commission desired to be informed of the name of the agent referred to by Mr. Huntington, and desired him to appear again before the Commission, so as to let it send us the name through the counsel of the company.

Mr. COHEN. I intended to have mentioned that to Mr. Hunt but have had no opportunity since adjournment last night to do so. I will do it at recess.

#### HAS THE UNION PACIFIC CLOSED ITS TESTIMONY?

Commissioner LITTLE. I should like to inquire of Judge whether the Union Pacific Company has closed its testimony on all the suggestions it desires to make, unless the Commission call for something further.

Mr. JOHN F. DILLON. I stated in my letter the other day, if I had had access to our books and paper, *ex parte*, with liberty to make extracts; that we did not know what you had done, and that we had called our attention to some charges we had nothing further to say. I ought to add, perhaps, that we have been at some little disadvantage in this matter, by reason of the fact that no one person connected with the company has been present at all the hearings at which testimony has been taken. I was present in New York and Boston during the taking of testimony in those places. I was not present during the

the testimony at Omaha, Denver, or other places; hence when we come to look over the printed testimony if we discover anything that is serious that needs to be supplied we would like to reserve the right, subject to the judgment of the Commission, to supply it. We are not aware of anything of that kind now.

#### CENTRAL PACIFIC BILL, FOR TRANSPORTATION OF COMMISSION.

Mr. COHEN. I have the details now of the transportation furnished to this Commission, if you care to take them down.

Commissioner ANDERSON. You may hand the bill to us, and we will examine it.

Mr. COHEN. I have not got it in a separate bill. It is mixed up with other matters. I will give you the items, if you care to have your reporter take them down.

Commissioner ANDERSON. No; we want them before us, so that we may pass upon them.

The CHAIRMAN. There are a number of items in the bill pertaining to individual members of the Commission, in their individual capacity, and which they assumed. We desire to have those items separated from that portion of the bill properly chargeable to the Government.

Commissioner LITTLE. I made the request of the company that as to any individual expenses incurred for me, outside of the Commission—as my wife and child were with me—I did not desire the Government to pay any portion of such expenses. I do not wish the Government to pay any increased expense by reason of their being with me.

Mr. COHEN. I can only give you the information furnished to me.

Commissioner LITTLE. We desire you to present to us the naked bill of the company against the Government for the transportation of the Commission proper, with its staff of officials and employes.

The CHAIRMAN (addressing Mr. Cohen). Will you submit the bill, if you have it, to the Commission?

Mr. COHEN. I have not got the bill for transportation in formal shape. It is mixed up with other items. You want the transportation separate from the other items?

The CHAIRMAN. Yes.

Mr. COHEN. This paper that I have includes something more.

Commissioner ANDERSON. Submit anything you desire, and we will give it attention.

Mr. COHEN. Will you let me call the items over to your stenographer?

Commissioner ANDERSON. We object to that, if it is a "mixed-up" bill. As soon as you present a bill for transportation, we will consider it.

Mr. COHEN. I will try to get it out in a formal manner and give it to you this afternoon.

#### A STATEMENT WANTED OF THE CONDITION OF THE CENTRAL PACIFIC SINKING FUNDS.

Commissioner ANDERSON. There is one matter that we have called for several times. I do not know whether the answer has been furnished from San Francisco or not, but we will place it once more on the record. We want a statement of the exact condition of the respective sinking funds which have been accumulated by the Central Pacific Company showing the precise amount applicable to each separate mortgage, and enumerating the securities which represent the fund and stating where they are, and in what custody.

Mr. COHEN. Is not that in the statement furnished to you by Mr. E. H. Miller, jr.?

Commissioner ANDERSON. It had not been furnished when we left San Francisco, but it may have been furnished since to our accountant, Mr. Stevens. The call was made on Mr. Crocker. There is a statement in each of the reports of the company, but there are changes in the sinking fund and in the particular bonds that were held from time to time. We want an exact statement of its condition as it is to-day. Mr. Colburn can undoubtedly get that up.

Mr. COLDEN. It was stated in the testimony of Mr. E. H. Miller, jr., the secretary of the company, that such a statement would be furnished.

COINSEL FOR UNION PACIFIC REQUESTS PERMISSION TO PUT IN FURTHER TESTIMONY IF NECESSARY.

Mr. JOHN F. DILLON. I would like to reserve the right to supply anything that has escaped attention, if it be material or serious. Immaterial matters I do not care about.

Commissioner LITTLE. You understand that you take your chance of getting it printed.

Mr. JOHN F. DILLON. I understand. I do not know that we want to put in anything more. I have already said that in my own judgment one of the most important inquiries is the relation of the main line and the branches. Connected with that is the question of the allowances to branch lines, in which the Government is no more interested than that, if the mileage allowances were unduly large, they have to that extent reduced the percentage that the Government would get under the acts of 1862 and 1864 and the Thurman act. As we understand it, we have adduced very abundant testimony that the percentages allowed to the branch lines by our company are not very large, but only reasonable. Mr. Adams informs me that he is able to produce a large amount of expert testimony on that subject if it is really desired, but the Commission announced early last week, I think, that it intended to close on Friday, and it did not seem to me that it was necessary, from my knowledge of what had been put in on that subject, to supplement it by any further testimony. I would like to have the reservation made to produce anything further to include that, if it be deemed by us or by the Commission to be really necessary.

Commissioner LITTLE. We will consider the request.

LIMITATIONS AS TO RIGHT TO BUILD BRANCHES.

Mr. JOHN F. DILLON. I should like to make a suggestion at this point that has doubtless occurred to the Commission.

It is a constantly recurring problem with every railway management as to whether they shall build branches. An unlimited power to do that may lead to building branches unadvisedly or unwisely and without due consideration. The question is, what limitations can be put upon that right? It seems to me that legislation should be gone into as to adopting these branches, or the profitable ones among them, into the Union Pacific family.

As to building branches in the future, it may be that the Government has such a large interest in this property that it should be in some way consulted as to the expediency of building or acquiring any

ing any given branch. Ordinarily, of course, that is determined by the directors or the stockholders—often determined, perhaps, in a fariously affecting the investment, by superinducing the bankruptcy of the company to the injury of a mortgage creditor.

any railway mortgages, as the Commission know, there are projects that branches shall not be built without some consent on the part of a mortgage creditor. That seems to be foreshadowed in the report that appoints you. The people of this country would never be content under the idea that the Union Pacific or this system of roads should not supply the country to which they were tributary when the country should come to be settled—when the needs of the country come to demand of them, as Mr. Oakes very strongly puts it, they should supply railway facilities.

is an illustration. It ran to within 100 miles of Denver. Denver in the course of time, to be a great and important point. The people of this country would never be satisfied to have passengers for a long time going by stage along those 100 miles. They would want to have the Union Pacific road run up there and give the people railway facilities.

My suggestion is that you will not cut off the power to supply railway facilities to the great territory reached by these roads, but if that power is liable to endanger the Government's security the real question to submit is, what limitation should be put upon that power?

#### LET FOR BILLS AGAINST INDIVIDUAL MEMBERS OF COMMISSION.

Commissioner ANDERSON (addressing Mr. Cohen). We assume that you understand that this Commission asks you to furnish immediately bills that your company may have against the members of the Commission as individuals, their bills as individuals having no connection with bills against the Commission, as you well know, the gentlemen connected with the Commission being entirely prepared to liquidate individual indebtedness.

COHEN. I do not understand that the company has any bills against any members of this Commission.

Commissioner ANDERSON. We desired to receive them. It was so ordered at the time.

Commissioner LITTLE. I made a special request of your company as I was concerned. Let that be done.

Commissioner ANDERSON. If, because we took our wives and children with us, we are to receive the discourtesy of having bills for their transportation rendered against the Government—bills which the Commission will not recognize as proper bills—we want to know it as soon as possible.

COHEN. I do not know anything about the circumstances. All I know is, that the secretary has sent the bill for the transportation.

Commissioner ANDERSON. We will give the bill attention as soon as presented.

COHEN. I will send it to you this afternoon.

10 WALL STREET, NEW YORK,  
Friday, September 30, 1881.

LUCIUS E. CHITTENDEN, being further examined, testified as follows:

The WITNESS. I have here the bill of complaint in the Malice against the Central Pacific Railroad Company and others, which has been referred to [producing it].

#### LETTERS FROM MR. COHEN.

I made reference in my testimony to some letters of Mr. Cohen, which he asked me to produce. In reply to that, I now produce the entire correspondence of Mr. Cohen—all his letters on that subject to me. I think the letters to which I referred particularly are dated January 12 and April 27, 1882.

The CHAIRMAN. Do you want the letters to go on this record?

Mr. COHEN. This witness has referred to them as being of importance. You might put in the two that he has identified.

Commissioner ANDERSON. We do not want any of them.

Mr. COHEN. The two he has referred to I think should go in. One of them is dated January 12, 1882. That I wrote myself. The second one is dated April 27, 1882, and appears to have been written by a clerk in my office.

The first letter is as follows:

SAN FRANCISCO, January 12, 1882.

*Main and others against C. P. R. R. et al.*

DEAR SIR: My engagements are such as to compel me to be frequently absent from here, and in the above cause I should be glad to have some one substituted in my place as attorney of record. I am willing to remain as counsel, but I desire to be relieved of the attorney's work. I am pushing the case as fast as possible, but I feel the judges grant the other side more time than I am willing to consent to.

Truly, yours,

ALFRED A. COHEN.

L. E. CHITTENDEN, Esq.,  
11 Pine Street, New York.

The second letter is as follows:

SAN FRANCISCO, April 27, 1882.

L. E. CHITTENDEN, Esq.,  
New York:

DEAR SIR: In conversation had to-day with Mr. Charles Main regarding the case of Charles Main against the Central Pacific Railroad Company and others, he expressed himself as much averse to the continuance of the suit—and he had verified the complaint because there was no one else here to do so, and now, finding himself antagonistic to Stanford and Crocker, whom he is daily meeting in society, he objects to the further use of his name as plaintiff, and desires to withdraw.

In consequence of this conversation, and to carry out the views expressed in my letter to you of January 12, I have given Mr. Main formal notice that I desire to withdraw as attorney for the plaintiff, and desire him to appoint some one in my stead on or before the 10th of July next, and will, by this mail, send like notice to the other plaintiffs. I have not Mr. Foadick's address, and send the notice for him to you. Will you kindly present it to him, and unite with the parties in interest in such action as may be necessary?

The argument on the demurrer is set for to-morrow, and I hope it will be reached. In the case of San Joaquin county against the Central Pacific Railroad Company and others, the defendant's demurrer to the complaint has been sustained on the ground that the plaintiff is not a stockholder in the Central Pacific, and, if it is, the cause of action is barred.

Truly, yours,

ALFRED A. COHEN,  
Per W.

Mr. COHEN (addressing the witness). Do you want to put in the rest of these?

The WITNESS. I have no choice about it. It was the letter of April 27, 1882, to which I referred when I said that upon receipt of that letter Mr. Foadick immediately went to San Francisco and employed other counsel.

Q. Is it your intention to express to the Commission the view that your case was not properly attended to while it was in my charge?—A. I have no views to express to the Commission at all. You stated on the record that you commenced this action as my agent. It is in reply to that that I have made these statements. I do not care about it one way or the other, except to have the truth appear.

Q. Did the interests of your case or of your clients suffer while they were in my charge as attorney?—A. I do not know that I have ever considered that question.

Q. I believe you said something on the subject yesterday, did you not?—A. I said I thought you argued the demurrer after the receipt of this letter with ability. I made that statement from your brief.

Mr. COHEN. I thought from the tenor of your remarks to the Commission that your idea was that your interests had suffered by the correspondence that I had sent to you.

The WITNESS. I can not help what you think about it. I have made the statement just as the facts are, and I do not draw any inference one way or the other.

#### MR. COHEN DENIES A STATEMENT OF WITNESS.

Mr. COHEN. I want to say to you while you are on the stand that while I do not agree to the statements you have made to the Commission concerning my retainer in the case; still, it is a matter of no importance, except as to one thing that you said I had stated to you, and which I shall deny. That is, that I would postpone the rights of the County of San Joaquin to the rights of your client—in other words, that a settlement should not be made with the County of San Joaquin until a settlement was made with your clients.

Commissioner ANDERSON. The statement was that no one case should be settled without the other, as I understood.

The WITNESS. That was true, and that was the principal consideration on which the case was put into Mr. Cohen's hands.

Mr. COHEN. I propose to take the stand myself to deny that.

The CHAIRMAN. You have been sworn once and your denial is on the record.

Mr. COHEN. Very well. Then I will say that it is not true. At the time when I took charge of this case I had all the business I could very well attend to. I was not bidding for any business, and above all I would not have been guilty of the gross impropriety of bartering off the rights of one client to obtain employment from another. That is all I have to say about that.

#### SHYLOCK AND ANTONIO.

The WITNESS. If that is all on that point, I wish to say that Mr. Cohen interrogated me yesterday about an argument that I had made, in which he asked me if I had not written some eulogy on the managers of the Central Pacific and compared their treatment by the Government with the treatment of Shylock and Antonio. Upon my denial, he had read it within twenty-four hours. I have not seen that argument.

since it was printed that I remember of. I have it, and shall hand it to the Commission, and hope it may be returned to me. The argument was an answer to an opinion expressed by the Attorney-General that the effect of the original Central Pacific act of 1862 was to make a donation of the subsidy bonds to the railroad company. It was in reply to that argument that I said whatever I did say on that subject. I prefer to be judged by what I said rather than by anything else.

Mr. COHEN. The language that I believe you used at page 45 of your argument is this—

Commissioner ANDERSON (interposing). Is it material to encumber our record with this?

Mr. COHEN. I do not care about it, except that Mr. Chittenden has mentioned it.

#### MR. CHITTENDEN'S QUOTATION.

The WITNESS. What I stated was accurate, and what he stated was not accurate. Here is what I stated:

If the range of legal history furnishes another instance of such a "gift," "donation," or act of bounty, it has escaped our notice. The commercial transaction supposed to have taken place on the Isthmus, between the Grecian merchant and the Jew, has been sometimes assailed for its inequity and want of adequate consideration. But it was a donation upon better terms than that conferred by "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862.

That is in reply to the Attorney-General's argument that that first act independent of the second, amounted to a gift of these bonds to the company. If that is comparing the action of the Government in its treatment of this people with the ease with which my friend is more familiar than I am, I do not understand the force of language.

Mr. COHEN. The brief I read from is headed "Will Congress preserve the national faith in its dealings with the Pacific railroad companies?" It is dated July 17, 1871. That is the brief to which you referred, is it not?

The WITNESS. The title to this argument headed with the inquiry to which Mr. Cohen refers is "Extracts from the debates in Congress on the passage of the acts to secure the construction of a railroad to the Pacific, with some suggestions upon the question whether the United States issued their bonds to the Pacific railway companies to promote and protect the national interests, and upon an adequate consideration; or as an act of bounty. Prepared by L. E. Chittenden, in behalf of the Central Pacific Railroad Company of California, and presented to the honorable the Judiciary Committee of the Senate of the United States." That is the document.

Mr. COHEN. The brief goes in, as I understand it, so that we may refer to it in argument; or shall I call the attention of the witness to it?

Commissioner LITTLE. Do you propose to argue this matter before this Commission?

Mr. COHEN. One of the counsel of the company will file a written argument, I understand.

Commissioner LITTLE. You can leave your brief with us.

#### MR. COHEN'S QUOTATIONS.

Mr. COHEN. I only wanted to call attention to the language, to know whether it is the language of the witness. That is all. The part I



want to refer to are very short. On page 33 of your brief appears the following:

The construction of the main line of the Pacific Railroad commenced in 1863. At the time the act of 1864 was passed, about 80 miles of the western or California portion was in running order, and an equal or greater portion of the eastern end had also been built. The issue of bonds had already commenced. As early as January 1, 1864, a payment of interest had been made by the Government. The work progressed with a degree of energy never before displayed in the construction of any public work in the world; but it could not keep pace with the impatience of the people. To meet the public demand for its completion, no cost was spared. The frosts and snows of winter were not permitted to delay it, and the result was that the last rail was laid almost seven years before the time limited by the statute.

That is your language, is it not?

The WITNESS. That is the language of this argument. It is true, unless the statements made by these Central Pacific people on many occasions are untrue.

Mr. COHEN. At page 38 of your brief this occurs:

The act was passed in 1862. At almost every session since it has been in some form before Congress. It has been debated more than any other single subject of legislation. It has been added to, extended, and improved. It has been translated into foreign languages, published and circulated at home and abroad. On the faith of its provisions and the official construction given to them, capitalists—

The WITNESS (interposing). May it please the Commission, I desire to say that I wrote every word of that document.

Mr. COHEN. Will you let me read it?

The WITNESS. I do not wish to be kept here while you read it.

Commissioner ANDERSON. Let it be marked.

Mr. COHEN. There are but a few lines more which I will read:

On the faith of its provisions and the official construction given to them, capitalists have been invited and urged to come forward and aid the United States in their greatest national work to supply their greatest national necessity. The invitation has been accepted and more than \$100,000,000 contributed to the enterprise. The work has been done. In a national point of view it has met every reasonable expectation. Indian and Mexican wars are no longer probable, scarcely possible. The line of fortification the unsettled territory is abandoned; the standing army is no longer required; the Atlantic and Pacific coasts are united; their inhabitants are no longer strangers, but a homogeneous people, having common interests; the commerce of Asia and the Indies is brought to our markets. All the saving which the most ardent friends of the enterprise ever promised has commenced, and is insured for all the future. The bones of emigrants no longer whiten the plains and point the traveler to the westward trail while they apprise him of its dangers. Detachments of soldiers no longer guard our mails, or are needed to protect the westward flow of the wave of population. The wife and children of the settler are safe from the rifle and the scalping-knife. Men and women, adults and infants, reach our new Territories in safety and comfort. We feast upon the fruits of California. Her mountains divide the attention of the traveler for pleasure with those of New Hampshire and Virginia. These things, which ten years ago were wild fancies, have become substantial realities. All these has the Pacific Railroad accomplished, and is accomplishing, for the nation.

I think that is all I shall read from that.

#### COMPENSATION RECEIVED FROM CENTRAL PACIFIC BY MR. CHITTENDEN.

Q. You said yesterday that you received from the Central Pacific Railroad Company only about \$3,000 or \$3,500. Can you say when that was paid to you?—A. I can not.

Q. Have you any recollection of receiving the payment from the Central Pacific Railroad Company on the 19th of April, 1873?—A. I have no distinct recollection of it.

Q. Did you receive it?—A. I received a payment about that time for these services.

Q. Did you receive a payment on the 30th day of July of the year of \$2,237.50?—A. I could not tell whether I did or not from recollection. If I did, it had no connection with these services.

PURPOSE FOR WHICH PAYMENTS WERE MADE.

Q. For what purpose were those payments made to you in 1873?—A. One of them was made in payment for services of which I spoke yesterday, and I can not remember for what any other was made. I was performing services for Mr. Huntington about that time. Some adequate and proper compensation was all the money that was ever paid to me.

Q. Your brief is dated January 17, 1871. How long after its date was it filed by you?

The WITNESS. What brief?

Mr. COHEN. The brief you have just produced here.

The WITNESS. This brief, or argument, or whatever you call it, was prepared for use at the session during the winter of 1871, when an attempt was made (the details of which I can not recall) to pass some act retarding the moneys payable to the Pacific Railroad companies in consequence of the accrued and paid interest on Government bonds. This is a transaction entirely independent of the one referred to yesterday which occurred in 1873.

A COPY OF BRIEF SENT TO EACH MEMBER OF SENATE AND HOUSE.

Q. When did you use that brief or argument? How long after its date?—A. It was prepared in the city of Washington, and printed and circulated. A copy of it was sent to each member of the House and Senate immediately after its preparation. That part of it I had nothing to do with; but I prepared it in Washington about that time.

Q. When were you paid for your services in making that argument?—A. I can not tell you now. That is fourteen or eighteen years ago, but about that time.

Q. You say the payments made to you in 1873 were not for services connected with that argument?—A. No, sir; not at all.

Q. What were the services you had rendered for which you received the payment of 1873?—A. I described them here yesterday.

Q. I asked you as to the payment of \$2,237.50. Now I ask whether you did not receive a subsequent payment of \$3,000?—A. Not to my recollection. I have no recollection of any services for which I received any such payment. If any such money came into my hands it was for some proper purpose.

Q. Did you not receive from the Central Pacific Railroad Company for your services, in various payments, the sum of \$10,000, with the addition of some expenses that you had incurred?—A. I am unable to state the aggregate which I have received for all services rendered to the Central Pacific Railroad Company. Whether or not that aggregate amounts to \$10,000 from 1869 to 1874, I do not know. The amount received for the services referred to by Mr. Stanford, and spoken here yesterday, was not \$10,000, but, according to my best recollection, \$3,000, possibly \$3,500.

10 WALL STREET, NEW YORK,  
Friday, September 30, 1887.

HENRY DAY, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. You are an attorney at law and reside in New York?—  
Answer. Yes.

CONNECTION WITH ATCHISON AND PIKE'S PEAK ROAD; NOW CENTRAL  
BRANCH UNION PACIFIC.

Q. Have you had any special connection at any time with a railroad formerly known as the Atchison and Pike's Peak Railroad Company, and now known as the Central Branch Union Pacific?—A. I have had connections with them both, as being personally interested in the stock and bonds, and I was also for some years counsel for the company.

Q. During what years were you familiar with the inception and development of that enterprise?—A. I was not connected with it at its inception. I was brought into it by the then counsel, Mr. Edgingham E. Nichols, who was for many years the counsel, and probably the first counsel, of the enterprise. He remained so, I should think, up to, perhaps, 1871 or 1872. For four or five years I was also counsel, and perhaps associate counsel with him.

Q. For four or five years preceding 1871?—A. No; succeeding that time.

THE RIGHT GIVEN TO THE HANNIBAL AND SAINT JOSEPH RAILROAD  
COMPANY.

Q. Have you any knowledge connected with the early history of the road prior to 1871?—A. I only know the manner in which the road was built, and I have some general recollection of the affairs of the company. In the act of 1863 the right to build 100 miles of road west of the Missouri River was given to the Hannibal and Saint Joseph Railroad Company; that company to receive lands and bonds at the same rate that the other Pacific railroads did.

Q. Is the point on the Missouri River defined in the act?—A. No; it is not. The language is as follows:

Section 13. The Hannibal and Saint Joseph Railroad Company of Missouri may extend its roads from Saint Joseph via Atchison, to connect and unite with the roads through Kansas, upon filing its assent to the provisions of this act, upon the same terms and conditions, in all respects, for 100 miles in length next to the Missouri River, as are provided in this act for the construction of the railroad and telegraph lines mentioned, and may for this purpose use any railroad charter which has been or may be granted by the legislature of Kansas: *Provided*, That if actual surveys shall render it desirable, the said company may construct their road, with the consent of the Kansas legislature, on the most direct and practicable route west from Saint Joseph, Missouri, so as to connect and unite with the road leading from the western boundary of Iowa at any point east of the one hundredth meridian of west longitude, or with the main trunk road at said point, but in no event shall lands or bonds be given to said company, as herein directed, to aid in the construction of their railroad for a greater distance than 100 miles. And the Leavenworth, Pawnee and Western Railroad Company of Kansas may construct their road from Leavenworth to unite with the road through Kansas.

ASSIGNED TO THE ATCHISON AND PIKE'S PEAK RAILROAD COMPANY.

Q. How did that right pass to the Atchison and Pike's Peak road?—  
A. They took an assignment of it under the statute, the Atchison and Pike's Peak road being organized under the

laws of Kansas. There is a road spoken of in the act, and that is the one.

Q. When did construction commence on that road?—A. I am not able to say. I did not go into it until the construction had been commenced some time. When that was I do not know.

Q. Are you able to state how far westward of Atchison the construction had progressed at the time you came in?—A. I am not able to state that. I know the period of time when I came in. There are persons who could state that.

Q. Who could give us the information prior to your acquaintance with it?—A. Mr. Edgingham H. Nichols knows all about it.

#### WITNESS' INTEREST IN LATTER ROAD.

Q. From the time you came into the road in 1871 are you familiar with its construction and business generally?—A. I had nothing to do with the construction, except that I was a member of or had an interest in the construction company that built the road. I bought out a certain interest. I believe it was divided into shares. There was something like thirty-two shares, and this construction company took the lands and took all the property of the railroad for building it.

Q. What was the title of the company?—A. It was organized as the Atchison and Pike's Peak Railroad Company, and issued its bonds and stock in that name.

#### BUILT BY A CONSTRUCTION COMPANY.

Q. Was there any distinction between the title of the construction company and the title of the railroad?—A. Yes. I do not remember what the title of the construction company was.

Q. Who was the president of the construction company?—A. I do not know that. I never paid any attention to this construction company. That is to say, we scarcely ever had any meetings, and simply took reports of the builder employed by the company. A man by the name of Osborne had the contract to build that road, and all I know is that he made reports from time to time as to how much of the road was built and its condition.

#### MR. OSBORNE THE CONTRACTOR.

Q. Was Mr. Osborne's contract made with you and the other gentlemen forming the construction company, or was it made with the railroad company?—A. It must have been with the railroad company. I do not see how there could be any construction company making a contract except with the railroad company; but I was not a party to these early transactions, so that I cannot state that from personal knowledge.

Q. That which you acquired was an interest in the profits to be made out of the Osborne contract?—A. I bought a thirty-second share of that contract. Mr. Nichols had a contract with Mr. Osborne for building this road, and it was divided up into shares. The parties were obliged to advance money as it was needed for building the road, and what they got was the bonds and stock.

Q. Then Mr. Osborne could only have been the representative of the real interests—the thirty-seconds—so that the profits derived from the Osborne contract really belonged to the holders of those shares?—A. He sold them out. Whether or not he made any profit on the thing I cannot say.

Q. How many of those thirty-seconds did you have?—A. One.

## WHEN ATTEMPTS TO GET LEGISLATION CEASED.

Q. When did you desist from your attempts to get legislation to assist the road?—A. I should think it was somewhere about 1875 or 1876. I am not able to give the time within a year or two.

Q. When did your interest in the road terminate?—A. I was obliged to sell out my interest to help extend the road. It would take a great deal of money to extend this road so as to make it pay, and I was obliged to sell my interest.

Q. In what year did you cease to have any interest?—A. Oh, I have no interest now. I have some of the bonds.

Q. What did you receive by this thirty-second interest in the contract?—A. That I am not able to say. I had not been over the accounts yet. I ought to have been entitled, according to my computation, to one thirty-second of 1,600 bonds. That would be 50 bonds, I think. Then I ought to be entitled to a certain amount of stock. How much I do not remember.

Q. Your recollection is that you were entitled to one thirty-second part of all the bonds and stock of the company?—A. That is my recollection; yes.

## NO INTERVENING PEOPLE.

Q. Were there no deductions by reason of the other parties that were interested—the intermediate parties—in the construction of the road? Were intervening profits made by contractors between yourself and the railroad company?—A. I do not believe that there were any intervening people.

Q. So that your recollection is that each one of the holders of the thirty-second shares was to receive one thirty-second of all the bonds and stock?—A. That is my recollection.

Q. From whom did you obtain your thirty-second?—A. I think I got it from Mr. Osborne direct.

Q. Was it a purchase, or did you receive it by reason of your interest in the company?—A. I paid down \$20,000, the first thing.

Q. Bought it from Mr. Osborne for that much money?—A. Yes; that was the inception of it, and then they had to build the road. At the time I bought I gave \$20,000 to him for this one thirty-second.

Q. That was to be applied by him to the construction of the road, I presume?—A. No; I think it was to go into his pocket; but I know he was to build the road and furnish all the money.

## NATURE OF MR. OSBORNE'S CONTRACT.

Q. But the holders of the shares were to reimburse him, I presume?—

A. Yes. I take the contract to be like this: "I will build this road, iron it and put on the rolling-stock, and you shall pay me so many bonds and stocks and whatever you receive from the Government."

Q. That was his contract with the railroad company?—A. Yes; that is what I mean.

Q. But after he had sold out to the gentlemen who took the thirty-second (and I understood you to say you bought a thirty-second interest in this contract for \$20,000) did you not also assume a thirty-second part of the liabilities, if he was, under that contract, to advance the money and build the road?—A. Well, I presume that was so, although I do not remember distinctly the term of the contract.

Q. Have you any papers that would show what amount the purchasers of these interests agreed to pay to Mr. Osborne or what share of the

bilities they agreed to assume for the purpose of constructing this 100 miles of road?—A. I have not any of those papers. I trusted these gentlemen. Mr. Nichols is a friend of mine, and whatever he told me about it I believed.

Commissioner ANDERSON. It is clear that you could not be the owners of the bonds and stocks unless you agreed to do what they were to be issued against.

The WITNESS. We must, of course, have had a responsibility of one thirty-second of the contract to finish it—to furnish the money. We had to pay out money to build the road and we got our pay in this material that I speak of.

#### NO KNOWLEDGE OF THE COST OF CONSTRUCTION.

Q. The object is to ascertain the cost of construction of that 100 miles of road to Mr. Osborne or his associates—to the real parties in interest; but you have no knowledge of what that cost of construction was?—A. Not the slightest.

Q. Were you familiar with the road itself; did you go over it frequently?—A. I never went over it until four or five years after it was finished; we then went over it to look at some extensions that we had to make.

Q. Have you no idea of the total amount of your contribution to the construction?—A. No; I know I paid the \$20,000 down, but as to what I have paid since I have no idea.

Q. At the rate of \$20,000 for \$2 shares it would be \$640,000. Now, is it within your recollection that you have ever paid anything else of moment except that \$20,000?—A. I do not remember that I have; but it is a long time ago, and I have had a great many railroad schemes on my hands since that time.

#### MR. OSBORNE BUILT THE ROAD, THE SHAREHOLDERS SHARING THE LIABILITY.

Q. Is it not your understanding, on reflection, that Mr. Osborne agreed with the purchasers of those interests that he would build the road for \$640,000, and to reimburse them that they should have the bonds and stocks?—A. No; I do not think there was any such arrangement as that. The best I can tell you is what I said before, that he was to build the road, furnish a certain amount of rolling-stock, and we shared that liability, as I understand it; we had to furnish the money as it was required.

Q. But you can recall no other expenditure by yourself except the payment of this \$20,000?—A. Well, I think I was paying along during all the time, but I cannot say now. I had no book-keeper and it was early in my professional career, and I let the thing slide; I had not anything to show.

Q. If I understand you correctly, this occurred in 1871?—A. No; I was more of an attorney in 1871; but I paid my money from 1860 on to 1871.

Q. You paid your money in 1866 and afterward?—A. Yes, sir.

Q. It was all paid, I assume, before the road was entirely completed?—A. Yes; I believe so.

#### OPERATION OF ROAD AFTER COMPLETION.

Q. Please describe a little more fully the operation of this road after completion. You say it did not pay. Describe what its financial

ry was, as far as you know.—A. It remained eight or ten years without paying anything on stock or bonds. We began to make extensions of it at the rate of 10, 15, or 20 miles at a time, up to some large town, and then we would make another extension up to another town; and each time we made a syndicate to build that extension. When we had extended it to the Republican River the business then began to be better, and every extension we made improved it, and the country began to build up, so that at last we got the road where it began to pay expenses. We had never paid any interest on the bonds, I think, until it was sold out to the Kansas Pacific. That is my recollection.

#### SALE TO KANSAS PACIFIC.

Q. To what transaction do you refer as being a sale to the Kansas Pacific?—A. This road continued in that infirm condition—not being able to pay anything upon its stock or bonds—for some ten or twelve years, when there was a negotiation between the Kansas Pacific and the Central Branch for selling the stock or the interest and putting the control of this road under the Kansas Pacific, so that the two should be run in connection, one with the other.

Q. Have you any personal knowledge of that negotiation?—A. No.

Q. You only describe it to us as you have heard it described?—A. Yes. I never came in contact with the gentlemen who made the negotiations.

Q. In what year do you locate that transaction?—A. I should have to guess a little widely. It is easy, however, to ascertain it.

#### TIME OF TRANSACTION.

Q. Is it not a transaction that occurred in 1869, about the same period as the consolidation of the Union Pacific with the Kansas Pacific?—A. I think it was before the consolidation of the Union Pacific with the Kansas Pacific.

Commissioner LITTLE. Mr. Anderson asked you if it was not about that time.

The WITNESS. I should judge it was; but that is a matter that other gentlemen can state exactly. If you examine Governor Ames, who had a good deal to do with it, he can tell you.

Q. Then it was the Ames negotiation to which you referred?—A. That is it.

Q. Then it was part of the consolidation of the Union Pacific with the Kansas Pacific—or took place at the same period?—A. No; I think not.

Q. Mr. Ames has given us the dates.—A. I think one preceded the other by a considerable time.

Q. That is what you refer to by the term "sale" to the Kansas Pacific?—A. Yes; that is what I refer to.

Q. Before the representatives of the Kansas Pacific, or before Mr. Gould acquired any interest in this road, did any gentlemen whom you have gathered together most of the interests represented by stock in that company?—A. I think so. I have been so informed—that many of the interests—much of the stock—was bought up.

#### AFRAID MR. GOULD MIGHT RUIN THE STOCK.

Q. By whom was the stock bought up?—A. I have to speak a little vaguely. I had no part in it myself. I had sold my stock. I let

mine go at a cheap figure, because I was afraid Mr. Gould might ruin all of it.

Q. I am seeking to identify the thing merely. Who do you understand to be the purchaser who gathered in all this stock?

The WITNESS. Am I to understand that it is proper for me to state what I have merely heard?

Commissioner ANDERSON. For the purpose of identifying the transaction, I think so.

The WITNESS. I have no objection to state, as I believe there is no obligation to the contrary. Mr. Pomeroy, who is now deceased, bought a large interest, I think, and I think Mr. Oliver Ames bought a large interest. Those are the only two gentlemen that I know of who did buy large interests.

Commissioner ANDERSON. That connects directly with what we hear from Mr. Ames.

#### CONDITION OF ROAD.

Q. Just anterior to the purchase of stock by Mr. Ames and Mr. Pomeroy, please describe the condition of this road, including the first or five branches that had been constructed for the purpose of developing its business; and describe also its financial condition, as you understood it, at that time—in 1878 and 1879.—A. This is what I understand from the officers, although I was not an officer or treasurer, and did not run the road: That the extension of this road had benefited it, and the expectation was that within a year or two it would be able to pay the interest on its bonds, and the officers also stated that they expected to be able to pay some dividend on their stock; that it had made a very great difference in the road—the making of these extensions. That was the common statement, and we were glad to buy bonds on that understanding. I bought quite a number of bonds, thinking that they would improve.

Q. At what figure, about, were the bonds selling about that time?

A. I think about 75, 80, or 90. They kept going up until they got up to par.

#### ARREARS OF INTEREST FUNDED.

Q. What had become of the arrears of interest on those bonds at that time?—A. Those arrears of interest were funded and a new mortgage given to cover them; so that there is what is called a funded coupon bond with some ten years' interest, and that is outstanding.

Q. Do you know the amount of that bond?—A. Yes; I drew it, think. It was for \$1,800,000, or something like that.

Q. So that the mortgages that existed on that road, at the time of the Pomeroy and Ames transaction, on the first 100 miles, were a first mortgage of the company for \$1,600,000, the Government bonds for \$1,600,000, and this funded mortgage, representing the arrears of interest, about \$1,500,000 or \$1,800,000?—A. I think that is the amount of that mortgage. I may have got it a little high.

Q. How much was the capital stock of the company?—A. I really do not know.

Mr. MINN. It was \$1,000,000.

The WITNESS. I think that is so.

Q. How long before Messrs. Ames and Pomeroy bought this stock was it that you parted with yours?—A. Just about a year, I also think.

Q. Did you also sell your bonds, or did you retain them?—A. I retained most of my bonds. I have sold some of them.



## THE ROAD WAS EARNING NOTHING.

Q. What was this circumstance to which you allude, that induced you to believe that your stock had but little value?—A. Well, there was no circumstance except the fact that the road did not earn anything. The next fact was that the Kansas Pacific (Mr. Gould managed it then) was building a road from Manhattanville, on the Kansas Pacific, up to Clay Center, or some such place, which was the extension of our line; so that our business coming through Kansas along the Republican branch was diverted to the Kansas Pacific, and, as they had a through route to the East, it almost destroyed our business, we having no through route from Atchison, and the road being really valueless. That is to say, if we had not dealt fair with him, or he had not dealt fairly, as I think he did, with us.

Q. The position at the time you sold your stock was, that by reason of the construction of the competing road which you have described, your road had but very little value, as you judged?—A. I was afraid. It had value, but not what it might have.

Commissioner ANDERSON. I am speaking of value as tested by its actual earnings at the time.

The WITNESS. Its actual earnings did not pay any interest on its bonds. That is the best I can say.

## CONTINUING THE FUNDING PROCESS.

Q. Do you remember what the last year of the funded coupons was?—A. I do not.

Q. Did not this funding process continue up to about the time you sold your stock?—A. Somewhere near that.

Q. Have you any knowledge of the affairs of this company later than the time when you sold your stock?—A. No.

Q. Could you not fix that period a little more definitely, whether it was 1878 or 1879?—A. I could not even fix it then without looking at books. I should have to go back over the records for years.

Q. Was that stock sold to Mr. Pomeroy or to Mr. Ames?—A. No.

Q. It was sold in the general market?—A. I sold it to a broker in Wall street.

Q. Have you examined the earnings of this company (you being interested as a bondholder) in any way during the years following 1879?

A. I have received reports, as I have asked about it from time to time.

Q. I think I have examined the reports.

Q. And have you examined the terms of the lease of the road to the Kansas Pacific by the Union Pacific?—A. I did at the time, I think, but I do not remember the terms now.

## ABILITY OF THE COMPANY TO MEET ITS LIABILITIES.

Q. Have you made any examination whatever of the affairs of the company with reference to its ability to meet the accruing interest of the United States bonds, and ultimately to meet its indebtedness?—A. I know that it has been doing very much better during the last few years, and has more than paid the interest on its bonds. That is what I gather from the reports.

Q. When you say the interest on its bonds, you include any interest whatever for the United States?—A. No.

Q. To what bonds do you refer?—A. The funded coupon bonds.

Q. Your recollection is that the financial operation of the company has resulted in something beyond interest on these bonds?—A. I feel very sure of that.

Q. Is Mr. Osborne living?—A. I do not think he is.

Q. Where did he reside?—A. In Kansas: he went from the western part of New York out there, I think, to take his contract; but I believe he came back and died.

Q. Did you ever see his books, showing the cost of construction of this road?—A. No.

Q. Did any committee on behalf of the shareholders examine his books?—A. I think the treasurer looked after that. Mr. Nichols was the treasurer, I think, of the construction company; he certainly was of the road.

By the CHAIRMAN:

Q. Where is Mr. Nichols now?—A. At 20 Nassau street, I think.

#### THE CENTRAL BRANCH'S LAND GRANT.

By Commissioner ANDERSON:

Q. Have you any knowledge of the land grant made to this company?—A. I know there was one for 100 miles only.

Q. Do you know what method the railroad company pursued in disposing of the lands?—A. I know it sold the lands as it got opportunity, from time to time, to settlers, but I do not know of any other method of its selling the lands.

Q. Do you know whether these lands, or any large portion of them, were transferred in trust to Mr. Pomeroy and others, on a trust to reimburse holders of certificates of indebtedness?

The WITNESS. What certificates of indebtedness?

Commissioner ANDERSON. Were you not at one time a holder of a certificate of indebtedness from this company to you—a certificate for about \$15,000?—A. I do not remember anything about certificates. I know that at one time some lands were conveyed to Mr. Pomeroy, and I think to myself, and I think it likely to Mr. Nichols, for some purpose, I do not now recall what.

#### MINUTE BOOKS OF THE COMPANY.

Commissioner ANDERSON. We have a condensed copy taken by one of our employes from the minute books of the company, and it may refresh your recollection, the transaction appearing to have occurred in 1874, there being a number of certificates of indebtedness recognized by the company to be due to different parties. I will ask you to cast your eye over the names and see whether they refresh your recollection as to the manner in which the company secured the payment of those amounts.

The WITNESS. Are these the minutes of the Central Branch?

Commissioner ANDERSON. Yes.

The WITNESS (after looking over the page). I think there was some such paper as that.

#### CERTIFICATES OF INDEBTEDNESS.

Q. Does that refresh your memory as to the certificates of indebtedness?—A. It refreshes my recollection that we borrowed money quite largely and the company had nothing to give but some certificates.

that they owed this money and they secured it, as I recollect, by the lands given in trust (I think I was one of the trustees) to be sold, and the proceeds applied to the payments of these certificates.

Q. You say you borrowed money. You mean you loaned it to the company?—A. Yes.

Q. Who are the parties to whom these certificates were made?—A. The names are here. This refreshes my memory. I should not have remembered anything about it if you had not shown me this. I think in one or two instances lands were put in my name and the names of one or two others as trustees for some such purpose. This is one of the instances.

Q. Please name some of the parties who were interested in that trust of lands, according to your recollection after examining the paper.—A. I see that I was interested in it.

Q. Your interest appears to have arisen out of your professional relation to the company, as I understand?—A. No; there are \$5,000 put down here that I had advanced. They never paid me anything until they sold out to the Union Pacific Company, when my bills were paid. That was the first time I got anything. Then I got \$5,000 for my services for about six years. That is all I ever received from the company.

Q. What does this certificate purport to represent, so far as you are concerned?—A. \$15,800. It says: "Henry Day, for balance of money due him, \$5,000." That was money lent. "For professional services rendered, \$8,000." That was for services rendered up to that time. The balance was for professional services to be rendered. I was to take charge then of all the professional business of the company from that time onward, and they made a provision for that.

Mr. COHEN. You spoke of the sinking fund of the Central Pacific Company. I find that the information asked for is appended to the testimony of Mr. E. H. Miller, Jr., on the 16th of August. It was a paper that we handed in to you.

#### DISPOSITION OF LANDS.

Q. Have you any books, papers, or accounts, showing what disposition was made of those lands?—A. I have not any papers, but I have some recollection.

Q. Do you remember how many acres there were?—A. No; I do not. Whatever were left of them were returned—released to the Central Branch Union Pacific after it was transferred.

Q. Do you remember what the terms of your trust were; was it not to reimburse these certificates to which you have referred?—A. Yes; I believe those were all put in. Still those papers are all on file somewhere, or copies of them kept.

Q. What was the aggregate amount of the certificates for which the lands were conveyed to you?—A. I could not tell. There are three pages in that paper you showed me.

Q. Where can you refer us to an account of that trust? You say it must be on file somewhere?—A. Those deeds Mr. Nichols had at one time. I think very likely he has got them yet.

Q. What I refer to particularly is an account showing the lands sold, the proceeds, and the disposition of those proceeds.—A. I never touched a deed myself, I think, to any of the land for anybody, except the return of lands back to the company.

Q. Who were the trustees besides yourself?—A. I think Mr. Felt was one, and I am not sure that there was any other.

Q. Who attended to the business?—A. Mr. Nichols was the attorney. He had a young man with him in his office. There never were any conveyances or leases that I remember. All I recall is that we returned those lands and released them to the company.

Q. All of them?—A. Yes; I think so. I have not any of them. never received a cent from the company.

Q. Then your recollection is that none of those lands were sold for the purpose of carrying out the trust, so that you had no account to render?—A. I do not think there were. I think they were all returned to the Central Branch. They asked me half a dozen times for deeds and I gave them.

#### A CALL FOR A STATEMENT.

Commissioner ANDERSON (addressing Mr. Mink). We find in the minutes of September 16, 1880, that Mr. Pomeroy resigned as trustee of the lands and premises, and presented a statement of what had been done under the trust. Can you furnish us with that?

Mr. MINK. I will do so if I can find the statement.

#### LANDS USED TO RAISE MONEY.

Q. Were there any other trusts on these lands, with which you were in any way connected?—A. I rather think there is some other deed, but exactly why it was done or how it was done I cannot remember.

Q. Was it intended to secure the indebtedness of the road in any way?—A. That is the way I understand it. We had to turn every way to get money when the Government would not allow us to continue the road, and we used the lands sometimes to raise money, or paid money out ourselves, and took this trust, as I recollect. All these lands have been returned to the road or disposed of and proper returns made to the company.

#### TRUSTS NOT RECORDED.

Q. Then, as I understand it, your certificate of indebtedness remained entirely due, no part having been paid, up to the time of the transfer of this property to Mr. Gould and to the Union Pacific?—A. I do not say that. I say that I received my fee for services, but I should judge that in some way or other my \$5,000 that I had loaned had been paid out of a fund. [After a pause.] Will you allow me?—these matters dawn on me little by little. As I remember it, if I remember aright these trusts were not recorded, and the company was allowed to sell the lands from time to time and thus make provision for the certificates that are there spoken of. There was some such arrangement as that in some of the papers (whether it is this or not) that the company could sell. I remember, in some instances, the company did sell and we were asked to release and ratify. I remember, in a number of cases, that deeds would come to me, and I was asked to execute and my wife to ratify them.

Q. Then you wish to qualify the statement, as I understood it before, that no deeds had been executed by the trustees so as to show what the actual disposition of the lands was by the company, and the trustees merely gave the deeds at the company's request?—A. It is a good many years ago, and I am doing as well as I can to give you the information.

#### AN INQUIRY FOR THE BOOKS.

Q. The information I want to get at is, where I can find the books which will show the proceeds of the lands sold and the application

the proceeds?—A. The treasurer, Mr. Nichols, ought to be able to tell you about every cent of the money. As far as I know (and I think I know all the facts) every cent of money in this company went into the treasury, and was disposed of as any corporate money ought to be, to my certain knowledge. I was a director at the time, and I was on committees, and I am perfectly confident that not a cent of this money has ever been diverted to the private interests of any man connected with it. If all corporations were managed as honestly as that, we would not have any Commission.

## EFFORTS AT WASHINGTON.

Q. In regard to the proceedings in Washington, were you the representative of the company during the years that they were attempting to get such legislation as you have referred to?—A. I was for about three winters, perhaps four.

Q. Were you the sole representative in Washington?—A. I was, for those winters. Previous to that Mr. Nichols had been for about five or six years in Washington, to spend the winter.

Q. Do you know whether certain resolutions were passed by the company placing in your control certain amounts of the stock of the company, with authority to use it as might be most expedient with reference to Washington business?—A. I do not believe there are any such resolutions. I do not believe the company ever had any stock to dispose of.

Q. After you became connected with it?—A. Yes. I say I think all their stock was out.

## WITNESS AUTHORIZED TO GET AID FROM CONGRESS.

Q. What action was taken, if you recall any, by the board of directors in regard to disposing of any securities whatever of the company with reference to bringing about a successful result in Washington?—

A. I do not remember of anything except (whether it is on the minutes or not I do not know) the company authorized me, if I could through my influence that I might exert, to get other people to interest themselves in this road. They authorized me to get any aid I could from Congress, and if I would do it, and could do it, there should be allowed me a certain percentage, as I recollect, of what was obtained. I do not know whether that is on the minutes or not, but that is a fact.

Q. Were you authorized, under that resolution, to dispose of any stock or bonds or securities of the company in any way?—A. No; I think not. I am sure not, for we had not any to dispose of. That is one thing that I remember; that if the relief that we were entitled to could be got through they could afford to pay me for the services.

Q. Was the amount that they, under those circumstances, were to pay sufficiently large to cover the employment of other persons in assisting you?—A. Yes.

Q. Was it intended to cover the assistance of other persons?—A. Yes; it was intended to not only cover the assistance, but to engage other people to assist me in this matter, which I did. I employed three or four gentlemen to go with me to Washington.

Q. Will you please name those persons whom you did employ and who assisted you in this work?—A. I employed Mr. Henry Alexander to go with me to Washington. His pay was entirely contingent. I think he got two or three of his own friends to go on with me.

Q. You mean the gentleman of that name who is a lawyer in New York?—A. Yes.

#### THE DUTIES OF THOSE WHO URGED AID.

Q. What was the line of duty which these gentlemen discharged?—A. We were expected to advocate this law and to take care of it of this company and explain them to those gentlemen who were on the committees, and to appear before the committees. I had to appear before the Judiciary Committee, composed of the most distinguished members of the Senate. I had to see our own Senators. I had to see the President of the United States. I had to see Mr. Hewitt, and I had to see great many Senators and sit down in their rooms and go over the matter and endeavor to persuade them that we were entitled to the aid we wanted, viz, the right to continue this road. That was all I ever done. I might as well finish this now. I spent three winter months constantly writing papers, publishing briefs and arguments, and doing at one time to get bills passed for our relief, and at another time to get the matter referred to the Supreme Court; and at another time to get President Grant and the Solicitor-General to file a map of the route which we should take. I saw I suppose twenty different gentlemen and spent time with every one of them going over the law and preparing briefs and arguments. I never spent one cent, except that I paid for hotel bills. I never gave a dinner nor gave any man a cent of money nor promised him any. I told the gentlemen that went with me that if we succeeded we could afford to pay them. But they never got paid and I did not.

Q. These promises were limited to the gentlemen who aided you in your work?—A. I was authorized to expend a certain proportion of the money that I was to have to give to gentlemen. I never expended a cent of money but Mr. Alexander.

Q. But you could be had two or three friends whom you could use for your work?—A. Yes; but he had his talk with them. I never made a promise to anybody but Mr. Alexander.

Commissioner LITTLE. Anything of value?

The WITNESS. Or anything of value. It was the poorest service that could be rendered.

#### NOTHING OF VALUE USED FOR THE PURPOSE OF INFLUENCING A VOTE.

Q. Now, I will ask you the question in a still broader way. Did you ever promise, thing of value, stock, or security, or money of any kind, to any member of Congress or to any person with the purpose of influencing a vote?—A. Not to any person, directly or indirectly, or in any other way, to my knowledge, neither did I give anything else.

Q. What interest did you have, if any, connected with the branch lines which were subsequently consolidated with the main line?—A. There is no other that is consolidated, that I know of, that is not consolidated with any of them.

#### THE ATCHISON, COLORADO AND PACIFIC.

Q. Or leased?—A. Yes; they are leased. I helped to buy them. They were little 20-mile stretches, and then they were

consolidated into one, called the Atchison, Colorado and Pacific, about 100 miles long, and that is leased to the Central Branch. I was interested in building all those.

Q. Under what circumstances were those roads constructed—through a construction company?—A. Yes; all of them. We just took the stock and bonds for building the roads, and we furnished the money.

Q. What was the name of that construction company?—A. I think at one time it was the Republican Valley. At another time it had another name. It was not a corporation; it was a simple syndicate of gentlemen who got themselves together and agreed to build these roads and take what they could get out of them.

Q. In each case the contract for building the road provided that all of the bonds and all of the stock should be issued in payment for the construction?—A. Yes.

Q. In no case was there a cash subscription for stock direct?—A. No, sir. In every case I think those securities were turned over and the road was to be turned over with a certain amount of rolling-stock.

**THE RAILROAD COMPANY AND CONSTRUCTION COMPANY NOT COMPOSED OF THE SAME PERSONS.**

Q. In all those cases were the persons interested in the construction contract the same persons who were interested in the railroad?—A. No. We had a legal decision about that time that those things were not exactly proper, and we were a little careful, I think, not to have the same persons in the construction company that were in the railroad company.

Q. Are you speaking from memory now, or from general impression? Take any one of those companies that you refer to, and state whether the board of directors differed in any way from the persons interested in the building of the road.—A. I feel very confident that they were different gentlemen. I know that I took some pains to see that I was not acting in two capacities.

Q. Have you any memoranda or reports of this case from which you can furnish us with the names of the directors and the names of parties interested in the building contract?—A. I have not any of these papers. Mr. Pomeroy kept them all.

Q. Would Mr. Nichols have them?—A. He was not in all of them. He was a little timid about going into the first two construction companies that were formed, and did not put in any money. But I do not believe he has any papers.

Q. Mr. Pomeroy is dead, I believe?—A. Yes. His papers are in Boston, I suppose.

Q. Do you know who his representative is?—A. He left a son and a daughter, I believe.

10 WALL STREET, NEW YORK,  
Friday, September 30, 1887.

COLLIS P. HUNTINGTON, being further examined, testified as follows:

By Mr. COHEN:

Question. Did you know Mr. Lucius E. Chittenden?—Answer. Yes.

Q. Was he ever employed by you for any of the companies that you were connected with?—A. He was employed by the Central Pacific Railway Company.

## HOUSE BILL NO. 4000 AND THE HOLMAN AMENDMENT.

Q. Do you remember a bill that was introduced in the House of Representatives in the session of Congress of 1873, known as House Bill No. 4000, that accompanied the report of the Wilson committee?—A. I do not remember the date or the number, but there were a great many bills of that kind. In fact there have been so many that it has been pretty lively for everybody.

Q. Do you remember an amendment proposed by Mr. Holman to that bill, which amendment was defeated?—A. No; I do not.

Commissioner ANDERSON. I think the Holman amendment was an amendment proposed to the Edmunds bill, and that the Wilson bill was different. The Wilson bill provided for a committee of investigation.

Mr. COHEN. There was another bill at the same session introduced by Mr. Edmunds. This Holman amendment that I have spoken of was an amendment to the appropriation bill, and it was defeated.

Commissioner ANDERSON. The Holman amendment struck out the right to apply to the Court of Claims, if I remember aright.

Q. Do you remember the amendment of which I am speaking?—A. I do not; I think the House of Representatives has about four thousand bills each session, and more or less of them have to do with the Pacific Railroads; I do not remember the details to which you refer.

## EMPLOYMENT OF MR. CHITTENDEN.

Q. Did you employ Mr. Chittenden to defeat that Holman amendment?—A. I do not recollect that he was employed for that purpose. As I remember there were \$1,000,000 of our bonds in the United States Treasury, which they were holding by the right of might, and only by that right, and I got Mr. Chittenden to go over to Washington and write a brief, as I remember, and we got the bonds.

Mr. COHEN. Mr. Chittenden's services in that behalf were rendered in 1871. I am speaking of the Holman amendment, which was proposed to the bill of 1873.

Commissioner ANDERSON. It was the same occasion when Mr. Huntington was examined as a witness.

Mr. COHEN. Yes.

The WITNESS. I do not remember about it. I should have said that to the best of my recollection Mr. Chittenden did not go over in 1873, but it is possible that he did. A little unpleasantness grew up between myself and Mr. Chittenden. I had forgotten about his going over after that. In fact I do not think he did.

Q. I want to call your attention to the evidence given by Mr. Chittenden yesterday before this Commission. In answer to questions he testified as follows:

## QUOTATIONS FROM MR. CHITTENDEN'S TESTIMONY.

Question. Have you a copy of that bill in your copy of the Wilson committee's report?—Answer. I have, I think. It ought to be there (after looking at the book). This says: "copy of the bill," it is House bill No. 4000. It was reported on the 4th of March, 1873.

Q. What was the fate of that bill?—A. I really do not remember, except that I know that it did not pass. Taking my recollection I should say that at that stage in the session it could not pass without a suspension of the rules, and that the vote on the Holman amendment showed very clearly that there was not strength enough in favor of the bill to pass it. The controversy, as I now think, was substantially determined by the fate of the Holman amendment.

Q. That is, the defeat of the amendment striking out the right to bring suits in the Court of Claims?—A. Yes; I remember distinctly that the defeat of the Holman amendment was regarded as a measure of the forces of the different parties, so that after that there was not much apprehension about the passage of the Wilson bill.



Mr. Chittenden further testified:

Question. Now in regard to any members of Congress whose votes it was attempted or desired to secure, do you know of any instance in which any money or thing of value was used for the purpose of influencing their votes?—Answer. In regard to that whole subject I have no knowledge whatever that did not come to me while I was acting as counsel, and whether it strictly falls within the professional rule or not (and I certainly hope that the gentlemen of the Commission will not suppose that I intend any disrespect to them). I will not answer any questions on that subject unless I am required to do so by an authority that I am bound to obey. There are other reasons in regard to that investigation. While I did not act for the Central Pacific Railroad Company, I did act for certain gentlemen whose relations to the railroad company and to Mr. Huntington were made the subject of inquiry; and for that reason also I must decline to go into any examination or discussion of that subject.

By Commissioner LITTLE:

Q. Do you put your reasons for declining on the ground that you received this information as counsel for the company or for Mr. Huntington?—A. I put it upon the ground that I received it while I was counsel. I do not know that I can go any further than that.

Commissioner ANDERSON. It is sufficient to raise the question that you decline to answer the question that has been put to you. That we understand.

The WITNESS. Yes, sir; I do.

#### NOTHING PAID TO MEMBERS OF CONGRESS TO INFLUENCE VOTES ON HOLMAN AMENDMENT.

The question I put to you is whether, to your knowledge, any money, property, thing of value, promise of any nature or description was ever made to any member of Congress for the purpose of influencing his vote on that Holman amendment?—A. I am quite sure that there never was by me or by any one else at my request.

#### DIFFERENCE WITH MR. CHITTENDEN AS TO COMPENSATION.

Q. You spoke of having a difference with Mr. Chittenden. Will you explain what that difference was and how it arose?—A. Mr. Chittenden went over to Washington with me, and my recollection is that he had been over once or twice before this time. This was in 1871, as I remember. He came back and handed me a bill for \$25,000; or rather I do not know that he handed me a bill, but he said he wanted \$25,000.

Mr. COHEN. This matter I am talking about occurred in 1873, when he said he got this information as counsel which he refused to disclose.

The WITNESS. I have no recollection of his going after we got those bonds out of the Treasury. I have not got the data as to when it was.

Q. Will you state the grounds of the disagreement between you?—A. He was there for two or three days, as I remember, and for that service he wanted \$25,000; or, rather, I met him in front of Fisk and Hatch's place one day, and asked him how much he was going to charge for going over, and he said \$25,000. I smiled, I suppose, and passed on. He spoke to me several times about it along afterwards, and I told him I did not see it. I think about a year or more after that I told him that I would give him \$10,000, and he finally took that amount. That closed my business with him.

Q. He has been dissatisfied since the payment of that bill, has he not?—A. He has looked very much as though he was dissatisfied with me. He has not talked very much about it.

#### WITNESS WAS EXAMINED BEFORE POLAND ON

By Commissioner ANDERSON:

Q. During this winter of 1873 were you examined before the Wilson committee?—A. I think I never before any committee excepting the one known as the Pe-

Q. Were you not examined as a witness in 1873 before some committee?—A. I cannot say as to the date but likely it was in 1873. I do not remember the date, but the committee was what was known as the Poland committee, I am very sure.

Q. Was General Franchot examined at that time?—A. If he was I do not remember it.

Q. I do not mean necessarily the same day, but was he examined in connection with the same investigation?—A. I do not remember. I do not usually stop in Washington more than a day or so at a time. General Franchot remained there all the time when Congress was in session.

Q. Do you remember being present when General Franchot was a witness?—A. I am quite sure I was not.

Q. Do you remember the fact that you were yourself examined?—A. Yes; I was examined before some committee.

Q. Were you examined at some length?—A. Yes; I think so.

Q. Did your examination extend over a day?—A. It was all at one sitting of the committee, I think.

Q. Do you remember whether Mr. Chittenden was there during that examination when you were examined?—A. I should say he was not, but still it is possible that he may have been there.

#### PROBABLY HAD COUNSEL PRESENT.

Q. Do you remember having counsel present when you were being examined?—A. I probably did have. I almost always ask some one to come in in a case of that kind.

Q. Do you remember what this bill was that the committee reported in regard to the Central Pacific Railroad after having examined you?—A. No; I do not.

Q. Do you not remember that this examination occurred very near the close of the session?—A. No; I do not remember.

Q. Do you remember the fact that in the course of your examination it was developed that the books and the persons who possessed the information that Congress called for were in California, and that there was no time to get them before the close of the session?—A. No; I do not remember anything of it. I should say that there was nothing of the kind. What I was examined most particularly on was with reference to the Credit Mobilier or Union Pacific Contracting Company, as I remember.

Q. Have you ever read your evidence since you were examined?—A. No; I have not. I hardly ever do read my evidence unless it is necessary that I should do so.

#### EVERYBODY DROPPED IN BILLS ABOUT PACIFIC ROADS.

Q. The report purports to be dated on the 13th of February, 1872. Do you remember the fact that the bill that was reported by the Wilson committee with regard to the Central Pacific road differed from the bill that was reported in regard to the Union Pacific road?—A. No; I do not remember about that. As I say, almost everybody kept dropping in a bill about the Pacific roads, and it would be utterly impossible for me, even if I had done that and nothing else, to have carried all these Washington matters in my mind.

Q. Was there not considerable excitement at the time about the Wilson committee and the Poland committee and their investigations?—A. I should say not.

although I believe it was in the same building as the Central Pacific office. I never asked Mr. Hopkins about anything except to see how much we owed. I kept pretty good track of that. In those days we used to owe so much money that it often made me uneasy.

Q. Is that the only explanation you can give for not knowing whether your ownership in this road was \$10,000,000 or one million?—A. Yes; it strikes me that it is satisfactory to myself. If it is not satisfactory to the Commission I am certainly very sorry.

#### WHEN DIVIDENDS WERE PAID.

Q. How soon after giving that testimony did you receive a dividend on your stock?—A. I do not know. The records will show that. Commissioner ANDERSON. From the records it appears that the first dividend was paid in September, 1873.

The WITNESS. They probably wrote me about the dividends, but I do not think I had any shares here until much later than that. I doubt if I had any shares here, except a thousand or two thousand shares that belonged to me personally, until after Mr. Hopkins' death.

Q. Would the presence of the shares here prevent you from getting credit for dividends declared in San Francisco?—A. Certainly not, but the money would be naturally used there to pay our debts. Any dividends we received were immediately used. We hardly ever kept much money on hand, but used it to pay our debts and stop interest.

Commissioner ANDERSON. The difficulty in my mind is this: I do not say that you do not satisfy me, but I confess it seems to me extraordinary that at this time in 1873 you were in fact the owner of ten or twelve millions of dollars of this stock, and the testimony given by you was that your ownership was one million dollars.

The WITNESS. I do not know how that was. Very likely this stock was held by the Contract and Finance Company, or if distributed I had not been informed of it. I did not look after the accounts, as I have said. Mr. Hopkins kept our accounts. I was always the outside man for our business. He took care of the books.

#### WHO OFFERED TO SELL THE COTTON LETTERS?

Commissioner ANDERSON. In reference to a statement made by you some days since regarding the Colton letters, you stated that those letters had been offered for sale to you by an agent. You did not disclose the name of the agent or person to whom you referred. We would like you to state who it was that offered those letters to you for sale.

The WITNESS. Four different parties came to me at different times and offered those letters. I do not know who they were; I might have known. I did not ask them their names, nor the price they asked for the letters. I have no doubt that they came from the party that controlled the letters. Mrs. Colton can give you the information as to who they were, I have not the least doubt.

Commissioner ANDERSON. Mrs. Colton, I understand, denies that any person authorized by her offered the letters for sale.

The WITNESS. I do not care anything about what she says.

Commissioner ANDERSON. I only desire to test the matter.

The WITNESS. I do not care anything about it. Four parties came to me to sell those letters. Whether I delivered the letters I do not know.

Q. Can you identify the parties who came to you and said to you, "We have from Wells, Fargo & Co. a lot of letters for sale?"

Q. When was that?—A. It was one of the times that I was in California, and he came to the Palace Hotel.

Q. Did he have any other letters with him?—A. I do not know. I did not ask him.

Q. Did he show you any authority to satisfy you that he could deliver the letters?—A. No; I did not ask him, because I did not care whether he had any authority or not. I did not even ask his name. When a man comes to blackmail me I do not ask him any questions as to whether he comes on his own account or for others.

Commissioner ANDERSON. That is very proper, but if you can furnish any clue to the parties who offered to sell these letters, the Commission would like to get it.

The WITNESS. If you will allow me I would like to know of what use the information would be to the Commission if I could tell them the names of the men that offered to sell these letters that were stolen? If it was of any use to the Government, or to this Commission, or anybody else, I might put myself out of the way to find out who it was; but unless the Commission can give me some reason why it will be of some benefit to the Government or themselves or some one of the human race, I do not propose to put myself out to find out who the vendors of these stolen letters were.

#### EMPLOYMENT OF MR. NORWOOD.

Q. Do you know Mr. Norwood?

The WITNESS. Mr. Norwood, of Georgia?  
Commissioner ANDERSON. Yes.

A. Yes; I know him.

Q. Have you employed him to render any services in regard to the construction of some portion of the Southern Pacific road, or the extension of it?—A. I did employ Mr. Norwood.

Q. What was that employment, as you remember it?—A. As I remember it, it was to explain to members of Congress about what we were doing.

Q. What was doing—the Southern Pacific or the Central Pacific?—A. The Southern Pacific and the Central Pacific; what we had done for the country; how we had built railroads through the sage-brush country, and what it was possible to do for that country.

Q. This was in 1878. To shorten this inquiry I will say that Mr. Norwood has testified positively, and has produced a written contract, from which it would appear that the services to be rendered by him were for the Southern Pacific Railroad; whereas, in the monthly statements sent by you to California we find the amount paid him to be charged against the Central Pacific, and it is so entered. What explanation have you to make as to why a retainer to Mr. Norwood for services to be rendered to the Southern Pacific Company should be charged by you to the Central Pacific?—A. Well, it is out of my mind at the time why it was. I have no doubt it was right if it was so charged. Very likely the contract was made with the Southern Pacific when the larger part of his services were to be rendered for the Central Pacific.

Q. Is that the only explanation you can make?—A. I do not think of any other. That is, I do not remember.

Q. May it not have been a mistake?—A. No; I do not think it was any mistake.

Q. You do not think you make mistakes?—A. No; not when I have a live thing right before me.

## AS TO FURTHER WITNESSES.

Mr. JOHN F. DILLON. If the Commission please, I have a peremptory engagement at 4 o'clock. May I inquire whether any witnesses in relation to the Union Pacific matters are expected to be called this afternoon?

Commissioner ANDERSON. We shall examine no witnesses after 4 o'clock to-day. We may have to examine Mr. Effingham Nichols, but that is an exceptional matter.

The CHAIRMAN. I would say that Mr. Middledith informed the Commission at noon to-day that he was unable to prepare his statement in time for the meeting of the Commission to-day, but that he would let us have it probably to-morrow or early next week, submitting it in writing. We will submit a copy to you.

## SIDNEY DILLON NOT INTERESTED IN OREGON SHORT LINE CONSTRUCTION CONTRACT.

Mr. JOHN F. DILLON. I hope our comptroller may have access to it. I desire to say another thing, and would like it noted on the record. Mr. Reiff stated on yesterday on hearsay evidence that he believed some of the directors of the Union Pacific (pointing particularly to Mr. Sidney Dillon) had been interested in the construction contract of the Oregon Short Line Railway. During the recess to-day I called Mr. Sidney Dillon's attention to that statement. In reply he told me that he understood that he had testified broadly here that he had never been interested in that contract or any other. Whether that statement is on the record or not Mr. Sidney Dillon does not know, but if he finds that it is not on the record, he wishes to put on the record a statement under oath that he was not interested in the construction of that or any other branch line.

The CHAIRMAN. Your remarks have been taken down and will appear on our record.

Commissioner ANDERSON (resuming the examination of Mr. Huntington). I now show you the letter produced before the Commission by Mr. Thomas M. Norwood in his examination of yesterday—a letter written by you to him regarding the services which you desired him to render. The letter is as follows:

## MR. HUNTINGTON TO MR. NORWOOD.

OFFICE OF THE SOUTHERN PACIFIC RAILROAD COMPANY OF CALIFORNIA,  
No. 9 NASSAU STREET, New York, June 4, 1873.

C. P. Huntington, A. & A.

MR. T. M. NORWOOD,  
Savannah, Ga. :

DEAR SIR: The Southern Pacific Railroad Company of California desires your counsel and professional services, and offer you a salary at the rate of \$10,000 per annum, payable in equal monthly installments, the company, however, reserving the right to determine the engagement at any time not less than nine months. Whenever you desire to travel on business for the company your traveling expenses, including hotel bills, will be paid monthly on an account of the same being rendered at its office, No. 9 Nassau street, New York.

Please favor me with an answer to above, and oblige,  
Yours, very truly,

C. P. HUNTINGTON,  
A. & A.

The WITNESS (after reading the letter). I should not have said that we paid him as much per annum as that. That is a pretty high price.

**NOT A MISTAKE TO CHARGE THE KIRKWOOD BILL AGAINST CENTRAL PACIFIC.**

Q. The only question is as to the entry of that charge against the Central Pacific Company. I ask you whether that entry may not have been a mistake?—A. No, that was not a mistake. I do not remember the details of it, but I do not make any mistakes of that kind. There was a good reason for its having been done that way. I have no doubt about that.

Q. Do you never make mistakes?—A. Well, rarely ever, with the business on my table. When it passes from me then I forget it.

**A CORRECTION AS TO STOCK.**

I should say, with regard to that stock, of which you inquired before, that Mr. Cohen tells me that it stood in the name of the Contract and Finance Company at one time. Almost everybody in California knew more about it than I did. When I testified before, I testified to what I believed to be exactly so. Very likely there was a distribution made after that, or, if before, I had not heard of it.

**WAS THERE A DISTRIBUTION**

Q. Do you remember when the distribution occurred?—A. No, I have not spent more than about ten days in a year in California for, I guess, the last twenty-five years.

Q. Do I understand you to say that the distribution of the \$9,000,000 required to make up the \$10,000,000 took place after the 13th of February, 1873?—A. I am satisfied that it was not distributed, or if it was that I did not know it, because if I knew I should have said so.

**MAY HAVE BEEN OWNER OF ONE-QUARTER OF CONTRACT AND FINANCE COMPANY.**

Q. What was the actual difference to your ownership whether the distribution had or had not been made? Were you not an owner of one-quarter of the Contract and Finance Company?—A. I might have been an owner of a quarter of the stock of the Contract and Finance Company, and yet never had any of that stock come into my hands personally, as it might have been sold and the proceeds used in other public improvements; so that what finally came to me as dividends of that company might have been something entirely different from the Central Pacific shares. I know we tried very hard to get people into the Contract and Finance Company, but we could find no one to take the risks.

Mr. COHEN. The stock might never have been distributed, but used to pay the debts of the Contract and Finance Company.

The WITNESS. I am satisfied that we could not have sold the stock for anything like enough to pay the debts on the completion of the Central Pacific Railroad.

Q. Have you concluded your statement as to the stock?—A. Yes, I think so.

Q. Does your statement in regard to the value of the stock, and as to whether you could pay the debts with it or not, refer to the period

the completion of the road in 1869, or the period when you gave this evidence before the committee in 1873?—A. I do not know how soon the stock began to appreciate. I bought Mr. Crocker's stock for 13 cents. He said we should have made it 12½, and I got him to take it back a year or so afterwards at the same price. My impression is that it was as late as 1873 that I got him to take it back. I am quite sure that that price would not have paid the debts of the company.

Q. Are you aware of the fact that you, in 1873, testified before this committee of Congress that you would not sell your stock for 50 cents on the dollar?—A. It is possible that I did; all things are possible to those who wait, and I waited a good while.

Q. And that you also testified that you expected a dividend very shortly on that stock?—A. I do not remember, but I testified according to the light that I then had. There is no question about that.

**MR. HUNTINGTON'S TESTIMONY BEFORE WILSON COMMITTEE OFFERED IN EVIDENCE.**

Commissioner ANDERSON. I offer in evidence the whole of this record of Mr. Huntington's testimony, taken before the Wilson committee, undertaking to identify it, if necessary, more fully than by the printed report. I hand Mr. Cohen a copy of the printed report.

Mr. COHEN. Of course I have no voice in determining what you shall put on this record.

Commissioner ANDERSON. If you desire further verification of it we will obtain it.

Mr. COHEN. I do not think you ought to put it on the record without giving us an opportunity to examine it. This is the first I have seen of it.

Commissioner ANDERSON. Mr. Cohen might take the ground that the record is misprinted, and he would be naturally entitled to a further verification of it if he so desired before being committed to it.

Mr. COHEN. Would it not be sufficient to refer to it, instead of putting it in? It is very lengthy.

Commissioner ANDERSON. No; it is only a few pages long.

The WITNESS. The Government has a hundred millions of dollars that it does not know what to do with, and I should think it could print this without trouble.

Commissioner ANDERSON. I only offer it because, from what has been said this afternoon, it may be referred to in further proceedings of the Commission, and therefore you are entitled to know that we may refer to any part of it.

(The testimony of C. P. Huntington before the so-called Wilson committee of the House of Representatives in 1873 will be found at page 626 of Report No. 78, Forty-second Congress, third session.)

**THE NORWOOD MATTER AGAIN.**

Q. To go back to the Norwood matter. Do you remember that those charges were made against the Central Pacific on several occasions—that it was not all done in one sum?—A. I do not know. I have not looked at it for some time.

Mr. COHEN. What payment?

Commissioner ANDERSON. The payments to Mr. Norwood. There were several payments for those services in the South.

The WITNESS. I do not remember.

Q. What reason can you suggest for charging the Central Pacific with work done under a contract which, on its face, appears to have concerned the Southern Pacific?—A. I do not know; I have no doubt there was a good reason for it. The Southern Pacific was operated by the Central Pacific for a long time, and of course the Southern Pacific was built in an effort to protect the interests of the Central Pacific against such wild-cat rates as we have had in the last year or two. Even a month during that time we lost greatly by the cutting of rates.

Q. Was not the Southern Pacific just as much interested in the work being done in order to get it through as was the Central Pacific?—From this standpoint I should say, yes. Just what reasons there were at that time I do not remember now.

Q. Do those reasons apply to all that was done of this character on behalf of the Southern Pacific Company?—A. I should think not.

Commissioner ANDERSON. As your vouchers do not furnish us the names of the persons employed except in two cases, we are unable to point you to particular individual bills; but I am referring to the employment of agents to fight the Tom Scott scheme, which employment would be naturally in the interest of the Southern Pacific, so that we might infer, when we had bills that were charged to the Central Pacific, that the other bills would also be charged to it.

The WITNESS. I should think not.

Q. How would you make the difference? What would be the point which would decide a different treatment?—A. It is thirteen years ago, and I do not remember the reasons why it was done this way or that, but from its having been done that way I am satisfied it was right. There are many things about this, as there are about other ancient history, on which I would find it difficult to enlighten this Commission.

Q. If we could have the names and the vouchers, we could also be satisfied. Do you recollect whether it was your general rule to charge the Central Pacific the expenses incurred in fighting the battle of the Southern Pacific against Tom Scott?—A. I should say, as I have said two or three times before, in answering the same question, that it was not.

#### THE STUB CHECK-BOOKS.

Q. Mr. Gates has testified to the course of business, and the manner in which these payments that were made by you for the account of the Central Pacific were made. He has testified that the checks that were drawn on Fisk & Hatch at one time, on Eugene Kelly & Co. at another time, and on the Fourth National Bank at another time, were printed, and that his name was printed in the "order"; that they were signed by you and then indorsed by him under your directions. Can you tell the Commission what has become of the stub check-books from which the checks were removed from 1872 to 1878?—A. I should say they were destroyed. They should have been destroyed. We should drive ourselves out of the building if we kept all such dead matter as that.

Q. Do I understand that they have been destroyed?—A. I think they have.

Q. As I understand the transactions, these books were the property of the Central Pacific corporation, were they not?—A. The stubs of the Central Pacific checks, of course, belonged to that company.

Commissioner ANDERSON. I am referring to the checks which you used that were printed to the order of Mr. Gates.

The WITNESS. I have nearly all my checks printed that way; probably six or eight different companies' checks printed in the same way.



Q. I refer to the checks of Fiske & Hatch, of the Fourth National Bank, and of Eugene Kelly & Co., which covered the funds out of which you paid the unexplained vouchers, if you will permit me to so describe them, and which have been charged to the Central Pacific Company. I ask you whether these books and accounts were books and accounts of the Central Pacific corporation?—A. The Central Pacific check-books belonged to the corporation. I should say so.

Q. What I mean is this: You might have done this business by paying money out from your own individual funds. I mean from an individual account in which you would have all your own personal transactions. Then you might have charged the amount, and been reimbursed by the Central Pacific Company out of an account which might be signed officially, as by the Central Pacific Company. I want to know whether the payment of these different items which were entered afterwards in a monthly statement was done by you out of a book which contained only matters of the Central Pacific?—A. I should think most of them were in Central Pacific books, and the account would be charged to the different parties to whom it was proper to charge them.

#### WHAT HAS BECOME OF THE STUB CHECK-BOOKS?

Q. Then, assuming that these stub check-books were the property of the Central Pacific Company, I again ask you what has become of them?—A. The stubs were of no value, and they would naturally be destroyed.

Q. Were they destroyed by your direction?—A. Yes; they would be destroyed by my direction, I think, under general orders that after so long we would not keep telegraph stubs or other worthless material to clutter our rooms.

Q. I am only referring to stub check-books; no matter about "telegraph." How long do you consider it proper to keep stub check-books?—A. Well, I suppose about four years.

Q. Do I understand you then to swear positively that those books from 1872 to 1880 have been destroyed?—A. I would not swear positively that they have all been destroyed; no.

Q. Where would they be, if not destroyed?—A. I do not myself know where they would be.

Q. Where were they kept during the years they were in use; in your room?—A. When we moved out of the building in Nassau street we destroyed a great deal of stuff, and sent a great deal of truck to California; but I do not think we sent any of those stubs, because they would not have been of any value.

#### NATURE OF ENTRIES ON STUBS.

Q. What was your practice in regard to the entry made by you in the stub as to what information you would there put down? Did you generally put the date of the check in the stub?—A. I do not think I have made an entry in a check-book for years.

Q. I am talking about the stub entry. Did you fill it up or did Mr. Jones do so?—A. Mr. Gates, I think.

Q. Would he naturally get his instructions from you?—A. Yes; he probably would.

Q. Would he know the date?—A. Yes; if I should want to pay James Jones, I should tell Mr. Gates to pay him. What he would put in the stub I would not know.

Q. I think we have it in evidence here that your business requires the issue of five or six hundred checks a day. Is that about correct?—A. I do not know. I give orders that no coupon must be paid excepting by check, and the number of the coupons is legion.

Q. How many check-books do you think you use in one year for all the corporations that are under your control?—A. We use a great many thousand checks. I could not say how many.

Q. It would take a large amount of cubic space to store all the old check-books used in one year, would it not?—A. I think we pay more than 400,000 coupons a year.

#### COMPENSATION OF MR. CHITTENDEN.

By Commissioner LITTLE:

Q. Mr. Chittenden stated yesterday, and he repeated the statement to-day, that for the service rendered by him either to you or to the Central Pacific or the Southern Pacific at Washington he received not to exceed \$3,500, and his best recollection was that he received only \$3,000 for services rendered in 1873. He further said that if it appeared from the books of the Central Pacific Company that the company had paid \$10,000 for those services, somebody had received \$6,000 for him in account. Now, do I understand you to state positively that for that service you did pay him \$10,000?—A. I am very sure that I did, because he ran along for a year or more.

Q. What sort of a voucher, if any, did you take from him, or have you no recollection?—A. I have no recollection.

Q. Would you have paid him that sum of money without a receipt or voucher of some kind?—A. Well, I should naturally have taken a receipt from Mr. Chittenden. I do not know whether I did or not. As to those Washington matters I used very frequently to take some money in my pocket and pay them to Mr. Franchot.

Q. If the books of the Central Pacific show a payment of \$10,000 to Mr. Chittenden instead of \$3,000 do you think there must be some sort of voucher on file in California evidencing that payment?—A. If I took it it would be there. We send all these things there.

Q. Are you as sure that you paid him \$10,000 as he is that you only paid him \$3,000 or \$3,500?—A. I am sure I paid him \$10,000. It was a thing that was a source of irritation between us for more than a year. I made him the offer and he did not take it at first. I do not think I can be mistaken.

#### NO MONEY PAID HIM EXCEPT FOR SERVICES RENDERED.

Q. Mr. Chittenden also refused to answer a question of this Commission as to whether he had received at any time money to be applied for corrupt or unlawful purposes. He declined to answer on the ground that he was your counsel, or the counsel of those companies. I will get you to state whether you, as the representative of yourself or of those companies, desire to remove from him the professional restriction that is upon him and let him state what he may know?—A. I certainly know that he never had any instruction for any such purpose. I never paid him any money for any such purpose, and I do not think he is a man that would use his own money for such a purpose. So far as I am concerned, I would be perfectly willing to remove the restriction, but it is a matter for the board of directors.

should say, if there are any such old ones, they would be in my office in the Mills building.

Q. Have you no person who is in charge of old papers or old books?  
—A. Mr. Gates would probably know. I do not follow old papers. I have been always the outside man, as I have heretofore explained.

Q. Mr. Gates says he does not know, and he thinks it very extraordinary that we should ask him such a question while you are here. Do I understand you to say now that you can give us no light as to where these blotters or stubs or checks or any other written evidence of these transactions can be found?—A. No; I cannot. There is a certain amount of live matter that we have in the office; but when papers get as old as to be of no use I give orders to have them destroyed, so that the room can be occupied by live matters.

#### LIMIT OF TIME FOR CURRENT ACCOUNTS.

Q. What is your custom as to checks—what is the limit of time that you observe before destroying them?—A. There is a reasonable time for keeping checks, after which they should be destroyed. There is no necessity for keeping a check, I suppose, over four years.

Q. From where did you get your four years' limitation?—A. I think banking account is outlawed in four years. In California it used to be that a book account or current account was outlawed in a year, I think; then they lengthened the time.

Q. Have those checks been destroyed?—A. I should say so; they ought to be.

Q. Did you give instructions for the destruction of those checks?—A. In a general way I told Mr. Gates that we had no necessity for keeping dead matter occupying room which was otherwise valuable.

#### SCHEME OF THOMAS A. SCOTT.

By Mr. COHEN:

Q. What would have been the effect on the revenue and earnings of the Central Pacific Company—the added line—if the proposition of Mr. Thomas A. Scott to obtain a subsidy from the Government to build the Santa Pacific road had been successful?—A. It would have been very injurious to the Central Pacific. It could not have been otherwise.

Q. Was not the Central Pacific, equally with the parties representing the Southern Pacific, interested in preventing the confirmation of Scott's scheme?—A. Most certainly, as was every tax-payer in the United States.

Q. Have you ever devoted any of your time to making an examination of the stubs of checks drawn for the business of the Central Pacific, or any of the other corporations that you represent?—A. I never have.

#### WHICH CAN BE BETTER UTILIZED THAN IN STORING DEAD MATTER.

Q. Your office is in the Mills building, I believe, is it not?—A. It is. It is somewhat expensive to get room there, is it not?—A. Yes;

Q. You think you can put the space to better use than to store up old papers, blotters, and check-books to satisfy the curiosity of an examination commission every time Congress appoints one?—A. Well, if I had feared that they were of any earthly use to any one, there is no one I would rather keep them for than a commission of this kind.

Mr. COHEN. I do not know anything about that except that it is still that has been sent to Mr. Huntington.

Commissioner ANDERSON. Is it not the custom of the road when a car is used to charge fifteen fares for the use of the car? You know that Mr. Morgan, our engineer, did not have any fifteen persons in his party. [Addressing Mr. Colburn.] You can explain that, can you not?

Mr. COLBURN. There is such a custom. The Pullman Company have a rule to that effect.

Commissioner ANDERSON. These items are probably the result of such a custom.

Mr. COHEN. As I have said, I know nothing at all about that bill, except that I was requested to present it.

Commissioner LITTLE. It will receive attention as soon as the transportation bills are all received.

Commissioner ANDERSON. Does this contain all the charges that you know of, to date, for the transportation?

Mr. COHEN. It is all that has been rendered to me. I do not know anything about it.

Commissioner ANDERSON. The items for provisions contained in that bill are the only items you have any knowledge of?

Mr. COHEN. I have no knowledge of anything pertaining to the subject-matter except what I see in that paper.

#### REMAINING WORK OF COMMISSION.

The CHAIRMAN. Have you anything else to submit?

Mr. COHEN. I have nothing, except to ask what the pleasure of the Commission may be with regard to any further relations between it and the Central Pacific Railroad Company.

The CHAIRMAN. The Commission will hear Mr. Middleslith's statement concerning remedies.

Mr. COHEN. Does that concern the Central Pacific?

The CHAIRMAN. Yes; we will submit a copy of it to you.

Mr. COHEN. We will submit to you by Thursday next a statement to how we propose to meet our obligations to the Government.

The CHAIRMAN. That will do. We should like to have it next week at the latest.

Mr. COHEN. You shall have it on Thursday next.

The CHAIRMAN. In writing?

Mr. COHEN. In writing. Now, as to any brief or written argument that we may want to present to the Commission, how soon must it be filed with you?

Commissioner LITTLE. It ought to be filed by the 15th of October.

Commissioner ANDERSON. I think we had better say the 10th of October.

Mr. COHEN. We could not get it ready by that time.

Commissioner ANDERSON. We must get right to work on our report.

Mr. COHEN. Our argument will be in print.

Commissioner ANDERSON. We would like to consider it before coming to our conclusion. Send us your argument as early as you can—later than the 15th of October, if possible.

The CHAIRMAN. There will be no further testimony taken.

Commissioner ANDERSON. Except that of Mr. Hingham B. Nichols.

The CHAIRMAN. The statement of Mr. Middleslith will be submitted in writing, and also the propositions of the Central Pacific Railroad Company.

Mr. COHEN. I think we should hear the proposition of Mr. Middledith before making ours.

The CHAIRMAN. You shall have a copy of it. The public sessions of the Commission now stand adjourned until the further call of the chair.

The Commission then adjourned to meet upon the call of the chair.

10 WALL STREET, NEW YORK,  
Tuesday, October 4, 1887.

The Commission met. Present, Commissioner Anderson.

JOHN I. BLAIR, being duly sworn and examined, testified as follows:

By Commissioner ANDERSON:

Question. Where do you reside?—Answer. In Blairstown, N. J.

#### A VARIETY OF OCCUPATIONS.

Q. What is your occupation?—A. If you asked me what I was not into, I might answer more readily. I am into so many things that it is pretty hard to tell all of them. I am constructing Western railroads and giving my attention to banking and other business of a private character.

Q. How long have you been interested in the construction of railroads?—A. Since about the year 1845, I should judge; not as a contractor, but in the way of raising the means to construct railroads and letting them out to contractors to be constructed.

#### CONNECTION WITH SIOUX CITY AND PACIFIC RAILROAD.

Q. Did you have any connection with the Sioux City and Pacific Railroad?—A. I did.

Q. During what period; when did it commence and when did it terminate?—A. The company was organized, I believe, in 1864. The commencement of the construction of the road was in June or July, 1864, I believe.

Q. When did whatever relations you had to that road terminate?—A. I think in 1871 or 1872; that is, I was president of the road from 1864, I think, to 1871 or 1872, when I resigned.

Q. Who were the first directors of the road when you were president?—A. My recollection is that Mr. M. K. Jesup, of New York City, was a director; also Mr. Schuchardt, of this city; Mr. Platt Smith, of Dubuque, who was president of the Dubuque road, in Iowa; Mr. Tucker, of Oswego, and myself, of course.

#### ORGANIZATION OF COMPANY.

Q. Where was the first organization of this company effected?—A. It was an Iowa company. It was organized under the laws of the State of Iowa.

Q. Do you remember that James F. Wilson and A. W. Hubbard were also original directors or incorporators of the company?—A. I think their names were used, but I do not think they took any active part in the matter. I recollect these other gentlemen whose names have been mentioned, because they took a very active part in the road.

Q. Do you remember that two other gentlemen were substituted those whose names I have given you, one being Mr. Oakes Ames? I think Mr. Oakes Ames was a director at some other time, whether a year afterward or longer I cannot say.

Q. Was Mr. A. W. Johnson, of Maine, a director?—A. I recollect that he was a director at a later period. I recollect these names you mention them.

#### SUBSCRIPTIONS FOR STOCK.

Q. What is your recollection as to what was done with regard to subscriptions to the stock?—A. I recollect, in the first instance, that a considerable subscription was signed by some of the directors, but, virtually, in a measure, all abandoned. They did not respond, as president, advertised to open books at Dubuque for those to subscribe who I supposed would be able to pay, and would pay. I was a lay, as president, to go on and construct the road without raising money independently of anything that we expected to obtain from Government. I opened subscriptions at Dubuque, and I failed to obtain any subscribers, except a very few. I know I subscribed to a considerable sum, and I put down Mr. Ames, supposing he would subscribe for the same.

Q. A thousand shares, was it not?—A. I think probably, yes, was not there. And I think I probably put down a thousand shares Mr. Lombard, who was not there. There was Mr. Platt Smith was president and a director of the Dubuque road. He put down himself and put down something for a lot of friends, but they afterwards refused to recognize his subscription. So it was struck off, as subscription was struck off, except \$3,000. I took his note for the amount carried for him; but he lost his money.

Q. Do you remember another large subscription by a construction company?—A. After the failure to obtain the subscribers that advertised for, it appeared to be a failure. I then issued circulars, I think, all the stockholders of the Cedar Rapids and Missouri road (a Nebraska road, running from the Missouri River to Omaha money to construct which I had raised), to see what they were toward constructing the road. I got them to come in from that time, and there was a large amount of subscriptions obtained from various parties.

#### IOWA RAILWAY CONTRACTING COMPANY.

Q. Do you not remember that the Iowa Railway Contracting Company subscribed for ten thousand shares of this stock?—A. I think the

Q. At the same time that the other gentlemen subscribed for a hundred shares?—A. We got the other gentlemen to take that off our hands. They subscribed in the first place, but we got others to take a large portion of it off their hands.

Q. You yourself were president of this Iowa railway contracting company at this time, were you not—at the time they subscribed these ten thousand shares?—A. I think I was.

Q. In what year did this subscription occur? Was it just before construction commenced?—A. Yes; it was some time before the construction commenced, not a very great while, though, I think.

#### CASH PAID FOR STOCK.

Q. What, if any, cash or money was paid in on account of the subscriptions?—A. Every dollar of the cash was paid in to the

\$1,791,400, and I think afterward there was a hundred and some odd thousand dollars more. I think Mr. Lombard paid that in. So that I think the whole amount of stock was \$1,890,000, and that was paid in in clean cash.

Q. Is it your recollection that these subscriptions were paid to the Sioux City Company itself, directly?—A. That money was, every dollar, paid in in cash.

Q. To whom?—A. \$1,791,400 was paid into my hands, I think; at least I collected it, or our treasurer collected it. I think part of it was collected by Mr. Williams, of Boston, and part of it by myself, but that was all paid out on the construction of the road.

Q. Did you not retain possession of it during the time between its payment to you and the time when it was paid out on the construction contract?—A. I do not understand you; but this money was all paid in while the road was under construction, through July, August, September, November, and January. The last 5 per cent. was in January.

Q. Of what year?—A. January, 1867.

Q. And was it all paid out during the same year?—A. Yes; every dollar of it was paid out.

Q. To whose credit was it placed?—A. It was paid to the contractors.

Q. To whose credit was it placed when it was paid to you?—A. What was not paid right to me was paid to the treasurer at Boston, who paid the money on the drafts to the contractors who were constructing the road.

Q. My question is as to the moneys paid to you—to whose credit did they stand after you received them?—A. The money went to the credit of the construction of the road.

Q. In what bank did you keep it?—A. I do not think I kept much of it in any bank, because as we got in the money we spent it right away. It was paid out right at once.

Q. The same day that you received it?—A. Well, not the same day that we received it, I suppose. We received it in July, August, September, and November, as we went along.

#### METHODS OF PRACTICE REGARDING CHECKS.

Q. Please describe your custom. If you received checks, would you not deposit them in a bank?—A. It was in this way: If the money was paid in Boston, to my treasurer, I knew what was to be drawn out, and I drew a draft on the treasurer at Boston, Mr. Williams. That money would be procured from some bank in Chicago who would advance it to the draft, and that money would be paid over right away to the contractors who were constructing the road.

Q. Where were you, personally, at the time you received these subscriptions?—A. I was generally out there when the money was paid.

Q. Out in what city?—A. Well, you might say at Cedar Rapids, and at the line of the road, generally speaking. Cedar Rapids was the place where we had our office most generally. The money was obtained from some bank in Chicago.

Q. Was it your practice to indorse over the checks you received to the contractors, or did you deposit those checks and draw drafts against them?—A. I always drew the money direct by my own draft.

Q. These checks that you received from the subscribers must have been deposited somewhere in order to pay the drafts that you gave to

the contractors.—A. I would give a draft on the treasurer, at Boston, for what money was not paid in to me direct.

Q. But I am speaking of the money that was paid to you direct.—A. In the case of the money that was paid to me direct, of course I drew the bills and paid them out to the contractors. For some things I gave checks or drafts. For instance, if I had a sum of money to pay for ties or any other matters, I would give a draft on the treasurer for that; I would give the person of whom the ties or other property were bought a draft on the treasurer at Boston.

Q. When you speak of a draft on the treasurer, do you mean the treasurer of the Sioux City Company?—A. Yes; the treasurer at Boston, who collected these subscriptions.

Q. What is his name?—A. J. M. S. Williams.

Q. Is he now living?—A. No, sir; he is dead.

Q. Where did he keep his account?—A. In Boston.

#### BOOK ACCOUNTS.

Q. Do you know where the books are that will show the receipts of these moneys and their expenditures?—A. I do not, at present. I suppose that Mr. Williams had his own books where he kept his accounts.

Q. Did you keep any book account of the remittances you sent to the treasury?—A. I had vouchers of my settlement with the auditing department of every dollar I paid out, to the extent of this \$1,791,400, and gave them all up to Mr. Williams, of the auditing committee, every voucher I had, and got their discharge, as I recollect.

Q. From what source do you derive the figures you have given us to the amount paid in for the stock?—A. I looked at a memorandum that I had at home in my ledger—simply a memorandum that I took the figures from.

Q. Is that a ledger?—A. Only my private book in which I made simply an estimate of the stock that had been paid in. That was a memorandum that I kept; otherwise the books were kept at Cedar Rapids. A good many vouchers that I had taken we had to substitute. We had a fire that burnt up our early records, pretty much, and mostly all the vouchers I had.

#### ESTIMATED COST OF ROAD.

Q. With whom was the contract made for building this road?—A. In the first instance I undertook to build a road for the Sioux City and Pacific Railroad Company independently of any contract whatever. That was in June or July, 1866. The engineer, in the mean time, made a report that the cost of constructing the road would be \$4,903,125. That was his estimate.

Q. Who was the engineer?—A. Mr. William W. Walker.

Q. Is he living?—A. I think he is.

Q. Can you tell us where he can be found?—A. He was in California the last I heard of him, with some road there.

Q. Was his estimate in writing?—A. Yes; he made a report.

Q. Did you see that report?—A. I did; I recollect seeing it.

Q. Have you a copy of it?—A. I have not.

Q. Please describe what amount of railroad building that estimate covered?—A. It covered all the Sioux City and Pacific Railroad, and it covered the shops and machinery, and the rolling stock, and all the items. I recollect that.



Q. The Sioux City being a railroad from what point to what point?—  
A. The Sioux City Railroad was from Sioux City to Fremont, Nebr., to  
a connection there with the Union Pacific Railroad.

#### CHARACTER OF COUNTRY.

Q. Are you personally acquainted with the country through which  
this road passes?—A. Yes; I am well acquainted with it.

Commissioner ANDERSON. Please describe it.

The WITNESS. The country from Sioux City to the Mississippi River  
was a very level country. At the time I constructed the road you might  
say it was almost entirely uninhabited. There was one house at Mis-  
souri Valley, I recollect, and there was a house in the woods some 12 or  
15 miles from there, and a few Moormons lived at the Little Missouri  
River, and then there was a few at Omaha, about 40 miles away. Then I  
think there was nothing until we got up to this side of Sioux City.  
There was a house or two there. Then there was Sioux City. That  
was about all the inhabitants there were there.

Q. How many miles did that cover?—A. About 75 miles, I think.

Q. You say that was a level country?—A. Yes.

#### DIFFICULTIES OF CONSTRUCTION.

Q. Were there any special difficulties of construction over that 75  
miles?—A. Yes, sir; there is this difficulty about it—there was noth-  
ing there on which the contractors could feed their teams. They had  
to bring their corn from Cedar Rapids and that part of the country,  
and their other supplies from other parts. No one can have any idea  
of the expense of constructing a road at that time, when there were no  
materials. One thing from which you may judge is that I do not think  
we had a tie on the line that cost less than \$1.25. The saying was, "An  
acre of land for a tie." I would rather have 300,000 acres of land, a  
good deal, than 300,000 ties.

#### MR. WALKER'S ESTIMATE.

Q. Please look at the estimate I show you, which is extracted from  
minutes of the company, and see if you recognize it as the estimate  
which you refer as being made by Mr. Walker.—A. I well recollect  
that Mr. Walker's report at that time was \$1,068,120. That was for  
the whole line—101 miles—and the skidings.

Q. Do you recall the paper I show you as being the same estimate  
that he made—that the figures are the same?—A. I cannot say about  
that. I only recollect the amount.

#### THE MISSOURI BRIDGE.

Q. Do you remember that it included \$1,000,000 for the Missouri  
bridge?—A. I think there was something for the Missouri bridge cal-  
culated on.

Q. One million one hundred and thirty thousand dollars?—A. Very  
likely. I recollect the whole amount of his estimate very well.

Q. How soon after this estimate was made was any contract made  
A. I commenced the road for the company in June or July, and the  
contract was made afterward. I think it was in November.

Q. In what year?—A. I think it was in September, 1867, the  
contract was made in 1867, I think.

## THE CONTRACT OF 1867.

Q. With whom was this contract of 1867 made?—A. It was made with Mr. Oakes Ames and Mr. D. C. Blair.

Q. DeWitt C. Blair?—A. Yes.

Q. Was Mr. Oakes Ames a director of the Sioux City Company at that time?—A. I cannot say whether he was or not at that time. I suppose the books will show. There were returns made, I know, to the Government.

Commissioner ANDERSON. We have those here.

The WITNESS. Those would show.

Q. Was Mr. DeWitt C. Blair a relation of yours?—A. Yes, sir.

Q. What relation was he to you?—A. My son.

## STOCKHOLDERS INTERESTED IN THE CONTRACT.

Q. Did these two gentlemen take this contract in their own personal interest solely?—A. No; they took it for the benefit of all the stockholders.

Q. Please name the gentlemen for whose benefit they took it.—A. It was to be for the benefit of all the persons who subscribed to the stock. I think the stockholders were some sixty or eighty persons.

Q. Did these gentlemen subsequently make a distribution of all the assets received by them under this contract?—A. Yes.

Q. Have you the particulars of that distribution, so that you can inform us who received the avails of the contract?—A. Every stockholder that had paid in one single dollar got his proportion of the assets of the company—every dollar.

Q. But I want to know the names of the persons?—A. I cannot name them. I know there were sixty or seventy stockholders. That is my recollection of it. I cannot tell you the names. There were great many Eastern people. There was a number of stockholders here and a great many of them in Boston.

Q. Please name those who received a large portion, or any of the principal stockholders whose names you recall.—A. Mr. Ames was a very considerable stockholder, and I was a considerable stockholder myself.

## DISTRIBUTION OF STOCK.

Q. What was the total capital stock?—A. The total capital stock that was paid in was \$1,000,000, I believe, and I had \$1,700,000; I came paid in Boston afterwards. The stock issued was \$1,000,000. There was no stock issued except such stock as was paid for.

Q. What proportion of this distribution did you receive?—A. I do not say now exactly what it was, but I think I owned about an eighth of the concern—a sixth or an eighth portion.

Q. About a sixth or an eighth?—A. About, probably, one-eighth, one-sixth; I will not say exactly; I know I was a large stockholder.

Q. What proportion did Mr. Oakes Ames receive?—A. He was equal with me.

Q. Can you not name some of the other gentlemen who received portions as large as yours?—A. Mr. Lombard was a large stockholder.

Q. Give his full name.—A. Charles A. Lombard.

Q. He is dead, I believe?—A. Yes.

Q. Do you remember any others?—A. There was a firm by the name of Childs & Williams, and John B. May. I think Mr. May

considerable of a stockholder. Mr. William E. Dodge, I think, was a stockholder.

#### THE BOARD OF DIRECTORS.

Q. Which of the gentlemen whom you have named, and who participated in this distribution, were directors of the Sioux City Company in September, 1867, when the contract was made?

The WITNESS. Do you mean to ask me who participated in it?

Commissioner ANDERSON. Which of those who participated in the distribution were directors of the Sioux City Company when the contract was made?—A. All the stockholders, the whole lot of them, had an equal interest in proportion to what they signed for.

Q. But that is not what I asked you. I asked you which of those stockholders who received a share were directors of the Sioux City Company and voted for the contract.—A. I cannot say that; I can only say that it was unanimous, so far as the contract was concerned, not only the directors but with all the stockholders, because they all consulted about the matter.

You were a director yourself?—A. Yes; I was president at the

Q. Was Mr. Oakes Ames a director?—A. I am not certain whether he was at that time. He was at some time a director. The minutes will show. I have forgotten about it now. He was not an original director.

Q. Did he remain a director after he once became a director?—A. My impression is that he did.

Q. Do the minutes give the date of his election?—A. I suppose so.

Q. Did William B. Allison share in the distribution?—A. I know Mr. William B. Allison was a subscriber to the extent of \$5,000; that was all. I think he took no active part in the matter. He lived in Dubuque, and I know that I insisted very urgently that he should have some stock in the road, because it would benefit Dubuque, but he took no action about it, except that he was a stockholder to the extent of \$5,000.

Q. Was he a director?—A. I think Mr. Allison was a director in the original organization.

Q. Did he not act as vice-president of the company?—A. I cannot say that at present. I think, in the organization of the company, my name was used. I can not recollect about that. Afterward I took but little interest in the matter, as I recollect. I recollect that I was elected president of the road when I was not here at all. Probably Mr. Allison or some one of them acted as vice-president or other officer when I was elected.

Q. It appears from the minutes that he was vice-president in August, 1867, and I want to ask you whether your memory agrees with the minutes?—A. Well, be very likely was. Whatever the minutes say is, no doubt true; but he took no active part. I recollect that very well.

Q. Mr. Walker, the engineer, was he a director of the road?—A. He was not at that time, but I do not recollect whether he was or

Q. Did he receive any portion of this distribution?—A. No; nothing except that if he subscribed for some stock he got his proportion; that was all.

Q. I am asking you whether he was a stockholder?—A. I am inclined to think that he did own a little stock, but I am not certain about that.

Q. Do you remember that Perry H. Smith was a director?—A. I recollect him very well; he lived in Chicago; he was a very wealthy man. It is likely that he became a director and came in afterward. There were a good many changes. A good many men went out.

Q. Do you remember Joseph H. Scranton?—A. Yes.

Q. Was he a director?—A. I cannot say; probably he was. He was a director in other companies that we had out West.

Q. Was he a stockholder?—A. Yes; I think he was. I think he had some stock. He was in the Cedar Rapids road. Almost all those men were solicited to take stock in this road, and I suppose Mr. Scranton took some. These men were all solicited to come in and do something toward the road, because outsiders had refused to do anything.

Q. Was De Witt C. Blair a director in the road?—A. I think he was at one time; still I am not positive about that. I suppose the minutes at Washington would show all that.

Q. Do you remember William T. Glidden?—A. Yes.

Q. Was he a director?—A. I am inclined to think he was, latterly.

Q. I mean when the contract was voted?—A. I cannot say about whether he was then or not. He undoubtedly was a stockholder.

Q. Was F. Nickerson a director when the contract was voted?—A. I cannot say that. The minutes would show. At the moment it is hard for me to recollect, there were so many changes from time to time, some of the men being dead.

#### HOW THE CONTRACT WAS CARRIED OUT.

Q. After this contract of September, 1867, was made between De Witt C. Blair and Oakes Ames, on the one part, and the Sioux City Company, on the other, how was the business of this construction conducted; was there a committee appointed?—A. My recollection is that after they took the contract the matter was turned over to me to carry out the contract for them—to see the money expended.

Q. That is, to employ the engineers and men to build the road?—A. Yes, sir.

Q. And to receive the money and pay the contractors?—A. Yes; the whole thing was, I think, put in my hands to carry out—to construct the entire road and carry the whole thing out.

Q. With whom did you make a contract?—A. I think that the contract with Mr. Ames and Mr. D. C. Blair was rather a vote of the company.

Q. With whom did you make a contract to build the road?—A. There were different parties. Douglas & Brown to do the grading. The ties were supplied by another person, and the bridges by another person.

#### PURCHASE OF SUPPLIES.

Q. Give us the names of those persons as well as you can. From whom did you buy your iron?—A. Of the Johnstown Company, and of an Ohio company, of the Delaware and Lackawanna Coal Company, and I bought iron, I think, of the Reading Iron Company, and some, I think, of a Boston company. I think it was a difficult matter to get the iron from one company at the time, because they were needing much iron all around.

Q. From whom did you buy the ties?—A. From various parties. I bought some, I think, in Chicago, some on the Missouri River, and some on the Mississippi. I might have got a few ties over in the West.

valley, along the Missouri River, but there was nothing there but cottonwood. I think my ties were pretty much all brought from Chicago & the Mississippi River.

Q. From whom did you purchase fish-plates and fastenings?—A. I think I bought them principally at Pittsburgh. I bought some also of the manufacturers at Chicago.

You may recollect, when you come to talk about building roads, that at that date fish-plates were at 6 $\frac{1}{2}$  and 6 $\frac{3}{4}$  cents per pound, and I have bought them since at 1 $\frac{1}{2}$ . Nails were 5 $\frac{1}{2}$  and 6 cents a pound, and since that they have come to be about 3 cents or 2 $\frac{1}{2}$ . Iron was \$80 and \$85 a ton, at the works, where you could get it, besides the freight. Imagine ties at \$1.25. You have no idea of the expense of things in those days.

#### SUB-CONTRACTS.

Q. With whom did you contract to do your excavating?—A. That was with Douglas & Brown, I think, chiefly. I think they had the main contract for excavating. They were very large contractors, and they had in their employ a very large force of men.

Q. With whom did you contract to do your blasting?

The WITNESS. Rock work?

Commissioner ANDERSON. Yes.

A. I suppose they did that. I do not think there was much rock work to do. There was not much rock work to do on the Iowa side. There were some to do, I believe, on the other side.

Q. What bridges did you have to build?—A. We had to build quite a number of them. We had to build a bridge across the river Sioux and across the Ford River. There was quite a number of bridges, but these were important bridges.

Q. How did you cross the Missouri?—A. We had two large steamers there, one of which, I think, would take over eight cars at a time.

Q. I understand that you conducted all this business yourself?—A. Yes, sir. I believe there was nothing that I did not buy or contract

#### WHO KEPT THE BOOKS?

Who kept your books at that time?—A. I had receipts and vouchers for everything. What was paid out at Cedar Rapids Mr. Walker kept the accounts of there.

My question is, who kept the set of books—the journal and ledger—that which was kept by you, between you and the contractors and the sellers of material whom you have enumerated above?—A. The money was paid out on vouchers, over at Cedar Rapids.

Q. But who kept the books?—A. Mr. Walker must have kept those books. He kept books there for what he paid out, he and his clerks.

Q. Am I to understand that those were your personal books?—A. No; I cannot say that they were my personal books, because I handed the money over to him, and whatever money I handed over to him he was charged with, and he had to account for it. That was all there was to it. He had to see that he was credited.

Q. They were the books of D. W. Blair and Oakes Ames, then, who had undertaken the construction?—A. Well, they were the contractors, but, really, I was substituted in their place to carry it out, and I was accountable for all the moneys that came into my hands. Mr. Walker had to show the committees that were appointed what he had done with the money that was paid over to him. I had receipts and vouchers.

ers for all the money that I received and paid. I paid for all the iron and materials of every kind and had them shipped and sent on.

Q. My inquiry is, in what books were kept the accounts, for instance between John I. Blair, trustee, and the Leading Iron Company for iron sold by the company and bought by you in order to lay it on this road in what books would that ledger account be found?—A. I cannot say what books that would be found in. The book that I had—the memorandum that I had—was a memorandum of the different purchases that I paid for, and for all these purchases I had the bills to show that I paid. The committee appointed to settle with me required my vouchers for every single dollar that I had paid out and every single dollar that I had received. They allowed me for nothing except on the vouchers that I produced. Those vouchers were all delivered up to the committee that made the settlement. Mr. Williams, I think, was the committee, and everything in the way of vouchers and everything I had was delivered up to him. I recollect that I took his discharge.

**"A PIECE OF PAPER WOULD KEEP ALL THE ACCOUNTS."**

Q. But this business must have been conducted by a set of books. When you ordered iron from these different parties you have named, and ordered fish-plates and ties, there must have been entries in the day book and subsequently these entries must have been posted into the ledger in order to enable you to know how much you would have to pay.—A. The construction of a railroad involves accounts that are very different, perhaps, from those used in other kinds of business. Probably a piece of paper would keep all the accounts I wanted to keep. If I bought thousand tons of rails from a company that would be one bill and receipt. That might be put in an envelope. All these vouchers would be produced when the bill came to be looked for.

Q. I am not talking about vouchers, but about books.—A. So far I am concerned that is the only kind of books I ever kept. Mr. Walker kept books at Cedar Rapids for the moneys that he had paid out. I know very well he had them, because he accounted for all the money he paid out.

Q. Where are Mr. Walker's books?—A. I supposed they were at Cedar Rapids, if they were not burned about 1869. I will not say about that. We had a fire there that burned up a good deal.

**ACTUAL COST OF CONSTRUCTION.**

Q. Have you any memorandum now in your possession showing the amount of money not only paid by you personally, but incurred by you as trustee of this contract, and which will inform us as to what was the actual cost of constructing that railroad?—A. The actual cost of constructing the railroad, the division among the stockholders, was \$4,640,720. That is according to the figures I have.

Q. Why do you call it the division among the stockholders?—A. That was the actual cost. The stockholders had nothing divided except stock. The money for the Government bonds was expended in the construction of the road. The money paid in by the stockholders was repaid, every dollar of it, in the construction of the road. The best that we had were estimated at 75 cents on the dollar.

Q. Are you not stating now the amount paid by the company to Mr. DeWitt C. Blair and Mr. Oakes Ames?—A. Mr. DeWitt C. Blair and Mr. Oakes Ames did not get a solitary dollar, only for the actual money that they paid for the stock; that is all.

Q. When you state the figures, \$4,640,720, was not that the amount paid by the company to Messrs. Blair and Ames reckoned in bonds and in money as the payment was made?—A. That was the cost of the road. Mr. Oakes Ames did not get that at all; he got nothing at all; all he had to show for his money was really his stock.

## DIVISION OF STOCK.

Q. I understand that he divided it; but I ask whether the fact was not I have stated it?—A. I divided it. I did not give it to Mr. Ames. I gave the stock out myself.

Q. I ask whether the figure you have given represents the number of dollars you paid to the Reading Company and other companies for iron, or whether it represents the amount of money paid by the company to De Witt C. Blair and Oakes Ames, or to you as representing them, and divided up by you among the stockholders; which is it?—A. The Government bonds were sold for cash, and that went into the road, and so did this other money paid. Every dollar of this went into the road, and the only thing that Oakes Ames or any other stockholder had to show was simply the stock he had, and nothing else. That is all there is about it.

Q. We will come down to this division. You say there was a division made among the stockholders. When was this division made?

The WITNESS. The division of stock?

Commissioner ANDERSON. No; when was the division made?

The WITNESS. When I issued the stock to them?

Commissioner ANDERSON. Yes.

A. I guess it must have been in 1870 or 1871; along there. I will say what time.

Q. Have you any written record of that division?—A. I think I have no memorandum of it at home, by which I could tell. I think it must have been about 1871, the time that I gave out the stock.

Q. Who gave out the stock?—A. I gave out the stock.

Q. Personally?—A. Yes; as president of the road. I gave every stock in proportion to the money he paid.

## THE STOCK-BOOK.

Q. This stock must have been taken out of a stock-book, a book containing the certificates?—A. Yes; I had a stock-book, I know.

Q. That stock-book must have had stubs?—A. Yes. If I had known I would call for me I might have told you the name of every stockholder, and what his stock was.

Q. Where is the stub of the stock-book?—A. I suppose it is at Cedar Rapids, if anywhere.

Q. Have you had it within the last year?—A. Oh, no; I have not had it. I was going to say for twenty years—since the year 1871, at the time I issued the stock and settled up with the company. I have no recollection of seeing anything of it after that. Everything was settled and paid for.

Q. This memorandum you speak of, which will show the persons who received stock and what they received—was it written by you? Is it in your handwriting?—A. No, sir; I think not.

Q. From what source was it taken?—A. I think it was taken from a memorandum that was made up by a clerk that I had. I think I have a rough memorandum of the stockholders with me at my place at Railroadtown.

Q. What is the name of the clerk to whom you refer?—A. Charles E. Vail.

Q. Is he living?—A. No, sir; he is dead.

Q. Was this distribution made by you in New York here or out West?—A. I think the figuring and distribution I made at Cedar Rapids. I might have done some of it at Blairstown, but I think it was at Cedar Rapids, Iowa.

Q. What was, in fact, distributed?—A. Just the stock. We had nothing else to distribute.

#### STATEMENT FOR STOCKHOLDERS AS TO BONDS.

Q. Was there a statement made up for the stockholders?—A. I think there was.

Q. Have you your copy?—A. I have not.

Q. Can you refer me to any place where a copy of that statement could be obtained?—A. I could only give you the figures. I think I could give you the figures of what I got myself.

Q. The statement would naturally contain an explanation of what had been done with the Government bonds and the first mortgage bonds?—A. The Government bonds were all sold for money, and when I came to speak about distribution, we distributed the second bonds to those stockholders who would take them at 75 cents on the dollar. The stockholders got that with their stock. I would call the Government bonds the first mortgage.

Q. Which bonds do you mean were given to the stockholders?—A. Not the Government bonds, but the bonds that we got.

Commissioner ANDERSON. Your own bonds?

The WITNESS. Yes; our own bonds. They were valued at 75 cents on the dollar.

Q. How much was the aggregate amount of bonds distributed to the stockholders?—A. One million two hundred and twenty-one thousand dollars I think the bonds were.

Q. The whole issue of bonds was distributed with the stock?—A. Yes; rated at 75 cents on the dollar.

Q. Each stockholder getting his pro rata of the bonds?—A. Yes; each got his pro rata; and if there was any fraction, he either paid for it, or received it, as the case might be.

Q. Did the company receive anything whatever from the stockholders for this distribution at that time?—A. The company had the road.

Q. But did it get any money from the stockholders for the bonds?—A. It certainly did.

Q. When?—A. Previous to the distribution.

Q. I understand that previous to the distribution you say they paid in the subscription for their stock?—A. Yes; the subscription for the stock, and they had to pay for the bonds, too.

#### HOW THE BONDS WERE PAID FOR.

Q. When did they pay for their bonds?—A. They had to pay for them about the same time. They had to pay the money, you know.

Q. Do you mean to say that when you got your stock and bonds that were rated at 75 cents on the dollar you personally paid 75 cents on the dollar on the bonds that were given to you?—A. That is what I considered that I paid for them.

Q. Well, did you pay it?—A. Yes.



Q. How many bonds did you get?—A. I will not say now. I got my rate, whatever that was.

Q. Approximate the amount. Out of \$1,000,000 you say your share was about one-sixth. Did you get as much as \$200,000 in bonds?—A. I suppose I did, probably. I must have had something like that.

Q. When were those bonds delivered to you—in 1871?—A. I think that was the time the distribution was made.

Q. What month?—A. I cannot tell the month now.

Q. Do you state that at the time you received your bonds you paid to the Sioux City Company for those bonds 75 cents on the dollar for them?—A. We had paid previous to that.

Q. I ask you now if you say that when you got your bonds you paid 75 cents on the dollar for them?—A. That is what we estimated the bonds cost us in clean cash. That was our estimate at the time.

Q. If you paid that amount to the Sioux City Company that would be over \$150,000. Can you state to this Commission when that payment was made by you and how?—A. We paid it previously. We used and borrowed a pretty large sum of money. We had borrowed and owed in one shape or another, and when we came out here we had the bonds to be distributed.

Q. That is to say, that after you closed your accounts up and built your road you found that you had left the stock and the company bonds, but the Government bonds had all been negotiated?—A. All had been negotiated, and we had the stock, and of course we had these bonds. The stock was paid for and the bonds were paid for.

Q. When you say the bonds were paid for, do you mean to assert that you ever paid the company, besides the subscription that you paid for the stock, 75 cents on the dollar for the bonds?—A. That is what our estimate was.

Q. I am not asking for the estimate. I ask you if you bought those bonds from the company and paid for them in the way I have described, by giving the company 75 per cent. of the par value of the bonds in addition to what you had paid in for your stock?—A. That is my recollection.

#### THE BONDS NOT A DIVIDEND.

Q. Is it not true that these bonds were divided up as a dividend among the stockholders, they having paid for the stock and considering themselves as the owners of the bonds?—A. No, sir; I think not. That is not my recollection at all. The bonds were estimated at 75 cents on the dollar, which, my recollection is, we paid the cash for. That was the cash value that the bonds stood us in.

Q. Am I to understand you as swearing that you have ever paid the Sioux City Company 75 per cent. of the par value of your bonds, in money, outside of your subscription?—A. Yes; that is what our estimate was.

Q. Will you refer me to any account of your own, or any check or evidence, of payment made by you to the Sioux City Company for those bonds?—A. I do not know that I can give you any other estimate than what I stated to you. I know that in our settlement of cash and everything the bonds had cost us 75 cents on the dollar, that we had paid the money for.

Q. These bonds were delivered by you to the different stockholders at the same time that the stock was delivered to the different stockholders, were they not?—A. I suppose they were. It would not have been a very long time afterward. I do not know how long we were making the distribution.

Q. Mr. Oakes Ames got his share, and Mr. De Witt C. Blair his share, and Mr. Lombard his share?—A. All the stockholders, I think, got their shares, if they paid for them; and if they did not, the bonds were sold.

#### SOME OF THE BONDS SOLD.

Q. Were any of these company bonds sold at all?—A. I think there were some sold.

Q. Who sold them—I mean before the distribution?—A. I do not know that there were any of them sold. There were some of the stockholders that did not take their bonds, or did not pay for them.

Q. Did not pay for their stock?—A. Did not pay for their bonds, and of course they were sold. I think there were some of them sold.

Q. In what book were the proceeds of any bonds sold ever entered?—A. I cannot say about that. It went into the fund, of course.

Q. My only question is, in what book the proceeds of bonds sold would be entered, so that you could find what you had on hand?—A. There was a memorandum of distribution made at Cedar Rapids. I think that was where the distribution was made. There was a circular made out and sent to them for each person's pro rata, and some minutes were made of it there.

Q. Who received the proceeds of the bonds—the Government bonds or the company bonds?—A. I received them.

#### AS TO THE BANK ACCOUNT.

Q. In what bank did you place them?—A. We sold the Government bonds along as we constructed the road, and the money was paid out and distributed, I think, in 1869, or along there; it might have been 1868 or 1870.

Q. But you do not answer the question that I put to you. My question is, in what bank did you place those proceeds?—A. I think some of the proceeds were placed in the National City Bank here in this city.

Q. New York city?—A. New York city. I think some of the proceeds were placed there for a while.

Q. To whose credit?—A. I suppose it was placed to my credit; most likely it was. I guess some of the funds were left for a short time with the Park Bank. But we owned a very large portion of the bonds before the sale was made.

Q. Do you mean that when the proceeds of these bonds were placed to your credit in a bank you had no journal and no day book and no ledger account at all in which you yourself kept an account of the amount so received by you?—A. I undoubtedly had an account in a bank or bank-book. But I can recollect this, that we never held funds very long in hand.

#### FUNDS ENTERED IN POCKET-BOOK.

Q. But if you only kept them on hand five minutes, would you not enter them in your own books?—A. Yes; I would probably enter them in my pocket-book, if in nothing else.

Q. Would you not enter them in a formal day-book or journal?—A. No; I did not do that kind of business. I would enter them by a single entry charge.

Q. Do you mean to say that all the funds of the Sioux City Company were kept account of in a loose pocket-book in that way?—A. No; I do not pretend to say that they were kept in a loose pocket-book; but the

were kept in a memorandum book. The funds did not lie long; I used them up as fast as I received them.

Q. What other funds did you receive besides the proceeds of stock subscriptions and the proceeds of the sale of Government bonds; did you receive anything else?—A. Yes; it all went to the company.

Q. I am only asking what else you received. From what other source did you receive money?

The WITNESS. Besides the bonds?

Commissioner ANDERSON. Besides the Government bonds and the payments on the stock.

A. We received some for the sale of lands.

#### ACTUAL COST OF ROAD.

Q. Before we pass to the lands, can you not tell me what the actual cost of this road was? I do not mean what the amount of the distribution was, but what the cost to you was—how much it cost you to do what you did. By "you," I mean you as trustee.—A. Four million six hundred and fifty thousand dollars.

Q. From what source do you take those figures?—A. I take them from the cash we paid.

Q. From what source do you take them—from what paper or book?—

A. I take them from the Government bonds we sold and our own bonds, and the money paid in for stock.

Q. Is that the only way in which you arrive at that conclusion?—A. Yes.

Q. Do you get it by adding up the amount of payments actually made by you—made by you, from a book in which those payments are entered?

—A. That is my recollection of it.

Q. If that is your recollection, where is that book containing the payments made by you; you say you have footed up a list of payments made by you, entered in a book?—A. For all the payments that I made, myself, and all that Mr. Walker made (my paymaster in the West), I have vouchers for, and those vouchers I settled with the committee for, and delivered them over to him.

#### SOURCE OF INFORMATION.

Q. Now, we will go back to my question. From what source do you obtain the information that the cost of that road was \$4,650,000?—A. The Government bonds were all used, and the capital stock and other bonds were all used for the construction of the road.

Q. Is that the only source of your information?—A. Of course, that is what I know is the calculation.

Q. Is that the only source of your information?—A. Well, I think it is, in a measure.

Q. Then you have not in your possession any material showing the amount of these vouchers that you have given up, and you cannot ascertain the amount by adding them together, to-day?—A. No; I could not, so differently than what I have stated here.

Q. How do you know whether they differ or not if you have not got them in your possession?—A. I know that was the amount; that is all. I recollect that was the amount.

Q. That was the amount of the stock and the two kinds of bonds?—

A. That was the amount of the cost of the road.

Q. Do you swear that that was the amount of the vouchers which you delivered up to the committee?—A. Yes; I think so; I think that was the case.

Q. How do you know that that was the amount of the vouchers?—A. All I know is by the settlement.

Q. But that will not inform you that the amount of the vouchers was the equivalent of the stock and the two classes of bonds?—A. It certainly would. I think it would, sir.

Q. Now you say that when you made the distribution you had on hand for distribution the stock and all the company bonds?—A. Of course I had the stock. Whether I had the bonds all in my possession or not at that time, or whether they were in the possession of some of the others, I cannot say now. I think we had some of the bonds hypothecated for money at one time.

Q. But they were all distributed to the stockholders?—A. They were all distributed.

Q. And they were rated as being worth 75 per cent. 1—A. Yes.

#### LAND GRANTS.

Q. What became of the land grant of the company?—A. We are unfortunate about that. We got scarcely any lands at all. The lands were all taken up. I think we got no lands whatever in Iowa. We had a few swamp lands, I think, voted us by Sioux City.

Q. How many acres, in all, did you receive on the different grants?—A. We got nothing from the Government with the exception of the 26 miles of road on the Nebraska side. The Union Pacific Railroad had its grant, and this grant lapsing, we were entitled to one-half of the lands, whatever it was. The Union Pacific people made a division, and they did not stand by the division, so we had to sue them, and we eventually made a compromise. We got some lands there.

#### GOVERNMENT LAND.

Q. How many thousand acres? It appears from the Government reports that the amount of land awarded to your road under the acts of 1862 and 1864 was 41,236  $\frac{2}{3}$  acres. Is that your recollection?—A. I recollect getting the land set off to us. I will not say what was the number of acres of land; but the Union Pacific road sold a part of the lands, and we sued them. We had the suit in the Supreme Court of the United States for a long while, and we eventually wanted money pretty badly, and we sold all the interest we had in those lands for \$200,000 to the Missouri Railroad Company. We owed considerable money, and that amount was paid in to the company.

#### STATE LAND.

Q. What other lands did you have besides the United States grant?—A. The Northern Nebraska Air-Line Company received 48,000 acres of land (something short of that number, though they were entitled to that); the State had donated to them 49,000 acres of land. We consolidated with that company, and we got those lands. At least the Sioux City and Pacific Railroad got the benefit of those lands. In the consolidation I think we paid in something like \$80,000 to that company; but, however, that money was all turned over to the Sioux City and Pacific Railroad Company and they got the benefit of it. We

these lands on hand in 1873, I think. There was very little of them sold at that time. You must recollect this: At the time when we got these lands there was really hardly any sale at all for land, because the Government had passed the homestead law and no man would buy land of you when he could go and get 160 acres of land beside you for nothing. These lands lay and lay; and I recollect that we issued circulars to every stockholder we had, inviting them to take these lands at \$2 an acre, and I think about two-thirds of them came in and took the lands at \$2 an acre, and the other part did not. All that money was paid in cash to the Sioux City and Pacific Company. That was in 1873.

#### SALE OF LAND TO STOCKHOLDERS.

Q. Please state again what was your course of business in relation to selling these lands to the stockholders.—A. There seemed to be no sale for them to individuals at all at that time. We held them and held them, and there was no sale; and we wanted money very badly at the time, I recollect, and the result was that we fixed a price on them that we thought was a fair value, and we thought the stockholders would take them and pay the money. We issued circulars to them, and I think about three-fourths of the stockholders came in and took the land at the price. The others did not.

Q. Did the directors apportion these lands to themselves also?—A. Just as far as they were stockholders they took their pro rata of land. Some of them did and some did not; but they went to all the stockholders of the company in proportion.

Q. Who fixed the price for which the land should be sold?—A. The company fixed the price.

Q. That is, the directors fixed the price?—A. The directors fixed the price.

Q. In what year was that done?—A. 1873 was the year when these lands were sold, if I am correct about it. That was the time I paid for mine. The lands lay scattered over a few counties of the State. They were scattered lands.

#### TRANSFER OF STOCK TO CHICAGO AND NORTHWESTERN.

Q. What was the arrangement, and how was it brought about, by which the stock of this company was transferred to the Chicago and Northwestern Company?—A. That stock, in the first place, was put into the hands of trustees. A good many put their stock into the hands of the trustees of the Cedar Rapids and Missouri River Railroad Company. I think I was one of the trustees. The stock was scattered, and it had very little value. There was some intimation made by some persons that they were about buying up the stock. If that had been so that road might have been embarrassed and passed into other hands.

Q. What road?—A. The Sioux City and Pacific.

Q. How?—A. They might have turned the business on to some other road, or, at least, they might have done this: If they had got the consent of it the road might have gone into bankruptcy. That is about the worst of it, because really the Cedar Rapids road in Nebraska took it off it and kept it alive. The stock was put in their hands and we never saw it ever since, I believe. Something like that. I think there was nothing paid for the stock. I think we paid something for it—the Cedar Rapids Company of Nebraska did, I think.

Q. How much?—A. It occurs to me that it was about 15 cents.

Q. Then it was bought up in the interest of the Cedar Rapids Company?—A. It was bought up, of course, in the interest of the Cedar Rapids Company as well as of the Nebraska and our other interests, because we wanted to protect the road and protect the bonds. That was the amount of it. When we consolidated with the Northwestern road that was one of the assets belonging to the Cedar Rapids road and everything that we had belonging to the Cedar Rapids Company we turned over to the Northwestern Company.

#### HOW THE CONSOLIDATION WAS EFFECTED.

Q. How was the consolidation with the Northwestern Company effected?—A. We changed stocks with them for some part. They assumed the bonds, and as to some of the road we sold the stock in bonds.

Q. As far as the Sioux City road is concerned, you transferred the stock to the Chicago and Northwestern Company?—A. They took it as part of the assets. It was an asset of the Cedar Rapids Company. We turned it all over. I do not know that there was any particular price fixed for it at all. It was in the whole deal, and we turned over everything that there was—the Cedar Rapids and all the Sioux City stock that we owned.

Q. What did you get for what you turned over?—A. We got stock from their road, and we got bonds.

Q. How many shares of Northwestern stock did you get?—A. I do not say exactly how many shares we got. We had preferred stock that I believe, we took a bond for, but I cannot say what the stock was. It might have been \$10,000 a mile or more; I really cannot tell, there were so many things lumped together about the whole matter, about the different roads—we had a number of branch roads.

#### ADVANTAGES OF THE ARRANGEMENT.

Q. What advantage to the Northwestern was this property that was transferred by the Cedar Rapids and especially by the Sioux City as Pacific?—A. The Cedar Rapids road had a perpetual lease on the Nebraska road, reaching from the Mississippi to Omaha, and we had a number of other branches—the Diamond road and a short road up to Lyons, and some others. They had a perpetual lease on those roads. To have the business of the Sioux City road was some advantage to them. The Elkhorn road that we had was a long road that was built and that was a feeder. The business that came off that Elkhorn road and across the Sioux City and Pacific went on to the Northwestern road. They got the haul on that business.

Q. They got control of it?—A. We thought it was for our interest to let them have it. We thought the Elkhorn road, too, was a great advantage to the Sioux City and Pacific, because we got that haul. The Elkhorn road crosses at Fremont and goes up the Elkhorn River in Nebraska. This road went through there and connected there at Fremont.

Q. Does the Elkhorn freight still pass over the Sioux City and the Northwestern?—A. Yes.

Q. Does the Sioux City road enable the Northwestern road now to control that freight?—A. Yes; that branch, of course, enables them to control that freight in a measure, although we have another branch

and that runs on and turns off when you get to about 15 miles from Fremont. That branch road runs down to Omaha. The business of the Elkhorn could be sent down to Omaha, instead of coming over the river and using the road the whole way. It was an advantage to the Northwestern to have the road in that connection.

#### EFFECT OF BUILDING PARALLEL ROADS.

Q. In what other respects is it an advantage to the Northwestern to keep the Sioux City road?—A. The way it is now it is not, except that the prong that goes over from Missouri Valley to Fremont. That is a valuable part of the land for them to keep, because it brings the Elkhorn business to them, but really the part that runs up to Sioux City is of very little value. There have been parallel roads built there—a road running down on the other side of the river and a road on this side. The Milwaukee Company has been building a road that parallels a little way off, and since we have sold the Iowa Falls road to the Illinois Central they have built a road down, and the country is filling up. I do not think the Sioux City and Pacific is to-day worth 10 cents in the dollar. So few gentlemen can really estimate the cost of building roads at that day compared with what it is to-day. No one can now see the great difficulty that we all labored under with these land grants when we got them. For the Government passed a law to give 60 acres to every homestead, and we had no sale for our lands at all. I think I paid \$700,000 taxes on lands. You could not sell land to anybody that could get 160 acres for nothing.

#### EARNING CAPACITY OF ROAD.

Q. What are the present net earnings of the Sioux City road?—A. do not know.

Q. The bonded indebtedness is \$1,600,000 of company bonds?—A. Yes, and Government bonds.

Q. The same of Government bonds?—A. Yes.

Q. Is there any other liability that you know of?—A. No.

Q. Have you any knowledge of the earning capacity of that road, so that you can give us any information as to how much it can earn beyond interest on the company bonds?—A. The Northwestern of course is throwing all the business possible on that road. I think in all probability it is about earning the interest now on the company bonds; but is my opinion; and a great deal of that is derived really from the Elkhorn road.

#### PRESENT MARKET VALUE.

Q. In your judgment, if you were in the market buying a railroad, would you consider the Sioux City and Pacific road worth more than \$1,000,000?—A. Well, I think the road has got valuable shops and machinery. All those things are very valuable. I consider that the Government bonds are worth about \$1,000,000. I think the road is worth our bonds and about a million dollars of the Government's.

Q. It is worth, you think, about \$2,500,000?—A. Yes; or \$2,600,000. I think that is the worth of it to the Northwestern road. Without the Northwestern road, and standing on its own merits alone, I do not think it is worth the bonds, from the way in which it is cutting up railroads in that section of the country.

The Commission then adjourned to to-morrow, Wednesday, at 10 a. m.

10 WALL STREET, NEW YORK,  
Wednesday, October 5, 1887.

Present, Commissioner Anderson and Commissioner Little.

METHOD OF BOOK-KEEPING FURTHER EXPLAINED.

JOHN I. BLAIR, being further examined, testified as follows:

The WITNESS. Before proceeding I would like to explain somewhat more fully about my mode of keeping books. When I am from home I make a memorandum of all my transactions, every day, and when I get home I transfer these memoranda into a book—each one into a separate book where it belongs. In this matter of constructing this road, when I was from home, and gave any check for iron, I entered it in this book. When I went home, the book that I recollect keeping for that contained one or two quires of paper. When I received a bill I marked across that I had got the bill. All the money that I would pay was entered in my book, entered in that pocket-book. Then any money that I would pay to the engineer or paymaster at Cedar Rapids I would charge to him, and he would have to show what he did with the money. I recollect now distinctly of taking this book along and all the vouchers, to compare with the charges in this memorandum book. These I handed over to the examining committee—all the vouchers that I had. Some vouchers that were missing had to be replaced. That book and those vouchers I gave over to the examining committee, Mr. Williams. I think I brought back that memorandum book. I had a vault in a store where I had had my office. I had been a merchant for some forty years. I kept some old papers in that vault. When I gave up business I rented my store out, and the persons that rented it had the use of the vault. My book would show the amount paid to the different people. But my charges were not very numerous. For instance, there would be one transaction of a thousand tons of rails, and I would make one entry of that. That was my mode of doing business. When the thing was over I would take that book and my vouchers to settle with the examining committee that was appointed, when I would get my discharge. That was the end of it.

AUDITING COMMITTEE.

By Commissioner ANDERSON:

Q. I find from the minutes of the Sioux City and Pacific Company that this committee to which you refer was appointed in November 1870, and consisted of Mr. J. B. Alley, Mr. J. M. S. Williams, and Mr. Charles E. Vall.—A. Yes.

Q. Which of those gentlemen are now living?—A. Mr. John B. Alley.

Q. Is Mr. Vall living?—A. No, he is dead; and Mr. Williams is dead.

Q. The resolution directed this committee to examine and audit the accounts for building and equipping the company's road and all expenses connected therewith. Is it your recollection that this memorandum book in which you posted the figures from your pocket-book is the only book of account that these gentlemen examined?—A. That is all they examined of mine and my vouchers. They examined Mr. Walker's account also.

Q. Did he have a book?—A. He had a book, I suppose, containing entries of what he had paid.



Q. Where was this examination held?—A. At Cedar Rapids, at the office of the company.

Q. And you say your recollection is that after that examination you brought your book away with you?—A. I think I did. I think I brought my book away with me. They kept all the vouchers.

#### AN ATTACHMENT BY MR. LAMBRARD.

Q. Is this the only examination of your accounts that occurred?—A. I think there was another examination. It originated through themselves. There was a dispute of interest. I might state to you that in 1868, about the time that I received the Government bonds, and expected to sell them for the purpose of completing the road (with other moneys) there was an attachment taken out by a man by the name of Lambrard, who was one of the original incorporators of the road. He came forward and claimed that he was entitled to one-ninth of the whole road; that there were nine stockholders, and that he was entitled to one-ninth of the whole interest. He took out an attachment in that year in New York City, attaching all the money that might be in the Park Bank, as was supposed, and in the City Bank and in my hands, and otherwise. I was not to distribute a dollar of it. The result was that I had to go on my own responsibility and borrow money and carry through that road in various ways, and, of course, I charged the interest that I paid. This Mr. Williams, who was a treasurer in some other companies that we had interests in, was not considered responsible. I considered him irresponsible. He had considerable money in his hands belonging to other companies, and I wanted to cast him from that place. Then his friends came forward and said that I had not accounted for the interest that I had charged, and that it was all wrong; that I had money and that it was in the banks, and that I had got interest for it, &c. They brought suit.

#### SUIT BROUGHT BY MR. WILLIAMS IN NAME OF COMPANY.

Q. The company brought suit?—A. Well, not exactly the company. It was in the name of the company, but really it was Williams and these other parties that controlled it. That matter was referred to a master.

Q. Who was the master?—A. Governor Kirkwood, at Iowa City. We went through the evidence in the matter, and after we had got through I got Mr. Taylor's evidence and other evidence to show that the money that was attached had not been loaned to me at all, and that I had had no use of it whatever; that the money lay dead, and that the money I had borrowed I had paid interest for. After we had got through this evidence they discontinued the suit and paid the costs. That was the end of it.

Q. Where is that evidence to be found on file?—A. I cannot tell you anything about that. The matter was all before Judge Kirkwood, and when they got through they withdrew that suit and paid the costs, and that was the last of it. I paid no further attention to it.

Q. Is that all of the dispute that occurred between you and this company as to settlements?—A. I do not recollect any other matter. There was some controversy, I believe, about some receipts of the road—things they thought I ought to account for.

#### COMMITTEES OF ARBITRATION IN 1872 AND 1873.

Q. Do you remember that in 1872 Mr. John B. Alley and Mr. Williams were again appointed a committee to arbitrate with you?

final settlement of the affairs of the company?—A. I suppose that was the matter that was referred afterwards to Governor Kirkwood.

Q. Do you remember that in May, 1873, a committee having charge of the suit against you made a report through Mr. Horace Williams?—A. I do not recollect what report they made about it.

Q. Who was Horace Williams?—A. Horace Williams was president of the Nebraska Railroad, I think, at the time, and lived in Iowa.

Q. Do you remember that he made any report on this subject?—A. I do not recollect.

#### DUDLEY FIELD ATTORNEY FOR LAMBARD.

Q. In regard to this suit of Lambard against yourself, who was Mr. Lambard's attorney in New York?—A. I think it was Dudley Field. I think he said he paid Dudley Field \$10,000 to get a judgment, which he did, I believe, through Judge Barnard, for two or three hundred thousand dollars, I believe. He got judgment for one ninth interest.

Q. Have you a copy of the papers in that suit?—A. I have not.

Q. Do you remember what the result of the suit was?—A. Oh, yes, I recollect very well what the result of the suit was.

Q. Lambard got a judgment, did he not?—A. He got judgment for a one-ninth interest—some two hundred and odd thousand dollars.

#### MITCHELL & CRANE ATTORNEYS FOR COMPANY.

Q. Who was the attorney for the company in New York?—A. Judge Mitchell was one of the attorneys. The firm was Mitchell & Crane at that time. Judge Mitchell is now dead.

Q. What connection did they have?—A. I do not recollect whom they had.

Q. Is Mr. Crane dead, too?—A. No, sir; he is living.

Q. He is in New York, is he?—A. Yes.

Q. Do you know where his office is?—A. Somewhere in Wall street; I forget the number.

#### AN APPEAL AND COMPROMISE.

Q. You say you appealed from that judgment?—A. Yes, we appealed from it.

Q. Do you know whether or not the appeal was ever argued?—A. There was a committee appointed, and I believe there was some condition that we should let Mr. Lambard have so much stock—that he might have all the stock he claimed. We did not care anything about that, but he would have to pay 40 cents on the dollar for it; so we turned over the stock to him and he paid all the costs, and the suit was discontinued. I think Mr. Lambard failed, afterward, to pay for his stock.

Q. What was he to pay for his stock—how much?—A. He was to pay just what the others paid.

Q. Was it not 40 cents on the dollar?—A. Yes; that was what he was to pay.

Q. And that was what the others had paid?—A. Yes.

#### A BLACKMAILING AFFAIR.

Q. This judgment was recovered by Mr. Lambard after all the subscriptions by the others had been paid?—A. All the subscriptions had been paid, and Mr. Lambard, before that, had made a subscription and

paid that, or arranged for it, and never said a word about this matter until we had got through the road, and then he came on and got the attachment and shut everything up. We considered it nothing a blackmailing affair from beginning to end.

What I want to get at is, whether the papers in that suit would disclose all the prior history of that road, and all the profits it was net the stockholders had made, and what profits Mr. Lombard was tied to by reason of his right to subscribe?—A. I presume that was out, but I cannot say about it. He thought at that time that it was very valuable, and perhaps other people did, because they thought we were getting 300,000 or 400,000 acres of land, while it turned out that we only got 42,000. There were no lands claimed within the road, except that much.

#### COMPLETION OF ROAD.

Do you remember that under date of February 11, 1869, or in the spring of 1869, it appears in the minutes of the company that an announcement was made of the completion of a section of 32.27 miles, being in all 101.70 miles of completed road? Do you remember in the spring of 1869 that was about the position of the company—the road was constructed up to that point?—A. Yes; I think the road was completed about that time. In February or March, I think Government commissioners were over to take up the road. I think in 1868 they took up the part from California Junction up to Sioux City. I think that part was taken up then, and the next year after that this other part was completed.

#### AFFIDAVIT AS TO ISSUE OF BONDS.

Do you remember that shortly after that period you and Mr. Ker made an affidavit, which appears on the minutes of the company, certifying that the Sioux City Company had not before that time issued any of its own bonds as securities in any form or manner which would give them priority of preference in payment to bonds of the United States, and the company at that time had not executed any company mortgage of any kind on its road, or issued any bonds of any kind whatever?—A. Yes, sir.

Do you remember making that affidavit?—A. Yes; I think the affidavit was issued in 1869. That was in February, was it not? Commissioner. ANDERSON. Yes.

RE WITNESS. It was in May, I guess, 1869, after the road had all been surveyed, and was through, that these bonds were issued—that is, the bonds that we were entitled to issue.

Then it was true at the time you made that affidavit—which was certifying to the substantial completion of the road—that none of the bonds of the company had been issued?—A. I think none had.

#### RESOLUTION OF MAY, 1869.

It appears also from the minutes that in May, 1869, a resolution was passed, reciting that "In view of the facts stated, that the improvement is necessary for the present business require additional equipment, in view of the fact that the stockholders have not yet received any dividends or other securities for their subscriptions paid in for the construction of the road or for the earnings of the road which have gone into the construction, Resolved, That the president be authorized to issue

to the stockholders of this company capital stock hereof equal in amount to the calls heretofore paid or secured to be paid by each. Also, to distribute to the said stockholders an amount equal to 50 per cent. of such calls in the first mortgage bonds heretofore issued by said company and paid to the contractors on account of the construction of said road, and which, by an arrangement with them, have been received from said contractors." Do you remember when that action was taken?—A. I think there was something of that kind. That is my recollection, and I have heard you read that.

#### DISTRIBUTION OF STOCK.

Q. How was it that a portion of those bonds had been delivered to the contractor—that is, I suppose, yourself, as trustee for Mr. De Witt C. Blair and Mr. Ames, and were then returned to the company?—A. I suppose, of course, the distribution would have to be made by me for them, to the stockholders. Whether they aided in the distribution or not I cannot say now. The distribution would have been made by me for them to the different stockholders pro rata.

Q. In other words, it made no difference whether the bonds went through you or directly to the stockholders, the same result was reached?—A. Yes; I suppose if they went through me, it was for them, how far they participated in it I cannot say.

Q. In connection with that, I will ask you whether, under the agreement that was made with you by De Witt C. Blair and Onkes Ames at the same time that the main contract was entered into, that agreement, after referring to the main agreement, did not recite that the parties thereto assigned to you, in trust for the benefit of the stockholders of the Sioux City and Pacific Railroad Company and their successors, of the profits of every kind and nature that may arise under this contract and that the parties to that agreement released, relinquished, and confirmed to you, for the benefit of those stockholders and their successors, all profits and surplus profits under whatever color, form, or pretext the same might arise under said contract?—A. I recollect very well that that is about the substance of it; that neither Mr. Ames nor Mr. Blair was to have any advantage over any single stockholder. Every stockholder was to fare exactly alike. There was to be no discrimination on the part of any one. They were to have their pro rata share.

Q. So that, as far as concerned this distribution of 50 per cent. of bonds that were recited to have been paid to the contractors, it made no difference whether you distributed them under this trust I have referred to or whether they were distributed directly to the stockholders by the company?—A. No, I suppose it made no difference.

#### THE REMAINING BONDS AND STOCK.

Q. Do you remember that shortly after that another resolution was passed directing you to complete the distribution of all the remaining bonds and stock of the company among the stockholders?—A. I recollect that it was done.

Commissioner ANDERSON. I will read to you the language of the minutes:

The president was requested to make distribution, on or before the 1st of January, 1871, to the stockholders of this company of all bonds, stock, and cash assets which have accrued to said stockholders in the construction of the Sioux City and Pacific railroad, and to close any and all outstanding contracts for construction, and to make final settlement with the contractors on or before said date.

you remember that that was done?—A. I know that there  
 all and final settlements made with every person, whether it was  
 time or afterward. It may have been some time shortly after—  
 probably that year.

But I mean to inquire about is whether all the company's bonds  
 the company's stock were distributed by this action among the  
 holders in proportion to the amounts of stock held by each?—A.  
 It was done.

And the consideration which the company received from them was  
 money (whatever it was) that the stockholders had paid in to the  
 company toward the construction of the road?—A. Yes.

And you think that a correct statement of the amount of the mon-  
 ey by the stockholders will be found in the Lambert suit?—A. I  
 say about that. I suppose it would. I cannot say what it is  
 at there.

#### PREFERRED STOCK.

Do you remember the transaction by which preferred stock was  
 in payment for 6½ miles of road between California Junction and  
 Valley?—A. That was made in order to make a connection  
 between Sioux City and Pacific Railroad, so that all freight for the  
 wheat and everything else could come direct through Sioux City.

By Commissioner LITTLE:

Connection with what company?—A. Connection with the Cedar  
 Rapids road. These 6½ miles of road were built and leased to this  
 company.

By Commissioner ANDERSON:

Please state what the transaction was, what you got, and what  
 you paid.—A. We remitted the cost on those 6½ miles of road at  
 a mile—\$160,000 I think it was; and that was leased to that  
 company.

What did your company agree to pay for it—the Sioux City road?  
 They paid that was the amount.

What? State the transaction.—A. I think there was a lease  
 on the Sioux City and Pacific road—a lease or sale. They were to  
 interest at 7 per cent. on \$160,000, which was the cost of the road.  
 How did they secure that—did they pay it in cash or in preferred  
 stock?—A. They paid it in preferred stock.

What was about that?—A. They gave preferred stock.

They issued preferred stock?—A. Yes.

At what amount?—A. To the amount of \$160,000.

By Commissioner LITTLE:

For the 6½ miles?—A. Yes; I think a little more than 6½ miles;  
 and preferred stock for these \$160,000.

By Commissioner ANDERSON:

Did they give them anything else; did they give them any com-  
 pany?—A. No; that is all that was given them.

#### COMMON STOCK GIVEN IN PAYMENT FOR LANDS.

What disposition did they make of the land  
 to receive?—A. That was not entitled  
 to the Cedar Rapids and Missouri Valley

miles were  
 that be-

have no clear recollection of what the terms were. I recollect the \$100,000; however. [After looking at the agreement.] I see that there was some common stock issued.

Q. Was there not some land that the Cedar Rapids Company was permitted to hold which really belonged to these 6½ miles, as part of the adjustment?—A. When I come to think about it, I think the Cedar Rapids Company owned a large amount of land. We owned considerable land there. Probably 1, 2, or 3 acres of land that we might have owned there we deeded for depot grounds, station grounds, &c., over to the company, in addition to the road, and I presume that that was what this common stock was given for. I cannot say. That was not belonging to the Sioux City Company.

#### CHARACTER OF COUNTRY.

Q. How did this 6½ miles of road compare with the rest of the road as to the country through which it passed?—A. It was estimated at the price as being the cost. I suppose the cost of that part of the road was correctly estimated. It had no rolling stock, shops, or machinery, anything of that kind whatever.

Q. I ask you how the country compared with the country through which the Sioux City road passed, as to difficulties of construction—was it substantially the same?—A. Substantially the same. It was considered a little lower ground part of the way.

#### DISTRIBUTION OF FIRST-MORTGAGE BONDS.

Q. I find an entry on the minutes to the effect that you were to make a further allotment to the stockholders of \$400,000 of first-mortgage bonds which had been set aside in connection with Mr. Lombard's case. Will you please explain that?—A. I suppose that all the bonds were not distributed at the same time; that a portion of them were held back.

Q. Had not four hundred bonds been placed in somebody's hands in order to enable the company to appeal from the Lombard judgment?—A. Yes; that was the case.

Q. Then when the Lombard judgment was settled or arranged for, distributed those four hundred bonds among the stockholders?—A. Yes; they got them all.

#### MR. BLAIR RETIRES FROM PRESIDENCY OF ROAD.

Q. I find, from the minutes, that in September, 1871, John I. Blair retired, Horace Williams was elected president, and John I. Blair, financial agent and treasurer, was directed to turn over all bonds and coupons, paid or unpaid, with all books of account, papers, and property, in his hands; and he was also instructed to pay over some balance as specified in the report of the auditing committee, and a balance from him also as treasurer of the Fremont, Elkhorn and Missouri Valley Railroad, to the Sioux City and Pacific. Do you remember the action?—A. I do not recollect that; but I recollect that some time afterward, in settlement, everything was settled. I paid everything, one dollar that was in my hands. There was some balance, I think, in his hands.

Q. Do you remember that Mr. Williams succeeded you as president?—A. Yes.

## SETTLEMENT OF ACCOUNTS.

Q. Do you remember that at this time you were required to turn over all books of account to the company?—A. Yes.

Q. Do you remember what, if any, books of account you did turn over?—A. I suppose all the books that were at Cedar Rapids were turned over. That might have been. I do not know. I suppose that was a reference to the books while I was president—that our books and property of every description would be turned over to the new president—including all supplies and everything that belonged to the Sioux City and Pacific Railroad.

Q. Would not that also embrace the construction books showing the transactions of the company relating to construction?—A. I suppose so. I guess those had all been given up before that, so far as vouchers and everything of that kind was concerned. They were all given up.

Q. You have told us that two years before this you took the book showing the actual cost of the road to the auditing committee, and took it back and placed it in a vault?—A. I think at the time I gave the vouchers, and made a settlement with the auditing committee, they took all the vouchers; and my impression is that I took my book home, because it was simply a transcript of the payments that I had made. I had given all the vouchers up to the company.

Q. My question is: After the resolution was passed calling on you to deliver up all the account books relative to the affairs of that company, did you deliver up this particular book to which you have referred which contained a statement of the actual cost of construction of the road?—A. I cannot say whether I did or not. I do not know that I was ever called upon to do that. I had been running this road as president, and I had all the books of the operation of the road, which was a separate and distinct thing entirely. We had moneys to receive and moneys to pay, and everything of that kind. And everything that I had in the old company in any shape whatever we turned over to the new organization—to the president of the railroad. Of course I paid no further attention to it. All the books, papers, vouchers, and everything that there was for the running of the road and for the construction, so far as I know, were turned over.

Q. You say that in regard to this particular book that contained the statement of the actual cost of construction of the road, and which you exhibited to the committee and then took away with you, you did not think you were called upon to turn that book over?—A. I do not think that I was, because they had all the vouchers. The settlement had been made with the committee before that, when I gave up all my vouchers.

By Commissioner LITTLE:

Q. You mean the auditing committee?—A. The auditing committee.

By Commissioner ANDERSON:

Q. Your recollection is that you did not give up to the company the book containing the actual cost of construction of the road?—A. I will not say that I did. My book that I had, after giving up all my vouchers, and reporting to the company all moneys that I paid over to Mr. Walker, which equaled the amount that he had paid out, I suppose, or more, he being the paymaster there. He had to make a settlement with the committee. He had to account for the money which had been paid over to him. He settled that account himself. I settled my own account with them and gave all up. My recollection is that this book

Q. Did you get any lands from Harrison County?—A. I think not.

Q. Did you get any lands from Monona County?—A. Those were Cedar Rapids lands.

Q. Did they ultimately come to the Sioux City Company under the consolidation?—A. We sent to Washington and we claimed the swamp lands and we marked them off; but they had been sold to others and we had lost them, and eventually we never got any swamp lands from the State.

Q. How could the Monona lands go to the Cedar Rapids Company?—A. All these lands were Cedar Rapids lands. They got a million acres and more from the State. The Cedar Rapids Company was a land-grant road across the State. We got all those grants.

#### STATE LANDS OF NEBRASKA.

By Commissioner LITTLER:

Q. Do you know how the State of Nebraska became vested with the title to those lands, in the first instance, from the General Government?—A. The General Government, as I understood it, gave each of these territories half a million acres of land for railroads and other improvements which they might deem proper.

Q. Was that by the terms of the act of admission into the Union?—A. I suppose so. That is what was done. The State afterward passed a law to give to any railroad company that would build ten miles of road, 20,000 acres of land; and if they built 50 miles they were to have 100,000 acres of land.

#### COUNTY BONDS.

By Commissioner ANDERSON:

Q. In addition to the lands, did you receive any aid of any kind from other counties—county bonds or money?—A. Yes; I think the Northern Nebraska Air Line Company received some aid by bonds that were voted.

Q. By what counties?—A. I think it was Washington and Dodge counties.

Q. Do you remember the amount?—A. I really forget the amount now.

Q. Whatever it was, was it paid to the company in county bonds?—A. Yes.

Q. Did those bonds subsequently inure to the benefit of the Sioux City Company?—A. I think they got the benefit of it.

#### DISPOSITION OF BONDS.

Q. Do you know whether the bonds were sold or what disposition was made of them?—A. They were promoted among the stockholders.

Q. Did you get any of them?—A. I did.

Q. Do you remember how many you got as your share?—A. No, I do not.

Q. Did you get about a fifth or a sixth?—A. I got my pro rata. I do not know that there was any time set out for the payment of bonds. They paid about 1 per cent. interest a year, I believe, on the valuation—1 to 1. That was all that was ever received on the bonds.

Q. Are they still outstanding?—A. Yes, and likely to remain so.

Q. Was there any aid of this same character extended by any other counties?



**The WITNESS.** The Sioux City company did not receive it, because the money was paid. Cash was paid to the Sioux City company. If they took stock of course all the parties took it and paid the money. I know the money was paid for the land. I took my share and paid cash. But others did not take their share of the land, because they did not think it was any object.

**DISTRIBUTION OF STOCK PROPORTIONED TO MONEY PAID IN.**

**Q.** In order to refresh your recollection as to the manner in which these lands were first disposed of, before the action was taken to offer them first to the stockholders at \$3 an acre, I read to you from the minutes the action which follows the action to which I have already referred as to the lands in Nebraska. The minutes say the lands in Iowa were similarly disposed of to the Sioux City Land and Town Lot Company in Iowa, and the president was directed to dispose of all lands and town lots in Iowa held by him in trust to the same company (that is, the land company), and a resolution was passed as follows:

*Resolved, also, That the officers of the said land company be authorized to issue the land stock to be paid to this company, to the individual stockholders of this company pro rata, instead of to the company.*

Do you remember that that was done?—**A.** I do not recollect what was done, but I know this: that the price fixed upon the land was paid in cash to the Sioux City and Pacific Railroad Company. I think the stock was issued to each stockholder for the amount he actually paid—for the number of acres and the price. The money was paid in first to the Sioux City and Pacific Railway Company, all in cash, and the stock was afterward issued by this company. When you come to speak about the lands in Iowa, these lands were some swamp lands that were voted by Woodbury County. I got them to vote some swamp lands there. They thought they would do something toward the erection of a depot there, and they voted some swamp lands, and I had a hard time after that to get the lands out of them. Those were all the lands we got. We got no Government lands whatever.

**SIoux CITY AND PACIFIC LANDS SOLD TO STOCKHOLDERS.**

**Q.** When you say that the lands were paid for in cash, do you refer to all the transactions, or only to the transaction subsequently had in regard to receiving \$200,000 and selling the lands for \$200,000?—**A.** That \$200,000 that we sold the lands for was for lands that were a portion of that 42,000 acres that we got from the Government. The Union Pacific Company claimed them, and we had a suit in the Supreme Court of the United States, I think, at the time to recover those lands from them, and also to recover the lands that they had sold. The Union Pacific Company sold the lands, and denied that we had any rights whatever in the lands. We brought suit, and we thought our case was a good one; still it was uncertain. The Sioux City and Pacific Railroad Company wanted the money pretty badly, and we sold the lands to the stockholders for \$200,000. I know they paid for them in money. That is about the amount of it. So far as I am concerned I know I can say that it was a loss to me individually.

**Q.** What I want particularly to know is whether you are positive that at the time of the conveyance of the Nebraska lands to the Sioux City and Pacific Land and Town Lot Company, in March, 1871, and at the time of the conveyance of the Iowa lands to this same company in

March, 1871, there was any consideration paid by the land company, in money, to the railroad company?—A. According to my books it was in 1873 that the balance of that 42,000 acres was sold.

#### STOCK ISSUED DIRECTLY TO STOCKHOLDERS.

Commissioner ANDERSON. I am talking of a transaction that occurred in March, 1871, under a resolution, by virtue of which the Sioux City company sold all its Nebraska lands to this land company. The resolution directed that the stock of the land company should be received in payment therefor by the railroad company. Then a subsequent resolution directed that the land company might issue its stock in payment for these lands direct to the stockholders of the railroad company instead of issuing it to the railroad company.

The WITNESS. Of course it was issued to the stockholders—those who took their proportion of the \$200,000 purchase. The stock was issued to those who paid, exactly in proportion to the money that they paid.

Commissioner ANDERSON. This transaction occurred two or three years before the \$200,000 transaction, and the effect of it, as stated in the minutes, would appear to simply distribute the lands which are referred to—the Iowa and Nebraska lands—among the stockholders of the Sioux City company as a dividend.

The WITNESS. No; we paid money for it. We paid cash. I paid cash, and so did every one, so far as I know. We paid the money squarely in to the company.

Q. Let us see what you did yourself. What stock did you receive of the land company in March, 1871, or in the spring of 1871?—A. I have it down, I think, that that land in 1873 was 42,000 acres.

#### LAND OBTAINED THROUGH CONSOLIDATION WITH NORTH NEBRASKA AIR LINE.

Q. Are the 42,000 acres included in the Nebraska lands?—A. No. Those are lands that we got of the North Nebraska Air Line consolidation. I and some others controlled the charter of the North Nebraska Air Line Company, and we got 42,000 acres of land by that charter. Those lands were turned over to the Sioux City and Pacific Railroad Company. Those lands were held. We might have sold some from time to time. I will not say how many were sold, but whatever was sold the Sioux City company got the benefit of.

Q. When you say that, do you mean that the company got the benefit of it or the stockholders got the benefit of it?—A. It was paid into the Sioux City and Pacific Railroad Company. It was not paid to the stockholders; it was paid right in to the road.

Q. Will not their account show if they received any money?—A. I suppose it will. The money was paid in clean cash. I paid my money in clean cash. The fact was that the railroad was in debt.

Q. Why should you pay in money to the Sioux City Railroad Company when the transaction showed that the lands were passed over to the land company and it was the land company that should pay the Sioux City, and not the purchaser of the land?—A. I took my share of the land, and so did every other stockholder, and each man paid his money in to the Sioux City and Pacific Railroad Company.

Q. From whom did you take your lands?—A. The lands were turned over to the Sioux City and Pacific Company, and I suppose they made the title to the lands to us.

issued by you. Then it was also provided that a certain amount of the stock of the company should be issued to each of the companies in the proportion of their respective interests in the bridge. Is not that so?—

A. Yes; that is about my understanding of it. Whatever stock was issued was issued in that way.

Q. After that did the Blair Company go on and build the bridge?—

A. Yes.

I CANNOT REMEMBER THAT HE REMAINED PRESIDENT OF THE BLAIR COMPANY.

Q. Did you remain the president of that company during the construction of that bridge?—A. I do not recollect whether I did remain president of the company or not.

Commissioner ANDERSON. It is only four or five years ago.

The WITNESS. Yes; but I have been president of so many companies, and my name has been used in so many things that I really did not take much interest in it.

Q. Did you retain your interest in the stock of the Blair Bridge Company?—A. I did, and in the stock of the other roads that I was interested in, in their proportion of the stock.

#### CONTRACTORS.

With whom did the Blair Company make the contract to build the bridge? I mean the actual builders of it. Who built it?—A. That company, I suppose, built it. The Blair Bridge Company built the bridge.

Q. But I mean, with whom did they make their main contracts for iron, steel, and material that entered into the building of the bridge?—

A. I think a Pittsburg company supplied the iron, and I think the stone work was supplied by another contractor who had done work on the Bismarck bridge. I do not recollect his name. The bridge cost \$1,200,000, while the Union Pacific Railroad Bridge was mortgaged, I think, for \$1,500,000. We built it for cash, and there is no security on it except the actual cost of the bridge.

Q. In what books would the actual cost of the bridge appear—the books of the Blair Bridge Company?—A. I think so; I think the cost of the bridge will all appear, regularly. What we wanted was the control.

I do not think that stock represents any value. It was only to control.

#### BONDS REPRESENT THE ACTUAL COST.

By Commissioner LITTLE:

Q. Do you think the bonds represent the actual cost of the bridge?—

A. The bonds represent the actual cost of the bridge, and the value of it. Of course there was some other capital there of the stockholders, but I think it, provided they did not negotiate the bonds, but afterwards the bonds were negotiated.

By Commissioner ANDERSON:

Q. Do you know whether, in order to determine whether bonds should be issued, any statement of the actual cost of this bridge was rendered to these different companies so as to satisfy them that the bridge had actually cost \$1,200,000?—A. I think there was. I think they were satisfied with the actual cost of the bridge. It was all

## TRANSFER OF STOCK TO NORTHWESTERN COMPANY.

Q. Do you know what the Northwestern paid to the Sioux City for the stock that was transferred in December, 1885?—A. It was only their guarantee, I guess. I do not think there was much money.

Q. Do you know what the Northwestern paid for it in money?—A. They might have taken their pro rata of bonds. The bonds were issued in lieu of the stock, and the stock might be considered as given over as a pro rata of that guarantee. If there was a deficiency on the payment of the coupons, that company had to pay in proportion to that stock; it would have to contribute towards the deficiency.

Q. As a matter of fact, did not the Northwestern assume all the obligations of the Sioux City, and pay to the Sioux City \$37,000 for \$37,000 of stock?—A. I want to say this: When we sold out to them the assets were all turned over, and this may have been some indebtedness that the Cedar Rapids Company owed; I will not say about that. When we consolidated our roads with the Northwestern they assumed all the indebtedness, and they assumed the indebtedness of the coupons.

Q. Was there an exception made to the liabilities of the Sioux City that were assumed by the Northwestern?—A. Yes, sir; I believe they did not assume to pay the Government anything.

## THE GOVERNMENT BENEFITED.

Q. They excepted the liability to the Government, did they not?—A. Yes. Now, let me tell you, gentlemen, as to how the Government benefited in the construction of this road. After this road was constructed I went to Saint Louis and got Captain Lawrence to go to Sioux City with two steamboats. We put some money up there, and after that the Government sent all its Army stores to Sioux City, and a store-house was put up there. He said he had been a very large contractor, and had for some years carried more or less goods for the Government on the Yellowstone, and otherwise, from Saint Louis. The difference in that year was that the Government gained over \$1,000,000 between what they paid in taking the goods from Sioux City and what they had paid before.

## HOSTILE LEGISLATION.

Q. Do you know whether, in the Congress of the United States or in the States of Nebraska or Iowa, your company has had to encounter hostile legislation at any time?—A. We had considerable litigation at this swamp-land matter. I recollect about that.

Commissioner ANDERSON. I do not say litigation, but legislation, as to trying to put down freight or passenger rates.

The WITNESS. Yes; we have had all that trouble with these commissioners. We supposed that when we built a railroad it belonged to us, but I do not know about that now at all, because the commissioners say what we shall have for carrying, whether we make anything by it or not. The result of it is that in various parallel roads, you might say, to-day (except the long roads of the country), that all the others will go into the hands of a receiver and go into insolvency.

Commissioner LITTLE. What Commissioner Anderson wants to know is whether the legislatures of Nebraska or Iowa have at any time attempted to pass legislation restricting the company in its charges for freight and passengers, thereby threatening the revenues of the company.



paid and the purpose to which the money was applied?—A. No; I do not. For my part, if there was any such thing it was kept from me.

#### MOTIVES OF LEGISLATORS.

By Commissioner LITTLER:

Q. You spoke about a certain proportion of legislators who always acted from high and honorable motives, and did not want to be paid, and then you spoke of another class of fellows who did want pay. How did you happen to know that?—A. I knew that by experience in my own State.

Q. You were speaking of the New Jersey legislators?—A. Yes; and I believe it is the same thing in other States—in Pennsylvania, and I guess in all the others. And so far as New York city is concerned, you know they never did anything there unless they got paid. People here are complaining of poor Sharp. He was only the people's agent, to carry out our objects. He was only an agent. He made a sharp bargain. Without him we should not have got the road in Broadway at all.

#### MONEY NOT A NECESSARY FACTOR IN LEGISLATION.

Q. Recurring to the class of men who always want pay for their services in legislatures, do you state that from your personal knowledge in relation to the legislators of Iowa or Nebraska, or either of them?—A. No; I do not speak of them so particularly in regard to that matter. I have not had so much experience about the matter with them. When I undertook to build the road across the State of Iowa, raised the money and carried it through, I was rather popular. Dubuque company had failed to build its road. I wrote them a letter to the effect that if they would give me the lands I would build that road. I did not go to the legislature. I think the Iowa company spent a large amount of money that winter, and I think they only got three votes that winter—in the senate, I think, but one. They gave me the land, and I built the Iowa Falls and Sioux City road, which is leased to the Illinois Central Railroad Company.

Q. In all your operations and experience in constructing railroads in those States you have at no time found it necessary to pay, and have not at any time paid, money to influence legislation in any of those States, have you?—A. No; they were willing to give me more legislation than I wanted. I built the roads in Iowa, and it was for clean money. I never sold a share of stock or a bond. I raised the money and built the roads, and when all through I gave every stockholder his pro rata.

Commissioner ANDERSON. Tell us about the telegraph line connected with the Sioux City road.

#### TELEGRAPH LINE.

The WITNESS. We put up the telegraph line as part of the property.

By Commissioner ANDERSON:

Q. Did you operate it?—A. Yes.

Q. Did you sell it?—A. Yes; it all went with the property.

Q. Was not the telegraph line sold by your company to the Western Union?—A. Yes; I think it was.

Q. Then it did not go with the railroad, did it?—A. We were to build a telegraph line. We built a telegraph line, and when we ran our

telegraph separately we had a great deal of trouble. We built our own railroads and telegraph lines, and whenever we wanted to go over their line they charged us extras or headed us off, and afterward we concluded to sell out to them, but to retain some privileges. For railroad purposes I think we used it free.

Q. Look at the paper I now show you and say whether that is the agreement of the Sioux City Company with the Western Union Company?—A. That appears to be the contract.

Q. Is that the contract, as you recollect it?—A. Yes; I recollect the sale.

Commissioner ANDERSON. The consideration, I think, is \$4,250?

The WITNESS. Yes.

Q. Is that your contract for your telegraph line?—A. Yes.

Q. And such privileges as are reserved in the contract?—A. Yes; reserved all the privileges that the railroad company might want hereafter.

#### SALE OF GOVERNMENT BONDS.

Q. Did you personally sell the Government bonds, or were they sold to some New York house?—A. I think I sold them mainly myself; still I cannot say about that.

Q. Were not some sold through Winslow, Lanier & Co.?—A. No; I think not.

Q. In whose hands were those bonds that were attached by Mr. Lam-bert?

The WITNESS. At the time of the attachment?

Commissioner ANDERSON. Yes.

The WITNESS. I either had a portion of them at home at Blairstown, where I had them deposited for safe-keeping in the Park Bank or the City Bank.

Q. Did you not mention some broker's firm here, in your statement made before, on whom the attachment was served?—A. I think there was some broker here who had some money in his hands on call. Drexel was the name—one of that firm. I think I had left some of those bonds in their hands at a certain price. The money, I think, I left in their hands. They were to pay some little interest—3 per cent., or something like that—until I might call for it.

Q. Do you remember at what rate those bonds were sold?—A. Some of them were sold a little under par at one time.

Q. In what year were there any bonds sold under par?—A. About the time that we got those bonds (it must have been about 1869) I think some were sold under par and I think some sold at par.

Q. Were not some sold at quite a premium?—A. No, sir.

Commissioner ANDERSON. United States sixes.

The WITNESS. I know that at that time I got the full market price.

#### A STATEMENT OF PROCEEDS.

Q. Have you a statement of the proceeds of those bonds?—A. Yes; I think I could show you a statement. If you look at the quotations you will see they were sold at par and some of them under par.

Q. They were sold in 1869 or 1870—all of them—were they not?—A. Yes; I think they were.

Q. They were sold at the full market value?—A. Yes.

#### FIRST-MORTGAGE BONDS.

Q. Do you yourself now hold any of the company's first-mortgage bonds?—A. I do.

Q. How many bonds do you now hold? I mean if they were bonds originally issued to you.—A. The bonds originally were 12. I have got some \$200,000 of them or a little more. Some I bought some I gave away.

Q. I am referring now to bonds that were distributed to you as share. Do you still hold them?—A. I hold a portion of the bonds I originally got. The others I disposed of.

Q. Do you know whether any of the other distributors hold any of the bonds that were originally distributed to them?—A. No; I do. I bought some of the bonds of some of them, I recollect. I think there are very few of the original persons who got the bonds that hold any of them. I think their circumstances were such that the bonds were parted with.

#### MEMORANDUM BOOK USED BY WITNESS.

Q. In regard to the memorandum-book you produced a while ago, will you please show it to us, and state how far you can, from that memorandum, give us the items of the cost of construction of this road?—A. I have not got the original book; I said only I knew what the final amount was.

Commissioner ANDERSON. You had the original book here about an hour ago—a black book.

The WITNESS. Oh, no. That book I was showing you is a book I have brought here, showing you the manner in which, when I am at home, I make entries of my business transactions. You can see it is a page every day.

Q. Is that a mere sample, or is it the identical book relating to this road?—A. This book is for this year. It is a kind of book that I use every year.

Q. Have you the book corresponding to that in character for the year 1870?—A. I may possibly have it. Sometimes while I am at home I may give checks for \$100,000 or more or less, and I enter it in my memorandum book, and when I get home I charge each one.

#### CALL FOR ORIGINAL BOOKS.

Commissioner ANDERSON. The Commission will ask you to look up the book to which you have referred as having been exhibited to the committee appointed to audit your accounts, which you say you afterward took back and placed in a vault, and also will ask you to look up the original memorandum book from which original book the entries were made in the book first above referred to, and if you can find either of those two books it will ask you to produce them before the Commission.

The WITNESS. I will send them to you with pleasure. I have to go west soon, but will examine before I leave home, and write you. I had accounts and correspondence with various roads, and there were baskets full of my correspondence for years and years.

#### PRESENT PAYING CAPACITY OF SIOUX CITY ROAD.

Q. Is there anything further that you can state in regard to the value of the securities that the United States has for its claim, or with regard to the best adjustment that can be made between the road and the United States?—A. I can only give my opinion as of the present time. I think this road is about worth our bonds, and we could afford to



government about a million dollars for the whole debt. That would be my opinion.

In the first place, there is a road built parallel on the other side of the river—right down the river. The Milwaukee Company is building parallel, the Illinois Central is running a road down to Osawa, so the Sioux City road is completely "cut up." So far as the Illinois Central is concerned they will not give you a dollar's worth of business they can help it. The Milwaukee road used to give us business at Sioux City. They are getting their own roads now, and they give us no business. I did own the road up to Yankton and Sioux Falls, but finally I sold it to the Milwaukee road and they agreed to give us no business. Since then they have built their own road, and do not do us any business.

The competition has cut business down to such a point that, absolutely, a great deal of the local business we do does not pay expenses. So say, here is a thing we had better carry if it pays half the expense of the men that run the road. If we do not get anything more than the actual expenses we had better take it, because it will pay our expenses.

Then we have to live on the profits that are above that. If we do not do that we would have to pay all our expenses out of the profits, and have little business.

#### ITS VALUE TO THE NORTHWESTERN COMPANY.

Do you not think that the Northwestern, considering the importance of this road to its system, could well afford to pay the Government \$2,000 for a quitclaim in full?—A. No; the only valuable part is the part from the Missouri Valley to Fremont. That is of value because it is four or five hundred miles of its Elkhorn road that crosses this river. That is the valuable part. But there is a road now that has been built from Blair to Omaha that really would take the business out of the Northwestern. But it is, with the bridge, a very important part to the Northwestern; but the part up to Sioux City is of very little value except as an up and down route along the river.

#### AMOUNT RECEIVED FOR STOCK.

Are you a director in the Northwestern?—A. Yes.

Commissioner LITTLE. I would like you to state to the Commission what the Northwestern paid to the company for this Sioux City stock.

THE WITNESS. The Cedar Rapids owned the stock, or the greater portion of it, and we turned over all the assets that the Cedar Rapids had and all that we had with our road, and I do not believe we got anything for the stock in the trade—the way we sold out.

Commissioner LITTLE. Refresh your memory and state, to the best of your knowledge, just how that stock was accounted in the trade—at what price, and for how many dollars.

THE WITNESS. I am under the impression that in the deal (from my own station about my own interest and otherwise) we did not realize over 10 cents on the dollar.

How many shares of the Sioux City were there?—A. There was \$1,000 of stock. But the Cedar Rapids did not own that stock. We did not know how much of it there was. We might have had a million or a half of them.

## OUTSTANDING STOCK.

By Commissioner ANDERSON:

Q. Did the Northwestern buy the rest of the stock?  
Commissioner LITTLE: The outstanding stock.

The WITNESS. I think not. I guess there is some outstanding; it may be, though, that they bought it all in.

Q. Do you know what they paid for the outstanding stock?—A. I do not know, but I do not think they paid over 10 or 15 cents. They used to offer me stock for that.

## PRESENT VALUE: CONTROL OF ROAD.

By Commissioner LITTLE:

Q. How much is that stock worth to-day, considering the fact that it controls the property—the Northwestern Company having a majority?—A. The only value I consider it to have to-day is for the purpose of controlling the road.

Q. You would not take that for it, would you?—A. Yes; I would sell it for that, only that I want it to control the business.

Q. The Northwestern people would not sell it for that, would they?—A. I do not think they would.

Q. Is it not worth 30 cents, at least, to the Northwestern Company?—A. I do not think so.

Q. Would you, as a director of the Northwestern road, advise the sale of a majority of this stock at 30 cents on the dollar?—A. No. I should not advise them to sell it, because they keep the control of the road by it. They had better keep it, not sell it; but if it was my lot to keep the control of the road I should be glad to part with it for 10 cents on the dollar. The only object of the bonds of the Sioux City and Pacific Railroad was to take care of the people who owned the bonds. We have protected the bonds. We have contributed to pay them.

By Commissioner ANDERSON:

Q. By "we" you mean the Northwestern, do you?—A. No. It is the Northwestern contributed by giving rebates, and all that. But I mean the Cedar Rapids, which has 300 or 400 miles of road, and the Elkhart and such roads. We have got to take care of the road. If they would not pay it we had to take hold and borrow the money and pay it.

## THE GOVERNMENT DEBT.

By Commissioner LITTLE:

Q. In view of the fact that the Government debt threatens at any day to wipe out this stock, and thereby wipe out the control of the Northwestern Company in this property, and in view of the fact that the Sioux City forms a part of this system, I again ask you what, under all the circumstances, the Northwestern could not well do to pay the Government \$1,500,000 for a release of this debt?—A. I do not know what they could do when the time comes around, but at present I should think it would be generous to pay \$1,000,000. I am speaking now as if I were the United States. When the Government comes to take the road, if it does take it, we can make as good a bargain as on any other road, and if we cannot, the Government could keep it and run it and it could see how it would come out then. That is all there is about it.

## LAND PATENTS: HOW OBTAINED.

Q. Who attended to the business of obtaining patents from the Government for your lands?—A. I did. I got them all out of the Government myself.

Q. What was the course of proceedings? Was it to make application for location?—A. Yes, we located the road. It was all marked off on the books at Washington. They took the map and marked off how much land there was. Then we selected lands in the office, and they approved it, and they gave us patents.

Q. Did you take out patents as soon as they were ready in all cases?—A. I cannot say whether we did right away. They laid some time without being taken out, because we wanted to avoid the tax all we could.

## EFFECTS OF HOMESTEAD LAW.

Q. The fact was that if the patent had been issued the lands became taxable?—A. The lands became taxable; and we, of course, wanted to avoid that, because we could sell no lands. Here was the trouble. When the Government passed the homestead law no man would buy an acre of land from us. I think the tax was \$700,000 before I sold an acre. The homestead men got such privileges that nobody would buy back of us. The Government had an immense amount of land lying here. I think on the Iowa Falls road they had half a million acres. But, Lord's-a-mercy! when the homestead bill went through the homesteaders came there like the locusts of Egypt.

## IOWA FALLS CONTRACTING COMPANY.

Q. There was a number of corporations to which you have referred, and we want to know about who the officers and directors of these corporations were. There is the Iowa Falls Contracting Company. Who was president of that company?—A. I was.

Q. Who were the directors, do you remember?—A. I do not remember exactly. They were some of our stockholders.

Q. Do you mean some of the stockholders of the Sioux City Company?—A. I do not know whether of the Sioux City Company. They might have been. The stockholders of the Iowa Contracting Company were, I think, stockholders of the Iowa Falls Company.

By Commissioner LITTLE:

Q. Can you send us a full list of those officers when you get home?—A. I do not know that I could. I might have the minutes. But at Cedar Rapids they would be able to tell you.

## OTHER COMPANIES CONTROLLED BY THE SAME INTERESTS.

Commissioner ANDERSON. There are the Iowa Falls Contracting Company and the Missouri Valley Land Company?

The WITNESS. That Missouri Valley Land Company was the Missouri and Pacific.

Commissioner ANDERSON. The Sioux City and Pacific Land and Town Company. You were the president of that, I believe?

The WITNESS. Yes.

Commissioner ANDERSON. And it was in the control of the same interest, substantially, as the other companies?

The WITNESS. Yes.

By Commissioner ANDERSON:

Q. Were you also president of the Missouri Valley Land Company?  
A. I guess I was.

Q. Who was president of the River Sioux Town Lot Company? Was it one of the same people who were in the land company, only that it referred to town lots instead of lands?—A. I guess so. I am not certain about that.

#### PRESIDENT OF FIFTEEN OR SIXTEEN COMPANIES.

Q. Were you president of the Missouri Valley and Blair Railway and Bridge Company?—A. I think so. We had fifteen or sixteen companies; and I believe at one time I was president of all of them.

Q. Were you president of the Fremont, Elkhorn and Missouri Valley Railroad?—A. Yes; I was president of that company, and raised the money for it, pretty much.

Q. Were you president of the Cedar Rapids and Missouri River?  
A. Yes.

#### CALL FOR A LIST OF OFFICERS OF THE SEVERAL COMPANIES.

By Commissioner LITTLE:

Q. Can you not send us a list of the officers of those several companies?—A. At Cedar Rapids I might find all this information, and probably I may at home. I will look and see whether I can hunt them up.

Commissioner LITTLE. I wish you would, and if you have them send them.

The WITNESS. Yes. I am obliged to leave for Iowa to-morrow next day. I am bound over in recognizance there to appear on behalf of the State. I have been building roads out there. I can get the particulars, undoubtedly, of these officers, either at Cedar Rapids, or I may have them at home in some entries. I used to have them all, but it is so long back that really I hardly know where to look.

Commissioner ANDERSON. In regard to those two books, I would like you to write me a note here in case you cannot find them, saying that you cannot find them.

The WITNESS. Yes; I will give you all the information I can, with pleasure.

#### AS TO THE WISDOM OF BUILDING BRANCH ROADS.

Q. Will you give us your opinion as to the wisdom of the construction of the branch lines on the Union Pacific road, and state what effect, whether good or bad, they have had upon the main line with reference to its earnings?—A. Some of their branches have contributed to them and others that they have built have been a loss to them. That is my view about it. I think they have spread out entirely too far.

Q. What is your judgment of the wisdom of a great trunk line building branch roads or feeders?—A. It is only to secure territory that should be advisable to build. I would never build a spur road if it were not to secure territory; not one.

Q. That is what they are built for, is it not?—A. Yes; but a great many have built these spurs as matter of speculation.

Q. Just where there is valuable territory which can only be made tributary to the main line through the construction of a branch line.

and where the branch line is built with that view, and upon economical business principles, is it or not a wise project, as a rule?—A. Yes; it is wise. I have done a great deal of it myself. It is to hold territory. We get the long haul on the main line, and if that branch will pay merely running expenses we consider that we are well off. Then we have got the business, and have got it on the long haul.

Q. So that it sometimes pays, does it, to build a branch line, although the earnings of the branch line, separated from the main line, do not really pay interest on the cost of construction?—A. It would be valuable so far as paying interest on cost was concerned.

#### A WISE INVESTMENT.

Q. And yet it would be a wise investment?—A. A wise investment for a main road. I have done it. Although the branch line was a loss the business it made for the main line made up for that.

Q. In other words, you got a long haul on the main line of traffic which otherwise you would not have had?—A. Yes; a long haul. It would give us a full load to pull. There is no road between here and Chicago that could live except on the through business. When I ran the Delaware and Lackawanna road I made money at 2 cents a ton per mile, and lost money on the way business at 5 cents per ton a mile. We never started from the coal mines until we got all we could pull to the New York market. There the engineer got his dinner and took all the empty cars back.

#### LONG AND SHORT HAUL.

By Commissioner ANDERSON:

Q. It is the long haul that pays, is it not?—A. Yes. When we started to take out the local business, the first 10 miles out we had to stop; and perhaps the car for that station might be in the center of the train, and that had to be got out, and so the engineer would fool away his time all the way down, especially if he was a little green and did not get the cars well arranged. Take a road 20 miles long, and if you get 10 tons on that 20 miles you can take it for 1½ cents a ton; that is \$3 for a car; and probably not a full load at that. Even if you get a full load it would only be \$3; and it would not pay the grease for the axles. You cannot get a team to-day to carry under 20 cents per ton per mile; but if you wanted them to take a ton 1 mile, and then unload it, they would not take it. But if you wanted them to carry it all the way, they would do so. And now when we take freight for 1½ cents a ton people complain. If you charged the prorate it would cut off the West. This long and short haul principle, as they attempt to apply it, would ruin the West. The Union Pacific used to charge a shilling a mile.

Q. Do you consider each of these branch lines of the Union Pacific a loss?—A. They built a branch line—some of that line that went to Denver—

Q. (Interposing.) To Leadville, do you mean?—A. Yes; some of the mountain road they have got.

Q. You are not sufficiently familiar with them to state whether they are profitable or not?—A. No.

Commissioner ANDERSON. Then I will not ask you about them.

#### GOVERNMENT SHOULD BE GENEROUS.

The WITNESS. The Union Pacific has got to come down in its prices. It values its stock at something, but I do not know what it will come to

in time. If the Government will be generous to it, and give it a long time to pay, paying a little every year, it would come out all right.

Commissioner LITTLE. Paying a little of the principal, and the interest every year?

The WITNESS. Yes. The company probably could do that. As I have said, with the Northwestern, that would be about as much as it could afford to pay. That would be about as much as \$2,600,000 for the road, which I think would be about all that it is worth. Still, after a long while, the company might do better.

Q. Do you know how much you owe the Government?—A. I cannot say.

Commissioner ANDERSON. It will be about \$5,000,000, I believe, in 1897.

#### COST OF RUNNING A RAILROAD.

The WITNESS. I do not know how much. I know this, it is pretty hard work to run a road. It takes a good deal of capital to run these roads. Take the case of a Western road; if goods go from Philadelphia to Sioux City you have got your little prorate to pay. About nine tenths of it has to be paid to the Philadelphia road at the end of the month. When the goods come there the merchant may not have the money, and does not take out the goods, and so you have got to raise the money to pay. Then if you burn wood you must get your supply year ahead. You have no idea how much capital it takes to run a road after all is said and done. You have got to pay your men every month and the other railroad expects to get paid every month. I have had experience enough to know that you need a great deal of capital to run a road. That used to pinch us wonderfully on this Sioux City Pacific Railroad. The Government pays nothing. Its goods all come there and have to be carried. The other roads pay sometimes six months after convenience. [Laughter.]

The Commission then adjourned, to meet upon the call of the chairman.

10 WALL STREET, NEW YORK, October 25, 1887.

The Commission met upon the call of the chair, all the Commissioners being present.

#### A SUGGESTION FROM MR. STANFORD.

The Commission received the following telegram from Mr. Leland and Stanford:

SAN FRANCISCO, CAL., October 20, 1887.

TO ROBERT E. PATTERSON, E. ELLERY ANDERSON, and DAVID T. LITTLE,  
Called States Pacific Railway Commission, Room 31, No. 10 Wall Street, New York:

In your examination of myself, you asked me to suggest some way of settlement between the Central Pacific Railroad Company and the Government. Now that testimony has closed, and, as I am advised, nothing material has developed in conflict with the equities as established by the testimony taken in California, I desire to suggest that the Commission report in favor of the appointment of a proper court to consider the equities existing between the Government and the Central Pacific Railroad Company, as inquired into in accordance with the act of Congress approved March 3, 1867, and render final judgment thereon. Then the question what further legislation may be needed can be fairly considered. I consider that the act of Congress directing inquiry into the equities creates a different standard by which to measure the relations between the railroad company and the Government from the purely legal relation theretofore existing.

LELAND STANFORD.

## TESTIMONY OF EFFINGHAM H. NICHOLS.

EFFINGHAM H. NICHOLS, being duly sworn and examined, testified as follows:

The WITNESS. I should like to make a statement.

The CHAIRMAN. We shall be glad to hear you.

The WITNESS. I received a letter from Commissioner Anderson inquiring of me two things: First, the early history of the Union Pacific Railroad, Central Branch, and, in the next place, the cost of the road. On those two matters, with what time I have had, receiving the note only yesterday morning, I am prepared to give a very concise and succinct statement, if you will allow it, which is full of interest, and which embraces all the facts of my relations to the road and its history down to the time we parted with it.

Commissioner ANDERSON. I am perfectly satisfied with that arrangement, reserving the control of the examination afterwards, when you have finished your statement.

The WITNESS. That will be satisfactory, of course.

## HISTORY OF CENTRAL BRANCH UNION PACIFIC.

My first statement, then, is a statement of my relations with the Central Branch Union Pacific Railroad, and its history from the time of my connection with it until the time that a majority of the stock was sold, as I afterwards understood, to the Union Pacific Railroad Company.

My attention was first called to what was then called the Atchison and Pike's Peak Railroad Company in the year 1865. In connection with Mr. William C. Wetmore, of this city, and Mr. R. M. Pomeroy, of Boston, now deceased, and Olmancey Vibbard, representing Mr. Erasmus Corning and a few others, a conference was had in regard to the matter. We were told that this company had been in existence for a long period of time—I forget how long; that it was chartered under an act of the Territory of Kansas bearing date 1859; that it was entitled to certain subsidies in bonds and lands under the Pacific railroad acts of 1862 and 1864; that its visible assets or available assets would be, in pursuance of those acts of Congress, 1,000 of first-mortgage bonds, 1,000 of United States bonds, and \$1,000,000 of stock. It was capitalized with \$1,000,000 of stock, besides the land.

Commissioner ANDERSON. The lands to be granted?

The WITNESS. The lands to be granted. We examined into this matter with great care. We were told that we should have to take it subject to certain existing obligations, which would require them to retain about 400 of the first-mortgage bonds, and also that it was subject to certain contracts for lands. We directed our attention at once to inquiring into the matter and finding out what the rights were of this company. We found it to be true that its charter was a Territorial charter granted by the Territory of Kansas. The rights that were given to the Hannibal and Saint Joseph Railroad Company under the acts of Congress of 1862 and 1864, which authorized it to continue or to build a line west of Atchison 100 miles, and for that purpose to use any charter which had been or might be granted by the State of Kansas, we found had all been assigned to this company. Then we also examined and found that the general plan of the Pacific Railroad had been completed by the filing of the maps. We found that, upon an examination of the acts of Congress, they were acts which, according to their title, provided for

the construction of a railroad, a unit, and that the different parts of the road which had been assigned to different companies were integral portions of that unit. We found that the maps were completed, as I have stated, and therefore that the plan of the Pacific Railroad was perfect and complete.

In discussion with Mr. William C. Wetmore, our attention was particularly drawn to this question: Suppose, after we had completed our portions of road, that any of these other companies should fail to complete their portions, might we not be in trouble and be left standing in the wilderness? We then directed our attention to the sixteenth section of the act of 1864, which not only provided that any two or more companies might be consolidated and become the successors of all the rights of the individual companies, but also provided in the strongest and most emphatic language that in case the companies did not consolidate, any of them, such company, upon the completion of its road, "shall be entitled to continue and extend its road until a connection shall be reached, and shall be entitled to lands and bonds."

#### AS TO THE CONSTRUCTION CONTRACT.

We were further informed that a construction contract, which was afterwards abandoned, had already been made by these previous parties with a man by the name of William Osborn. We examined into that question, and found that the interests in that contract were divided into sixty-fourths.

I will state here, because it comes in appropriately, that afterwards we concluded to abandon that contract entirely. We obtained the consent of all parties to abandon that contract, and to let the company go on and build its road in good faith, the same as an individual would, upon certain terms and conditions, which I will hereafter state.

At that time Mr. Samuel O. Pomeroy (ex-Senator Pomeroy) was the president of the road. A man by the name of Willis Gaylord was the treasurer, and a man by the name of James Wadsworth was the secretary. We concluded to go into this scheme, and we took different interests in this contract.

By Commissioner ANDERSON:

Q. In what contract?—A. In this construction contract with Mr. William Osborn, which, as I have stated, we afterwards canceled.

Q. In the Osborn contract?—A. In the Osborn contract. We went on and paid in about \$600,000.

Q. Will you be a little more specific just there as to what this contract was? If you have a copy of it we would like to see it.—A. I have no copy of it. I do not know where there is any copy.

Q. Who were the parties?—A. It was a contract entirely between that railroad company and this William Osborn. These interests were assigned by William Osborn to different parties. I will endeavor to call those names before I leave, and give them to you, as far as I can. There were a great many of them.

Q. Can you state what Mr. Osborn was to receive from the company and what he was to do?—A. He was to receive all the bonds that were remaining.

Q. That is, the first-mortgage bonds and the United States bonds?—A. The first-mortgage bonds and the United States bonds, and proceeds of the capital stock, and I think some portion of the lands.



By Commissioner LITTLE:

Q. The stock itself?—A. Yes, sir; the stock itself.

Q. Not the proceeds?—A. Virtually that contract became absolutely all and void, for reasons which I will give you.

By Commissioner ANDERSON:

Q. In order to ascertain the effect of the change, we want to understand what the contract was. In consideration of the first-mortgage bonds, of the United States bonds, and of the stock itself, or its proceeds, as the case may be, was Mr. Osborn to build and equip and deliver 100 miles of road?—A. Yes, sir.

Q. And after the contract was made, he assigned most of the interests in that contract to certain parties associated with yourself?—A. Not all of them. He retained four sixty-fourths.

Q. Did he assign all except four sixty-fourths?—A. Yes, sir.

Q. Which were subsequently canceled?—A. Which were subsequently canceled. As I have already stated, we went on and paid in about \$600,000 cash.

Q. Either to Mr. Osborn or for what he had done?—A. We paid to Willis Gaylord.

#### VIRTUAL CANCELLATION OF THE CONTRACT.

Q. Was it not to meet the actual expenses?—A. That was to meet the actual expenses of building the road. With that condition of things we became dissatisfied; that is, this new organization, if I may so speak, became dissatisfied. The result was that Mr. Ralph M. Pomeroy, of Boston, who is now deceased, became president of the road; I was elected the nominal treasurer, although I was counsel of the road and could not give it attention. Mr. Thomas M. Sother, who is now somewhere in Southern California, and who is an aged man, being upwards of eighty years of age, I think, and feeble in body now, was elected secretary and was the acting treasurer of the road. Also, at that juncture, the parties who were interested in the contract, at my instance, having paid \$600,000, agreed to surrender this contract—all except Mr. Osborn. We bought him out and the contract was virtually canceled.

Q. Can you give us the date of this transaction?—A. The books would show, but the books are in possession of our successors; that is, the Union Pacific Railroad Company.

Q. Please examine the extract from the minutes of December 1, 1868, and see if that refreshes your mind as to the time when this occurred.—A. I have read a part of that.

Q. The question is, whether that refreshes your mind as to the period when the Osborn contract was altered or changed?—A. I think it very likely that that was about the time.

Q. About December, 1868?—A. About the time, although it had been virtually abandoned before that. I know that papers were prepared by which these parties agreed to cancel. Where those papers are I do not know.

Q. Before you proceed to state exactly what occurred, will you please explain to us the physical condition of the road at this time, and how far it had been constructed?—A. That I could not state, except by reference to the papers. I know that the road was nearly, if not quite, completed. I think this will all come in in my statement, if you will allow me to go on with my statement.

Commissioner ANDERSON. Very well, sir.

## CONDITIONS OF CANCELLATION.

The WITNESS. This contract was canceled upon conditions that, being paid in \$600,000, six thousand shares of the capital stock should be issued to the parties that had paid in that amount of money; also upon condition, as respects the company, that the remaining \$400,000 should be subscribed for and paid for in cash, provided, as a further inducement to this cancellation, that 400 of the first-mortgage bonds should be divided up among the stockholders. And I think also it provided that the remaining first-mortgage bonds should be purchased by the parties at a certain price; but I am not sure about that.

Q. Was it not also understood that the 6,000 shares which were to be issued to the parties who had paid the \$600,000 were to entitle them to their pro rata interest of all the profits and advantages which would accrue to them under the Osborn contract?—A. No, sir; it was not.

Commissioner ANDERSON. It is so stated on the minutes.

The WITNESS. Well, I refer to the final action, which I may have confused with that in regard to it. In the year 1866 we were informed that there was a bill pending before Congress which had been introduced by the Kansas Pacific Railroad, which might possibly affect our rights. We went to Washington, and I was the counsel of the company, having been employed from the beginning. We presented a protest against the passage of that bill as a matter of precaution, although, upon examination, we found it had no effect upon us. That bill was passed.

## PASSAGE OF THE SMOKEY HILL BILL.

After the passage of that bill we began to fear lost parties at Washington in authority might think that that Smoky Hill bill affected our rights in some way. In order to make ourselves secure and safe in the matter, we at once applied to the honorable Benjamin R. Curtis, one of the most distinguished lawyers in his day, for his advice in regard to the effect of the Smoky Hill bill. We obtained from him his opinion, which we have in print. It was to the effect that it did not affect our roads in any way, but that we would have the right, after the completion of the road, to go on and continue our road to a connection with the Union Pacific at the 100th meridian, and receive lands and bonds. It was thought advisable we should at once apply to the Secretary of the Interior, then Mr. Browning, and file a map, and ask to have our line withdrawn.

## PROCEEDINGS BEFORE SECRETARY OF THE INTERIOR.

Q. You mean withdrawn from the right of public settlement?—Yes, sir; withdrawn from the right of pre-emption and settlement. My impression is we had no formal argument before Mr. Browning, but I think he went out of office without any formal decision being rendered, but upon that subject I am not certain. We went subsequently to Mr. Cox. Before we got there, I had applied to Mr. Curtis to set his argument, or at least his opinion, and to give us a more full opinion upon the subject, which he did, confirming his first opinion. We went before Secretary Cox, of the Interior, and the matter was argued before him by Mr. Evans and myself. I have stenographic copies of his argument and my argument on that occasion. Mr. Cox must have referred the matter to Attorney-General Hoar, and there is every reason to believe, as I can show you from the papers, that Attorney-General

ral Hoar held that we were entitled to extend our road and to receive lands and bords. But no formal opinion was given to Mr. Cox. Mr. Cox states, in his opinion, that he was unable to reach that clearness in regard to the matter that he would desire, and therefore could not withdraw the land. But he stated that our equities were such that it furnished a case, or a strong claim, for Congressional legislation. We immediately after that prepared a bill which, in substance, according to the best of my recollection, was this: That nothing contained in the Rocky Hill bill should in any way affect the rights of the Central Branch Company, under the acts of Congress, and particularly under the sixteenth section of the act of 1861.

#### AS TO AUTHORIZATION TO EXTEND THE ROAD.

Q. In connection with that, will you read the lines which, in your judgment, authorized you to claim that, if a consolidation did not go into effect, the Central Branch would have the right to continue?—A. It is the strongest language that mortal man could draw, and is in these words. The sixteenth section, you will observe, commences in this way:

And it is further enacted, That any two or more of the companies authorized to participate in the benefits of this act are hereby authorized at any time to unite and consolidate their organizations, as the same may be or shall be, upon such terms and conditions, and in such manner as they may agree upon.

Then the act goes on to state that they shall have the right, in case any other company shall not finish the portion of the road assigned to it, to go on and build the road and to receive the lands and bords.

Q. That the consolidated company should have that right?—A. Yes, sir. Now towards the close, about half a page from the close of that section, you will see:

And in case any company authorized thereto shall not enter into such consolidated organization, such company, upon the completion of its road, as hereinbefore provided, shall be entitled to, and is hereby authorized to, continue and extend the same under the circumstances, and in accordance with the provisions of this section, and to have all the benefits thereof, as fully and completely as are herein provided, touching such consolidated organization.

That gave us the right to go on and have our bonds, &c., on the plan as filed and fixed before we entered into our undertaking, and before we spent a dollar on the road.

#### OPPOSITION BY KANSAS PACIFIC.

As I have stated, we went before Congress with an act of the character I have mentioned. We found, to our surprise, that we were bitterly opposed in Congress by the Kansas Pacific Company—that was the inference—and also by another company, the name of which I cannot fully recollect, but I think it was called Saint Joseph and Western, which road lay a little to the north of us and was interested in lands. The result of matters before the Senate was that we were defeated by a vote of 27 in our favor to 28 against us. The leading minds of the Senate were all with us, and their comments and remarks are in one of those bound volumes which I will leave with you.

Under the advice of the Hon. William Pitt Fessenden, the Senator from Maine, who seemed to take a great interest in this matter, and who came to see me at my rooms, we went again before the then Secretary, Mr. Delano, and presented our petition.

order from the President to review and to examine into this matter; and Mr. Evarts again, with myself, argued the matter before Secretary Delano. I think we were assisted at that time by the Hon. Daniel W. Gough, of Boston, formerly a member of Congress; also by Mr. George S. Hale, a prominent lawyer of Boston. Mr. Delano, after giving the matter consideration, referred it to the then Attorney-General, Akerman. Owing to some engagements of Mr. Evarts, I went before Akerman with ex-Attorney-General Hoar, and in that way learned the facts in regard to his opinion, which I have also the evidence of here, because I afterwards obtained his opinion.

We went before Mr. Akerman. We argued the matter, and we were opposed in that argument by Mr. Williams, formerly of the Senate, who afterwards became Attorney-General, which fact it is necessary for me to state here for certain reasons. Before any opinion was given Mr. Attorney-General Akerman was asked to yield up his portfolio, and Mr. Williams came in as Attorney-General, and the matter of course came before Mr. Williams. But he could not act, and it was therefore referred to Mr. Bristow.

Mr. Bristow, when Mr. Hoar and I came before him, stated to us that he had had an extraordinary conversation with Mr. Akerman, and he did not think it was proper for him to proceed; but after some conversation he concluded he would hear the case. We went on and argued the case at length. Finally, he indorsed the papers—and it is a matter of public record—and declined to decide the case.

The matter then came up before Solicitor-General Phillips. We went before him, and the book which Judge Dillon holds in his hands contains all the proceedings which were then had before Mr. Phillips. That book contains stenographic copies of my argument, of Mr. Benjamin R. Curtis's argument, who succeeded me, and of Mr. Evarts's closing argument. It also contains Mr. Phillips's opinion in full, confirming our right to continue our road and to receive lands and bonds.

#### MAP APPROVED BY PRESIDENT GRANT.

Under the acts of Congress it was then necessary for us to take our map to the President, General Grant, for his signature. It had to receive his approval. The map was sent by the Secretary of the Interior to the President and it was signed by him, and the President became *functus officio*. The act was complete, and our rights were acknowledged by the Government.

Q. In what year was that?—A. That must have been in the year 1873, the early part, I think. December 12, 1872, was the time the argument was made. The opinion of Mr. Phillips is dated January 10, 1873, and the map was signed very shortly afterwards—within a week or two afterwards.

Q. How far did the map extend westward?—A. It extended to connection with the one hundredth meridian, as provided by the act of Congress.

Q. Did it extend to a connection with the Union Pacific?—A. Yes, sir.

Q. What point would that be? Would it be at the North Platte?—A. The best way to call your attention to that is to look at the map. There [indicating] was our road running out 100 miles and connected there.

Q. Where you have a flag up?—A. Yes, sir.

Commissioner ANDERSON. The flag was never planted there.

The WITNESS. The flag was never planted there by us. We surveyed it. We had already surveyed the route. It was done by our surveyor, Mr. Gunn, under the protection of a company of 80 mounted cavalry whom General Grant and General Sherman gave us for that purpose.

#### AFTERWARD PRESIDENT GRANT TORE OFF HIS SIGNATURE.

The next thing that came in order was a matter that was attended with great surprise. Mr. Boutwell, who was then Secretary of the Treasury, under the pressure of public clamor and under the pressure of the public debt—whose motto seemed to be the reduction of the national debt, right or wrong—requested the President to withdraw that map. The President sent to the office for the map and tore off his signature and put it in the drawer in his official room in the White House and the matter was referred to Mr. Boutwell. The matter has remained there with Mr. Boutwell to this day. I went to the President and asked for an explanation. He said to me, "Mr. Nichols, do not be alarmed. Do not be worried. This will be all right." That was the last conversation I had with the President upon the subject.

In that condition of things, having already paid in \$1,000,000 for our capital stock and finding ourselves the subject of public clamor, and crying and acknowledging and feeling it to be one of the worst exhibitions (I mean this tirade against the Pacific Railroads) that I have ever known or that this country has ever experienced excepting where juries have sat and condemned poor helpless women for witchcraft, we began to look into the situation. We tried to save this wreck and to see what could be done.

#### THE CAUSE OF SUCH ACTION.

Q. You have not exactly explained so that we can fully understand what it was that occurred that prevented any accomplishment of your designs of extension. Were you not informed that, for reasons that were deemed satisfactory by the officers in Washington, it was concluded that you had not established your title and that they desired to reverse their action?—A. No, sir; the President was informed by the Solicitor-General that we had this right in every respect; and what took place I have already stated. And we were informed by Columbus Delano, Secretary of the Interior, that he had recalled the map. I went to the President to see if it was so, and he showed me the piece of paper, which was about that size [indicating], which lay in the drawer, and told me not to be alarmed.

Q. Have you had no other conversation with other officers so as to be able to give us some explanation of the probable motive for this unusual action?—A. No, sir; never heard of any explanation.

Q. Do you think it was absolute caprice?—A. I think it was the pressure of public clamor against the railroads, which was then in its height, was the cause of this action.

By the CHAIRMAN:

Q. Through whom was it executed?

The WITNESS. What executed it?

The CHAIRMAN. This thought, of tearing off of the signature and

led up to sort of

the Government. Was it at the suggestion of Mr. Boutwell, who is Secretary?—A. All I know in regard to that is that Mr. Delano told me that the matter had been recalled and referred to the Secretary of the Treasury. That is all I know in regard to it. The matter of pecuniary claimer is a matter of public notoriety which requires no statement from me.

#### EFFORTS TO SECURE A REMEDY.

By Commissioner ANDERSON:

Q. Did you make no efforts to have your rights, as you consider them, established by the opinion of Solicitor-General Phillips and the actual fact of the affixed signature of President Grant? Did you make no further efforts?—A. We seemed to have been stuck at that point, and I returned to my constituents and had a conversation with them. It was suggested that perhaps neither I nor Mr. Curtis nor Evans had the necessary experience in such matters that was necessary to move things along, and it was suggested that I should return to Washington, and that Mr. Day should take my place, who at once acquiesced in, as I was too much interested in the affair to run any risk in regard to the matter. Mr. Day went to Washington company with Mr. Henry M. Alexander, both prominent lawyers in this city. But nothing was accomplished, except that Mr. Day did manage to have us omitted from the effects of the Thurman act. That is true.

I now return to the thought of what we should do.

By Commissioner LITTLE:

Q. Before you proceed, let me ask this: How much land did you claim under the act of Congress?—A. We claimed the full amount. It was only, I think, one-tenth or one-twelfth of it left.

Q. How much land did you get?—A. I can not recollect. The books would show. They are in possession of the company, to which I have no access.

Q. What portion of the land do you claim to have failed to get?—A. I should think it was more than nine-tenths.

Q. You never did get it?—A. Never did get it; no, sir. We had any relief in any way whatever.

#### THE LIMITATION IN THE LAW AS TO LENGTH OF ROAD.

By Commissioner ANDERSON:

Q. Before you leave this subject, what answer is there to the objection that there is a limitation in the act applicable to the Hannibal and St. Joseph Railroad, and to the company that might derive any benefit from it, by which limitation it is provided that "in no event shall any lands or bonds be given to said company, as herein directed, to aid in the construction of their said road for a greater distance than 100 miles." What answer is there to the objection that the act itself from an early limitation of 100 miles applicable to your company? This is the limitation of the act of 1862, and applies directly to the company in which you are interested.—A. The act of 1864, very obviously.

Q. The act of 1864 did not mention that portion of it?—A. It referred to any portion—any company—

As is further provided, That any road or road of the company mentioned in the act is the limitation of this act—

That, of course, applied to every company connected with it. And then it says:

And in case any company authorized thereto—

We were authorized to enter into this act and have the benefits of it—

shall not enter into such consolidated organization, each company, upon the completion of its roads, as heretofore provided, shall be entitled, &c.

That word "entitled" is a strong word.

By Commissioner LITTLEB:

Q. Shall be entitled to what?—A. (Reading:)

shall be entitled to, and is hereby authorized to, continue and extend the same under the circumstances, and in accordance with the provisions of this section, and to have all the benefits thereof, as fully and completely as are herein provided, touching such consolidated organization.

Commissioner ANDERSON. It seems impossible to imagine that a road which was restricted to 100 miles west of Atchison under any circumstances could be intended as being included within the permission to consolidate with the Pacific Railroad and to continue indefinitely. The fact-matters are absolutely inconsistent.

The WITNESS. Bear with me one moment. This act is entitled, "An act to construct a railroad"—a unit. The parts assigned to each company were integral portions of that unit. We built 100 miles, and the Kansas Pacific Company was required by law to so locate its road as to connect with us at the end of 100 miles. We did build our road.

#### WAS THE KANSAS PACIFIC REQUIRED TO CONNECT?

By Commissioner ANDERSON:

Q. Where do you find any provision in the act that requires the Kansas Pacific to so locate its road as to unite with you at a distance of 100 miles?—A. I will give it to you.

And the railroad through Kansas—

Q. What section is that?—A. Section 9 of the first act.

Mr. JOHN F. DILLON. The act of 1862.

The WITNESS. The act of 1862, section 9. If you will go to section 9, about fifteen lines from the top—

Commissioner LITTLEB. Read the portion you refer to.

The WITNESS:

And said railroad through Kansas [which is the name given to the Kansas Pacific road] shall be so located between the mouth of the Kansas River, as aforesaid, and an upstream point on the one-hundredth meridian of longitude that the several railroads from Missouri and Iowa herein authorized to connect with the same can make connection within the limits proscribed by this act, provided the same can be done without deviating from the general direction of the whole line to the Pacific coast.

Commissioner ANDERSON. The Kansas Pacific was to build to the one-hundredth meridian, which was 394 miles west of Kansas City, and was to make connection with the Union Pacific. A reference to the laws and other railroads, which were authorized to build and make connection, cannot apply to a railroad which was only authorized to extend 100 miles west of Atchison, because you were not going within 150 miles of any connection.

The WITNESS. Yes, sir, we were. That is a matter of fact. By the way, the locating of that road was subject to the approval of the President.

dent, if, by reason of the position of the country, in any way they could not come exactly within 100 miles; and those few miles of road it may be, we would have had to build. But, in substantiating this matter to counsel, there has never been the least doubt in their opinions. When we went to Mr. Curtis about it we wanted advice. We did not ask for an opinion in our favor. There has never been any question in regard to this.

Commissioner ANDERSON. I suppose you will return to the question of the cost of the road subsequently, because that is what we are mainly interested in.

The WITNESS. Yes, sir; this first part of my statement simply covers the history of my connection with the road.

Q. Are those 100 miles only the part that is covered with road?—A. Yes, sir; 100 miles. We went beyond the Blue River to a place called—I have forgotten its name. The meridian of Fort Riley, I think, is 85 miles. I can give you that exactly.

Commissioner ANDERSON. I do not know that it is material. We cannot rule, very well, on anything that the Secretary of the Treasury or General Grant has done.

The WITNESS. But he was *functus officio* after having performed the act. The opinion of Mr. William Whiting—some of you may have known him; he is dead now, but he was a very prominent counsel in Boston—was obtained by Senator Wilson, and it is in one of those books

#### THE BUILDING OF EXTENSIONS.

After this condition of things we looked at our property. I, as counsel to the company, felt a great interest in it; but I was also interested because I owned about one-tenth of it, having put in about \$100,000. We concluded that the first thing we must do was to stop payment on our first mortgage bonds, as we had no money with which to pay it. Mr. Pomeroy and I had lent the company \$400,000. We concluded to fund the coupons of our first mortgage bonds for a certain period of time; for something like three and a half years. During this time the country began to fill up, and we were induced to go on and build extensions to this road. We did build extensions under different charters, embracing altogether 288 miles, I think it was. We will call it, in round numbers, 300 miles. These extensions I was requested afterwards to consolidate, which I did.

Q. Under what name?—A. Under the name of the Atchison, Colorado and Pacific Railroad Company, which embraced all the extensions excepting one, which ran up to the north and which is called the Jew County and Western Railroad Company.

Q. Will you give the names of the consolidated branches?—A. I have given them.

Commissioner LITTLE. Give the names of the constituent companies.

The WITNESS. I am unable to do that. There were, I think, six or seven. After this consolidation was effected we, who had always acted in perfect good faith, instead of leasing the Central Branch to the Atchison, Colorado and Pacific, leased the Atchison, Colorado and Pacific to the Central Branch, so as to increase its value and increase its resources and increase its income.

Q. Whom do you mean by we?—A. I refer to the gentlemen who were in the management of this thing.



Q. Do you mean the controlling powers of the consolidated branches?

A. Yes, sir. I mean the controlling powers in the consolidated branches.

#### THE MEN WHO CONTROLLED.

By the CHAIRMAN:

Q. Who were the controlling powers?—A. Mr. Oliver Ames came in late and was a powerful man in the enterprise. Mr. R. M. Poweroy was very able, looking very carefully after everything.

Commissioner ANDERSON. We only want their names.

The WITNESS. There was Mr. Erastus Corning. There was Mr. Vibbard. There was a man by the name of Charles Gould. There was Mr. Henry Day. There was a man by the name of William C. Wetmore, and a man by the name of Greenleaf.

By Commissioner ANDERSON:

Q. Do you mean Augustus W. Greenleaf?—A. Yes, sir. Then there were also John A. Stewart and Nathaniel Thayer, of Boston.

Q. Do you mean John A. Stewart of the United States Trust Company?—A. Yes, sir; also ex-Governor William Claflin and Mr. George S. Hale.

Q. A. S. Barnes?—A. A. S. Barnes; he came in later. After awhile—

Q. Can you locate these years a little more definitely?—“After awhile” does not express anything definite.—A. About the year 1880 Mr. Oliver Ames came to me and asked me if I would sell, or agree to sell, to him my stock, together with a controlling interest, whatever I had, in the Atchison, Colorado and Pacific at the same price at which he should sell it. I agreed to do so.

Q. Can you tell us in what year this was?—A. I should think it was about 1880.

Q. Was it just before the actual transaction occurred with which we are all familiar?

The WITNESS. Which transaction do you refer to?

Commissioner ANDERSON. The actual sale of the interest which you described as having been to the Union Pacific, and which appears to have been first made to Mr. Gould.

A. Yes, sir.

#### MR. AMES'S TRANSACTION IN THE STOCK.

Q. Was it just before that?—A. Yes; some little time before that, I think it was several months, however, before Mr. Ames concluded his transaction. The result was that I got \$250 a share for my interest—\$50 for each share of my stock. But that statement requires explanation.

Q. Two hundred and thirty-eight dollars, was it not?—A. Two hundred and fifty dollars. But this statement, as ordinarily understood, is not true, because there was sold with it a ratable portion of the other 300 miles—of the stock representing the other 300 miles. In other words, the majority of the capital stock of the Atchison, Colorado and Pacific road, and of the Jewel County road went with it, and what we therefore received, proportionally, was, say, 62½ on the dollar.

By Commissioner LITTLE:

Q. For all the stock?—A. For all the stock. But it had all been concentrated—its chief value lay in the Central Branch Union Pacific—by reason of our own act.

Q. What was the entire capital stock of the consolidated company at that time?—A. That I could not tell you. I think we only issued \$6,000 of shares per mile. There were sixteen first-mortgage bonds and \$6,000 of stock per mile, while on the Central Branch there was a first mortgage of \$16,000 a mile and the stock amounted to \$10,000 a mile.

By Commissioner ANDERSON:

Q. Will you please explain how you figure this 62½ per cent.? How many shares did you put in of the Central Branch and of the Consolidated Company?—A. My statement is this, that what was equivalent to, or what bore the same relation to the other portion of the road, was sold, if there had been \$10,000 of the stock issued to the mile. There was not. There was only \$6,000. If it had all been capitalized alike it would have been about 62½ per cent., because there were only 388 miles all told.

Commissioner ANDERSON. Then, I understand that there was a certain amount of the Central Branch sold, and that represented 1½ miles of construction. But regarding the ownership of the Central Branch as carrying with it something like 250 miles of consolidated branches, the beneficial ownership of which was substantially in the Central Branch, then if this consolidated branch railroad had had the same amount of stock issued per mile as had been issued on Central Branch, and you added the stock together of the Central Branch and of the consolidated company, you would find that the \$250 per share for stock of the Central branch, would be equivalent to about 62½ per cent.

The WITNESS. Sixty-five per cent.

Commissioner ANDERSON. It would have been equivalent to 65 per cent. on the aggregate of the stock of both classes?

The WITNESS. Yes, sir.

By Commissioner LITTLE:

Q. Do you mean that the amount of money which you received for your Central Branch stock, if spread over all the stock, would amount to about 65 cents on the dollar?—A. Yes, sir.

Q. That is what you mean?—A. Yes, sir. I will here state that the Central Branch stock sold at one time as low, after it had all been paid for in full, as 15 cents on the dollar.

#### SELLING PRICE OF STOCK.

By Commissioner ANDERSON:

Q. It sold within two or three months after your sale as low as 100, did it not?—A. I know nothing about that. There was so much bid for a controlling interest in the stock.

Q. But I am speaking of the value of the stock in the market. Did it not sell as low as \$100 within three months after that sale?—A. Not to my knowledge.

Q. Did it not sell as low as 80 cents on the dollar within three months before the transaction?—A. I should think it did, and lower still.

Q. Do you know of a sale at 100 the day before you got 250?—A. No, sir; I was not a party to any transaction of buying or selling at that time, and knew nothing about the details of any of them. I simply attended to my own matters.

#### THE COUNSEL EMPLOYED BY THE COMPANY.

I would like to add here that we employed, at Washington or elsewhere, the following counsel: Mr. Benjamin R. Curtis, Mr. Daniel W.

Geach, Mr. George S. Hale, Mr. William M. Evarts, Mr. E. Rockwell Hoar, Mr. William Whiting. Also we employed Mr. Thomas A. Hendricks and Mr. Reverdy Johnson, after they were out of office. Mr. Pomroy employed General Craig and Peter Abel, and a prominent lawyer at Quincy, whose name I cannot recollect. Mr. Henry Day, as I stated, was also employed, and so was Mr. Henry M. Alexander.

Commissioner LITTLE (jocularly). I guess your case failed for want of sufficient and able counsel.

The WITNESS. It would seem so.

#### COST OF THE ROAD.

On the second point on which Mr. Anderson wanted to make inquiries I will give all the information I can, but it is not definite. But I think it will be found that the general outline which I will give is correct.

The available resources of the road, I have already stated, were the first-mortgage bonds, the second-mortgage bonds, and the stock, making altogether, if we had realized par for them, \$4,200,000.

By Commissioner ANDERSON:

Q. That is, \$1,600,000 of the first-mortgage bonds, \$1,600,000 of the United States bonds, and \$1,000,000 stock?—A. Yes, sir. For the amount of our counsel fees, and the board of myself and counsel, and printing—I think our printing bill must have been \$10,000—and stenographer's fees, and traveling expenses, I should have to refer to the books to ascertain; but I should think it must have amounted to \$100,000. The commissions and interest on loans made from time to time, during construction, must have amounted to \$100,000. This is only general. The interest on bonds, before we made default, must have amounted to \$150,000 or perhaps \$250,000.

Q. That was after some receipts were had from the road, was it not?—A. Yes, sir; I will show it.

Commissioner ANDERSON. That will hardly come into construction, the interest on the bonds.

The WITNESS. I know; but I am going to deduct this to show what was left. I should think the salaries must have come to \$100,000.

Commissioner ANDERSON. That is not "construction."

#### BONDS RETAINED BY THE OLD ORGANIZATION.

The WITNESS. I am speaking of things that did not come into construction. I am going to deduct this in a moment. Sundry suits, \$25,000; retained by the old organization, \$400,000 bonds, and given to the stockholders, 400 bonds. And then, at the instance of Mr. Cornlag, we employed a man by the name of Wheeler, an Englishman.

Q. Do I understand those 400 bonds to be two separate amounts, as stated there?—A. Yes, sir; 400 bonds given to the stockholders, on the condition of surrendering the old contract, and our agreeing to complete and pay for in full the balance of the stock, the full million dollars.

Commissioner ANDERSON. I understand that the parties after the reorganization were substantially the same as before; it was merely an alteration in the form of doing the business.

The WITNESS. No, sir.

Q. The parties in interest did not change?—A. There was no possible relation between them whatever.

Q. Did the parties change?—A. All changed.

Q. When Mr. Osborn's contract was, as you call it, abrogated or modified, did the parties who subscribed for the \$400,000 differ from the parties who had advanced the \$600,000?—A. Oh, no, sir.

Q. They were the same?—A. They were the same. But the parties with whom I was associated were a new set of men entirely. It was a reorganization of the old concern, the history of which I know comparatively nothing.

#### THE CHALICE PARTY.

Q. Whom do you mean as the prominent leaders of the old concern, before you came in?—A. There was a man in Atchison by the name of Chalice.

Q. Do you mean to say that the Chalice party actually received \$400,000 in bonds?—A. I mean to say that the old organization, when it came to us, retained in round numbers 400 bonds. It might not have been exactly that number. Where they went to, I know nothing at all.

Q. Do you mean 400 of the first-mortgage bonds of the company?—A. Yes, sir.

Q. Not 400 United States bonds?—A. No, sir; 400 first-mortgage bonds of the company.

Q. You say those bonds were actually issued so as to form a part of the permanent obligations of this company before your party appeared on the scene at all. Do I understand that?—A. That I do not know about that I cannot tell.

Q. In order to ascertain exactly what assets your people realized—  
A. (Interrupting.) They certainly were issued before Pomeroy and Gaylord resigned and left the concern.

#### THE BOOKS DO NOT SHOW TO WHOM CERTAIN BONDS ISSUED.

Q. Do you know whether the books show to whom those 400 bonds were issued?—A. No, sir; they do not show anything about it.

Q. From what source do you derive the information that enables you to state that before your party acquired their interests and during the reign of the Chalice party, 400 of the first-mortgage bonds of this company were issued, so as to become a part of its obligations?—A. It was made a condition of permitting us to come in and to take this franchise. It was declared to us to be subject to all these obligations. We tried to find out what those obligations were, but we never could.

Q. As matter of fact, do you remember, from your examination of the books and affairs of this company, that 400 of its first-mortgage bonds had been actually issued to the Chalice party, or anybody representing them?—A. My recollection in regard to that is not clear, but I should say that they were certainly issued before Mr. Willis Gaylord resigned as treasurer.

Q. Is it not true that the claims of the Chalice party were subsequently settled, after negotiation and adjustment, for \$10,000 in money and ten bonds?—A. That is entirely a different matter. That refers, according to my recollection, to certain bonds which they had also issued long before we knew anything about this concern, to Chalice and others, for certain lands. There was also a suit brought by a member of the Chalice party, claiming that he was entitled to 2,000 shares of stock, I think it was.

#### THE OSBORN CONTRACT.

Q. Then I will put it this way: Is it not true that under the Osborn contract, as it stood before the additional subscription for 4,000 shares of stock, and as it stood afterwards, including the whole business, all

of the \$1,000,000 of the first-mortgage bonds of this company were issued to Mr. Osborn and by him, under the assignments, divided up among the parties in interest?—A. It is not true.

Q. How many were issued?—A. I do not think a bond was ever delivered to Mr. Osborn.

Q. I do not care about the form. How many of those bonds were allotted to the parties in interest?—A. Never anything, excepting the \$400 bonds, which was upon the condition of surrendering their claims to this contract and upon condition that they would pay up the remainder of the capital stock.

#### AS TO PROFITS UNDER THAT CONTRACT.

Q. What were the profits which are alluded to as being the profits to which the holders of the sixty-fourth interests were entitled, under that contract?—A. If that contract had been carried out and executed, which it never was, under the Osborn contract, they would have been entitled to their proportionate interest of whatever might have been left after building the road out of the assets contained in that construction contract.

Q. What did you say became of the first-mortgage bonds of this company, apart from the \$400,000 which were allotted to the parties under the Osborn contract?—A. I am already engaged in stating that, and will go on to state it further.

Commissioner ANDERSON. Very good; you may proceed.

The WITNESS. Four hundred bonds were retained by the original association prior to our connection.

Q. Do you mean the Chalice party?—A. Prior to my connection with it.

Q. Do you mean the Chalice party?—A. It has never been called the Chalice party.

Q. I call it that for convenience. Do you mean Abel, Fairchild, Chalice, McBratney, Strongfellow, Spencer, Sickles, Butler, Hart, Irving, Dickinson, and Pomeroy; were those the people you refer to as having retained \$400,000 in bonds?—A. I know nothing about it, excepting that they were retained by Willis Gaylord, the treasurer. What he did with them I do not know.

Commissioner ANDERSON. Then proceed with your statement, and we will try to get it otherwise.

#### WHEELER AUTHORIZED TO NEGOTIATE BONDS.

The WITNESS. At the instance of Mr. Brastus Corning, an Englishman by the name of Wheeler was sent abroad to negotiate the sale of the 1,200 first-mortgage bonds, with the understanding that if he brought us back \$1,000,000—they were to be sold at not less than par—he should have 200 bonds.

Q. Can you give us the date of this?—A. I cannot, but it will appear by the records.

The following extract from the minutes of June 26, 1865, was read:

Henry G. Wheeler authorized to sell 1,000 6 per cent. first-mortgage gold bonds, of \$1,000 each, of the Atchafalaya & Pike's Peak Railroad Company and Telegraph Line, in any foreign market, on the best terms he can obtain, not below par value in United States currency; and as an inducement for the success of the negotiation of these bonds, the company appropriated 5,000 shares of the capital stock, and \$0,000 acres of the land granted by the United States, or so much of said stock and lands as he found essential by the said Wheeler for the success of his negotiation; and secretary is authorized to deliver to William Osborn for Henry G. Wheeler the;

## SETTLEMENT WITH WHEELER.

Q. Is that what you refer to?—A. I remember such a transaction, but my recollection of it is as I said, that he was authorized to sell \$1,000,000 of these bonds at par, and that he was to have the 200 bonds for his services, and that he agreed to do it within a certain time. He did not do it within the time, and he was recalled; and when we called upon him to deliver back the papers, documents, and bonds that he had in his possession, he refused to do it. We had him arrested, and we settled with him, and gave him 150 bonds. So that that took away 150 bonds from us. I think it was 150 bonds. I am not positive as to that amount.

Commissioner ANDERSON. On May 13, 1869, it appears from the books, 50 bonds were charged up as having been given to settle the matter with Wheeler.

The WITNESS. My recollection is that it was 150 bonds. That will state that those different things that I estimated, deducted from the "available assets," as I termed them, namely, \$4,200,000, left \$2,800,000.

Q. Why do you deduct them if they were not a part of the construction?—A. So as to get at what was actually expended on the construction of the road.

Q. How would it follow that the remainder was expended on the construction of the road? It might have been put into the pockets of the board of directors, for all we know.—A. I certainly should have known it. I state my recollection; that is all I can do.

## A CALL FOR THE BOOKS.

Commissioner ANDERSON. What we want from you, if you have it, is a statement that you know of a certain book or books where the payments actually made by Mr. Osborn, or by the parties who built the road, at so much for excavation, and so much for iron rails, and so much for actual expenditures, can be found. We do not want a simple statement that after deducting certain amounts that you know of from the "available assets," you conclude all of the remainder was expended on the construction of the road, because that is no proof.

The WITNESS. So far as the money expended in the construction of the road is concerned, I presume that those books were kept out in the office at Atchison, and whatever books there are in the concern but have all been given over to our successors in office. They were delivered over by Mr. Thomas M. Sother.

Commissioner ANDERSON. Our book-keeper, who has been over all the books now in the possession of the Union Pacific Railway Company, informs us that all the books are the operating books, and that the construction accounts start with balances taken from Osborn's books.

The WITNESS. I never saw them.

Commissioner ANDERSON. The Osborn construction books cannot be found?

The WITNESS. I have never seen them.

Q. Who kept them?—A. They must have been kept out at Atchison.

Q. In what form did you and your associates make your payments to meet the cost of construction incurred by him?—A. The books were kept, as I said before, by Mr. Sother. That is, the books that related strictly to the treasuryship were kept by Mr. Sother, and were all in

handwriting. I used to examine them once in a while in company with Mr. Pomeroy. Mr. Pomeroy was the active business man; I only acted as counsel.

#### AS TO DISPOSITION OF BONDS.

Q. Did you yourself receive any of the first-mortgage bonds or United States bonds of this company?—A. Never. I sold them myself, and put the money into the treasury, every dollar of it, and received about 90 cents on the dollar, average. I remember that, because I examined it.

Q. Put it in the treasury?—A. It must have gone into the treasury. Commissioner ANDERSON. You must know if you had the money.

The WITNESS. I am only speaking from my memory. If I received any money when Mr. Gaylord was treasurer, it went into Mr. Gaylord's hands.

#### BONDS GIVEN AS COMMISSIONS ON LOANS.

Q. Do you mean the treasurer of the Central Branch or the treasurer of William Osborn?—A. The early part might have gone to Willis Gaylord, who was also acting as treasurer of Osborn. That might have been. Let me state that there were commissions paid to persons who, in our dilemma, lent money; and instead of the commissions being allowed in the way that is usual, or as was usually done in Wall Street at that time, and as was paid by the Union Pacific and other railroad companies (paying 5 per cent. in cash or 2½ per cent. for commissions on a loan) our executive committee allowed, besides the interest on loans, a bond.

#### By Commissioner LITTLE:

Q. You mean commissions, not interest on loans, do you not?—A. I mean commissions on loans. They allowed bonds for a certain amount. I do not remember what it was. I have loaned the company, in company with Mr. Pomeroy, as high as \$100,000 in cash, and we received some bonds as commissions, but in no other way.

A paper was here shown to witness at pages 71, 72, 73, being the report of one of the accountants to the Commission, Mr. S. F. Perrenoud, on the Central Branch.)

Commissioner ANDERSON. This is a list of the bonds in the accounts of the company, as kept, which appear to have been issued without any corresponding compensation or any proceeds that can be traced into the company.

The WITNESS. What are these taken from?

Mr. PERRENOUD. Taken from the treasurer's books.

The WITNESS. What are they called?

Mr. PERRENOUD. They are called the bond-book, the journal, and the ledger.

The WITNESS. Under what heading?

Mr. PERRENOUD. Under the heading of "Donations and compensation bonds."

Commissioner ANDERSON. Allotted with the stock.

The WITNESS. How many are there of these? All I can say in reply is that not one dollar or one iota of property was ever divided among the parties in interest under the Osborn contract with the exception of the 400 bonds which were made a condition of the surrender of the balance of the stock, the parties agreeing to pay up that stock and to take the remainder of the bonds. I should think that this

statement that is shown me was a statement of the disposition of bonds, but there were no bonds given excepting for adequate compensation.

Mr. PERRENOUD. Those three hundred and ninety-nine or four hundred bonds are stated there.

The WITNESS. As given with the stock?

Mr. PERRENOUD. Yes.

The WITNESS. Do you say this includes the 400 bonds given with the stock?

Commissioner ANDERSON. Yes, that includes the 400 bonds given with the stock.

Mr. PERRENOUD. Or 399.

The WITNESS. My memory will not enable me to throw any new light on this. [Referring to the pages of the report above specified.]

#### AS TO COST OF ROAD.

By Commissioner ANDERSON:

Q. Can you give us any information, from your knowledge of these 100 miles of road, of the country through which it was built, the kind of iron and ties and fish-plates that were used, the cuts and blasting that may have occurred, and what the actual cost of that 100 miles was?—A. I cannot tell you in dollars and cents. I know that we paid as high as \$110 for common iron rails delivered in Kansas, when you can buy them delivered there to-day, of steel, for inside of \$40, and perhaps inside of \$35; and that we paid for rolling stock from three to four times, my belief is—I state that on information and belief as to what they can be bought for now.

Q. Can you not form an estimate as to whether this road cost, say, anything not less than \$15,000 a mile and not more than \$25,000 a mile?—A. The only way I can form any estimate is this: I have reason to believe, in a fair level country, for about from \$15,000 to \$20,000 per mile, a road can now be built and fairly equipped. As I look back and try to reflect upon that—because Mr. Anderson has called my attention to it—I do not see how that road could have been built for less than \$50,000 per mile at that time; and yet it might have been. I am not an expert in those things. I am a lawyer by profession. I know that everything was done under the supervision, or a great deal of it—at least all the latter part of it—of Mr. H. M. Pomeroy, and he was a very close business man.

By Commissioner LITTLE:

Q. Was any portion of this road built through the aid of the construction company?—A. Yes, sir; a small portion of it. It commenced to be built in that way.

#### AS TO THE OSBORN CONTRACT.

By Commissioner ANDERSON:

Q. You were naturally interested in the figures of the Osborn contract, whether that went through or not, to see how much it actually did cost and to see whether you were getting any profit or not under the contract, or to see what would be just terms of adjusting it, so that your attention was probably called to the Osborn balances in order to show you and your associates how much he had been expending. Is that not true?—A. That is not true in my case.

Q. I think you have stated that from time to time you saw the Osborn books, as kept by Mr. Butler?—A. No, sir; I have not, whether such thing.



Q. Do you remember ever seeing the Osborn books?—A. Never.

Q. Do you remember ever conversing with Mr. Sother as to how much this road had cost?—A. No, sir.

Q. Do you remember that subject being discussed among the associates who were interested in the contract?—A. It must have been.

#### BALANCES TAKEN FROM THE BOOKS.

Q. I show you the balances taken from the construction books of Mr. Osborn, as they appear on the Central Branch books, the total for construction being given at \$2,306,430.42, to which is added the equipment amounting to \$243,921.52, making a total for construction and equipment of \$2,550,351.94, to which was added afterwards bills contracted for construction and equipment not included in the above but paid afterwards, \$181,002.29, making a total of \$2,731,354.23. I will ask you whether, in your judgment, those figures correctly represent the cost of that road?—A. I should think it very probable, but I only refer to it by inference, because Mr. Sother was a very correct accountant, and Mr. Pomeroy was a very severe man in regard to money matters, and no such account was ever made up by me personally. I am not a book-keeper. Whose handwriting is that in?

Commissioner ANDERSON. In whose handwriting, Mr. Mink, are the transcripts of the balances taken from Mr. Osborn's construction books?

Mr. MINK. I do not know.

Commissioner ANDERSON. It was probably some officer of the Central Branch.

The WITNESS. The question I ask was, From what official books was this taken?

Mr. PERREROU. The operating books kept in Kansas.

The WITNESS. I do not think I ever looked at them. I do not think I ever saw them.

Q. As these purport to be transcripts of balances which appear on Osborn books and are so described, my question was whether the figures here given tally with your general memory as to the cost of construction of this road?—A. It seems to me as though it must have been a great deal more than that. I do not see how that was ever built for that amount. I have no doubt of the accuracy of the books.

#### DISPOSITION OF BONDS.

Q. What knowledge have you of the disposition made of either of those classes of bonds, the United States bonds or the first-mortgage bonds?—A. Not one bond, to my knowledge, was ever given away without consideration to the company. Not one bond, so far as my knowledge goes, was ever divided under any construction contract, excepting the 400, which were made a condition of the final agreement of surrender, &c., as I have already stated. Not a dollar of money, so far as my knowledge goes, has ever been used in payment for legislation, or to influence any son or daughter of Adam to do anything but what was proper.

Commissioner ANDERSON. The daughters of Adam have not figured in this investigation yet.

The WITNESS. I used to hear sometimes in Washington about daughters of Adam.

Q. It is not quite sufficient for our purpose to say that the bonds were not issued without consideration. Do you mean to say, of?

own knowledge, that all the bonds of this company, except the 40 which were given as an inducement to obtain subscribers to the stock were actually sold for money?—A. So far as my knowledge goes, not for money.

Q. How far does your knowledge go?—A. It goes, in a general way over it all. The man who would have a more accurate knowledge of would be Mr. Pomeroy, who is now deceased. But my own belief that value received was paid for everything, except that as to the 40 bonds that were divided, it was a very poor bargain to put \$400,00 there.

Commissioner ANDERSON. I do not dispute that. The \$400,000 bond that were divided, as appears from the minutes, were distributed pro rata among the gentlemen who subscribed for \$400,000 of the stock.

The WITNESS. For the remaining \$400,000 stock.

#### AS TO DISPOSITION OF MONEY PAID FOR STOCK.

Q. Is it not true that the money paid for that stock was also immediately directed to be appropriated for the benefit of the same party who subscribed, in order to pay the amount due by them for construction account?—A. Not a dollar; every dollar of it was paid in cash.

Commissioner ANDERSON. If that be so, explain the entry in your book which appears immediately after the memorandum reciting the subscription to the stock and directing that the treasurer allot to the parties in interest, pursuant to the resolution of October 25 last, 400 of the first-mortgage bonds of this company. Immediately after that we find this extract, of the same date, at page 132: The treasurer of the company is authorized to pay over to the parties in interest in the Osborn contract the proceeds and avails of said stock options, to be applied to the liquidation and payment of their indebtedness and outstanding obligations on construction account.

The WITNESS. That was on construction account. Not one dollar of it ever went to any stockholder or any party who was interested in stock.

Q. I ask whether the proceeds which resulted from the stock subscriptions were not immediately applied by the order of the company to the liquidation of the amounts due by the parties in interest on construction account?—A. Yes, sir; on construction account.

Q. So that these parties were the same, I understand you, who held the sixty-fourths before the modification of the Osborn contract—the same parties who subscribed for the \$400,000 of the new stock?—A. Yes, sir; but I do not want it to appear upon the record that I sanction any idea that anything whatever was paid, excepting—so far as these moneys, that were paid in by the parties, they were paid for the actual construction of the road, and not to any obligations that the contractors might be under to parties who might have advanced money to them, or anything of that kind.

Q. I do not mean that. I mean that the parties who subscribed to this agreement jointly had agreed to pay in a certain proportionate amount of the construction cost of the road, each one subscribing and paying in so much, according to the interest that he took. Then subsequently an arrangement was made, there having been \$600,000 advanced or incurred by those parties, that they should have 6,000 shares of stock, and that a subscription should be taken at par for the \$400,000 remaining, and as an inducement to that subscription \$400,000 in bonds were allotted, and then the treasurer was directed to apply the proceeds

of the \$400,000 obtained for the stock to the payment of amounts that were due from these same people by reason of their obligations to advance their proportionate shares on construction account. Is that correct?—A. You have got the words "amount due from these people" in there. The proceeds of the 4,000 shares of stock, like the proceeds of the 6,000 shares of stock, were applied to construction account, to building the road for the company—the property of the company.

#### AS TO SALE OF BONDS.

Q. Did you personally have anything to do with the sale of any of the bonds?—A. My own impression is that I did not.

Q. Who did conduct the sale of the bonds?—A. I think Mr. R. M. Pomeroy.

Q. Do you know through what house it was effected, or how the sale was effected?—A. I think that they were bought mostly by parties in interest, for they went down in value and have been sold as low, when we were in our troubles, as 20 cents on the dollar.

Q. You think they were bought largely by the parties in interest, that is, the parties who were interested in the sixty-fourths?—A. No; by the general stockholders.

Q. Do you know in what bank Mr. Pomeroy kept his account at this time, of the sales of these bonds?—A. He kept his account, I think, in a bank in Boston; what bank I do not know, but I think it was some leather bank. Those who are familiar with Boston can probably tell. I think he had two or three bank accounts in Boston.

#### NO BONDS DONATED OR DISTRIBUTED EXCEPT THE 400.

Q. Do I understand your statement to be, then, that to your knowledge no bonds were donated or distributed, except the 400?—A. No bonds to my knowledge, or that I have any idea of, were ever distributed or donated to any one, except the 400 bonds which were distributed in accordance with the agreement.

Q. Do I understand you also to mean that no bonds were distributed either through Mr. Osborn's contract or by some other means equivalent thereto, so as to be distributed among the parties interested in the construction of the road, as payment for construction?—A. There never was a bond, nor a dollar, nor anything of any value whatever, ever distributed under the Osborn contract. It was the same as though it was dead.

Q. Were there any bonds distributed for construction?—A. No, sir.

#### AND AS COMPENSATION FOR LOANS.

Q. Were there no bonds distributed as compensation for loans?—A. Yes, sir; there were.

Commissioner ANDERSON. Please tell us what you know of that class of bonds.

The WITNESS. There was a committee appointed, of the board of directors, to act upon this subject; where any of the parties made a loan to the company, say \$25,000, in addition to the interest, they were allowed a bond. I do not remember what the amount was, but it was a liberal amount—\$20,000 or \$25,000—to the best of my recollection. It was in accordance with the custom which then prevailed with railroad companies.

Q. That was a loan for what period?—A. I should think it was for a loan of three or four months.

Q. And every time that loan would be made a bond would be given?—A. When that was renewed a bond would be given. Remember gentlemen, it was hard times then. We never resumed specie payment until 1880, was it not?

Commissioner LITTLE. 1879.

Q. How many bonds found their way out of the company on the matter of construction as compensation for loans?—A. I do not know there may have been—I only give you an estimate—fifty or seventy-five bonds possibly.

#### "EXISTING OBLIGATIONS."

Q. Were there not also bonds issued as compensation for claims?

The WITNESS. Compensation for claims?

Commissioner ANDERSON. In settlement of existing obligations.

The WITNESS. The words "existing obligations," which have become somewhat notorious in the Central Branch company, were first uttered to us by the parties who had control of this thing before the organization to which I belonged had anything to do with it, and we never could find out what the words "existing obligations" meant. We tried to. The words became a passing joke. It was said to become a test as to whether a man was tight or not, to ask him to say the words "existing obligations." If he could say them plainly, it was evident he was sober.

Commissioner ANDERSON. Your name appears on the books of the company as having received four bonds for existing obligations; you ought to know on what they were.

The WITNESS. Those are very unfortunate words for anybody to put opposite to me—"existing obligations." If that term has been used by Mr. Sother, and entered upon the books, and that appears so—

Mr. PERENNOUD. "Existing liabilities."

The WITNESS. Well, the words come from the Commission and not from the books. I dare say that was for loans.

Commissioner ANDERSON. No, the bonds issued to you for loans are separate.

The WITNESS. What is that?

#### COMPENSATION BONDS CHARGED TO WITNES.

Commissioner ANDERSON. Compensation bonds charged to you are entered separately. My only object in calling attention to it is that it might explain to you that there were bonds issued for "existing liabilities." You may tell us what they referred to. There are 45 to Jay Cooke & Co., 37 to Willis Gaylord, 4 to yourself, and 7 to Charles Gould.

The WITNESS. It is possible, if I saw this in the original book, if it was a book kept by Mr. Sother, that from some of the surroundings I might be able to explain it; but from this memorandum I am unable to give any explanation of it.

Commissioner ANDERSON. That answer applies to page 72 of the same report heretofore shown you.

The WITNESS. No bond, or anything in connection with this road from any source, was ever issued to me gratuitously.

Q. Have you any recollection of the number and amount of the loans that you made to this company?—A. I cannot tell you.

Q. Have you no recollection whatever as to the average amount or out the amount?—A. No, sir; it is a good many years ago, and those bonds were obtained a great deal by notes and indorsement at the mt.

Q. Have you any recollection of the amount of compensation bonds that were issued to you?—A. No, sir; I cannot tell you.

#### WITNESS'S INTEREST IN CONSTRUCTION.

Q. What was your interest under the Osborn contract, or in connection generally?—A. I think that I subscribed for eight sixty-shills, one-eighth originally; but I would want the Commission to understand that so far as the Osborn contract is concerned, it is the same as though it never had seen light or never was in existence.

Q. Did you receive and pay the same share as the other associates, going for the construction of the road and receiving whatever compensation was derived from the company for that construction?—A. So far as my knowledge goes, I did.

Then, if you can tell us how much you paid in and how much you received out, and we should multiply those two figures by eight, would that give us a fair answer on the proposition we desire to establish, which is, what the road really cost to construct and what the parties in interest received out of it?—A. You will bear in mind that I have already stated that the construction contract was the same as though it never existed, and no element can ever be taken into account in calculating the cost of this road.

#### HOW MUCH WITNESS PAID, AND WHAT FOR.

Q. We will put it differently. We will merely ask you as to the cost of the bonds and stock to you. How much did you pay for what you got?—A. I paid \$100,000 for 1,000 shares of stock; and I presume that under that agreement that was made I got forty bonds.

Commissioner LITTLE. As a bonus?

Commissioner ANDERSON. No; distribution and allotment.

The Witness. It was a distribution and allotment made at the time giving up this contract. Those contracts were used in building all roads, but we concluded we would abandon that thing entirely, and so on.

By Mr. JOHN F. DILLON:

Q. Do you mean that you paid \$100,000 in cash for forty bonds and—  
r much stock?

The Witness. One hundred thousand dollars in stock.

By Commissioner ANDERSON:

Q. Is that a statement of your entire transaction? Is that all you got?

The Witness. After this stock was out I think I bought some stock as in awhile, and I think I sold some stock.

Commissioner ANDERSON. I am talking of what you got from the company?

The Witness. That is all.

Q. Do you say \$40,000 bonds covers all the bonds you ever got for the company?—A. All, excepting the compensation bonds in the other commissions.

Q. And the four bonds paid for a liability which represented a real liability, if you got those four bonds? There are four bonds charged to you for existing liabilities.—A. Yes, sir; I never received anything from the company excepting for full consideration.

#### AS TO MR. DAY'S INTEREST.

Q. Was Mr. Day similarly interested with yourself?—A. He became interested, I think, later on. I am not quite sure it was later on; not much later on, but somewhat later on. He had an interest in this contract, and in that shape he became interested. He paid in his amount. Finally that was abandoned and he received his stock for what he paid in.

Q. His statement of what he received appears to differ from yours as to the proportion of money, bonds, and stock. Is it not your recollection that you and Mr. Day received bonds in the same proportion according to the interest you each had in the company?—A. Those who were interested at the time and who had put in the \$500,000 were all exactly the same. Whether Mr. Day became interested after that or before that I do not know. I cannot tell about that. If Mr. Day has made any statement that is different from what I state, he is laboring under a misapprehension.

Q. How familiar have you been with the operation of the road from the time it was completed down to the time it was sold through Mr. Ames?—A. I have very little familiarity.

Q. What is your general understanding as to its financial condition?—A. I know I used to ask Mr. Ames. Mr. Ames—I mean the present Governor Ames—always carried a little memorandum book in his pocket, where he had noted the earnings of the road; and once in a while he would show them to me, and I would express my approbation or my disapprobation, whatever it was, and it would soon pass out of my mind again.

Q. Was it not notorious among all of you, between 1870 and 1872, that the business of this corporation was very poor, and it was under financial embarrassment?—A. We were certainly very poor, and I think it must have been a notorious fact.

#### DEFAULT ON FIRST-MORTGAGE COUPONS.

Q. Were you not in default on your coupons of the first mortgage bonds?—A. We were in default for, I think, three and one-half years; four years.

Q. Do you remember when you funded them? Was it not in 1871?—A. I think, upon reflection, it was; yes, sir.

Q. So that you were in default right down to 1870?—A. We must have been. I can recollect now.

Q. Who drew that funding mortgage?—A. That funding scrip was drawn by Mr. Henry Day, I think.

Q. Did you have any of the first-mortgage bonds of the coupons at this time?—A. That I cannot recollect.

Q. You do not remember whether you put in any of your coupons or not?—A. That I do not remember.

Q. Did you get any of the income bonds?—A. Upon reflection, it appears to me I did get one for unpaid coupons, as it occurs to me it had my signature to it, and I gave it to my daughter as a memento. That comes back to me. I think that came to me.

## THE FUNDING BOND.

Q. Do you know by whose advice it was that the maturity of the funding bond was made to occur before the maturity of the United States loan?—A. No, sir; I did not know that that was the fact.

Q. Do you know whether the coupons representing the obligation which was secured by that mortgage were canceled, or whether they were retained with a trustee as an attendant security for the mortgage?—They were deposited with certain trustees, and the bonds were issued. Some of those trustees, I think, was William C. Wetmore, but I do not remember the other. I think it was William C. Wetmore, and some one with him.

Q. Do you know those coupons are claimed to be alive now as a security to the mortgage?—A. Yes, sir; it was guarded against roughly.

Q. So that, on a foreclosure, the rights to be foreclosed would be as the coupons themselves being a part of the mortgage, which antedates the United States loan?—A. Yes, sir. They are a part of the obligation that is covered by the first mortgage.

Commissioner ANDERSON. So that the claim, as we understand it, is, that those \$600,000 or \$700,000 income bonds take precedence of the United States claim?

The WITNESS. Yes, sir; they take precedence of it.

Commissioner ANDERSON. Mr. Mink, have you that mortgage?

Mr. MINK. No, sir; I have not.

Commissioner ANDERSON. I believe we have never had it. Do you know where that mortgage can be seen?

The WITNESS. Do you mean the funding mortgage?

Commissioner ANDERSON. Yes; have you a copy of it?

The WITNESS. Mr. Day had all to do with that, and Mr. Sother asked him afterwards.

Q. Was it printed?—A. That I do not know.

Mr. JOHN F. DILLON. It was recorded, was it not?

Commissioner ANDERSON. It must have been recorded, I should judge. We will get a copy of it somewhere.

## FINANCIAL CONDITION OF COMPANY BETWEEN APRIL AND NOVEMBER, 1879.

Q. Will you please explain, as far as you know of it, the financial condition of this company immediately after this income bond was made?

After this income bond was made, and everything funded and the bonds issued, the property was in the hands of our successors; but at a time of the sale to Mr. Gould—

Q. I want to draw your attention particularly to the interval between July, 1879, and the sale to Mr. Gould, which occurred in November,

1879. What, if anything, happened to your company during those six months, to explain the fact that an insolvent company which funded six years of its obligations in April was worth \$250 a share six months afterwards?—A. At the time of the sale to Mr. Gould we were in debt,

besides our funded debt, \$150,000, of which amount \$8,000 due to Mr. Day was a part. By authority I paid that \$8,000, and I wanted the company to pay back that money to me. They owe it to me to-day, with interest. At that time I lost my wife and my father, and I neglected paying attention to it until about one or two years ago, when I got into the company. They ought to pay it to me. That showed the actual condition of things.

Commissioner ANDERSON. The financial condition of things had not improved, as we understand the force of your remarks, between April and November?

MR. GOULD PAYS \$250 A SHARE.

The WITNESS. There was a great deal of spirit in the company. Mr. Gould had come up alongside of us, and was beginning to run tracks alongside of us. The men that were with us had some money. We determined we would run that race until we went into Denver, and it led to Mr. Gould buying the property. That is to say, for the majority of all this stock, which would be equivalent to four shares for every one share, he was to pay us \$250.

Q. Then that bargain was the result of a vehement competitive rivalry in railroad construction, and not, in your judgment, the result of an estimated and careful appraisal of the resources and earning power of your railroad itself. Is that correct?—A. That I do not mean to say; probably no State in this Union has grown faster than Kansas has of late. It has grown with wonderful rapidity. Any far-seeing man who had patience to wait (and Gould is a far-seeing man) could see that it would not be long before that road would be in a good paying condition.

Q. Is it in a good paying condition now?—A. I presume it is.

Q. Do you know?—A. I own one share of stock, and they had not done me the favor of paying my dividends on it. I looked in one of those red books and I found they were paying 10 per cent. dividends.

HAS THE STOCK ANY INTRINSIC VALUE?

Q. I ask you this: If you take that company as an asset, with its earning power as you know it, on the one side, and charge on the other side the first-mortgage bonds of the company, the funded bonds of the company, the debt due the United States, and the value of the accrued interest to the United States, to date, is it your judgment that the stock of that company has any value at all?—A. No, sir.

Q. It has none?—A. I should say it had not.

Q. That being so, how does your explanation as to the development of the State of Kansas and the accruing wealth justify a price of \$250 a share for that stock, subject to these very claims that I have mentioned, that payment having been made within six months after you had funded your defaulted interest?—A. Because I have always had great faith in my Government. The Government ought to deal with this company kindly and not deal with it in the rough and harsh manner with which it has dealt with other companies. In fact, the Government, in regard to this road, ought to cancel the indebtedness entirely, upon condition that for, say, forty or fifty years from the time of its starting, or it might be a shorter time than that, in lieu of their indebtedness the company should agree to render service to the United States Government in carrying the mails and rendering all service that can be done at 50 per cent. of cost of usual rates, or of the actual cost of carrying.

A TEST QUESTION.

Q. Let me test you. Is your faith in the Government so intense and great that you would to-day think it a possible transaction, or one which you would seriously consider for a moment, to pay to-day to the owners of this stock \$250 a share, taking it as it stands? Would you not consider such a proposition out of all reason? Would you give



and a share for this stock to-day, because of your faith in the Government?—A. I would not myself. But that is no criterion.

#### WHY MR. GOULD PAID \$250 A SHARE.

Commissioner ANDERSON. What we want to understand is, why Mr. Gould was willing to give you \$250 a share for this stock, so that we can fit it with the other acts that occurred in this comedy or tragedy, and come to some intelligent conclusion as to his motives.

The WITNESS. In the first place, to stop competition.

Commissioner ANDERSON. That is what I asked you before: Whether it was the result of the rivalry between the two roads that were building, or whether it was the result of an appraisement.

The WITNESS. I think, in the first place, he examined into the matter. He wanted me to go to him and give him a distinct account of the property, from one end to the other, and the condition of things, a subject I was not particularly familiar with; but I, with great care, finally reached what I considered to be accurate knowledge of everything. I had it on a paper. I went to him and read it to him, when he quietly said to me, "Mr. Nichols, you are substantially correct." I found out afterwards that he knew everything about that road, from one end to the other. There was a man—I should think, from the description, it was Joe Richardson—who had traveled around in his shirt sleeves; and they ordered him out from some of the round-houses, supposing him to be a tramp.

Q. At the time of this conversation, were you aware that a negotiation was pending or had made some progress, under which Mr. Gould contemplated a rival line to be formed of the Missouri Pacific, of your road, and its possible extension through the Loveland Pass, to Ogden?

A. No, sir; I never heard of that until this hour.

#### MR. GOULD AN EXTRAORDINARY MAN.

How many interviews had you with Mr. Gould in regard to this company?—A. I regard Mr. Gould as one of the most extraordinary men I have ever met, and therefore my interview with him made an impression on me. Before the interview that I refer to I had never met or known the man.

By Commissioner LITTLER:

Q. What time was that?—A. That was at the time that I delivered him a paper, a copy of which the company is in possession of.

Q. Do you mean the Commission? What company; the Railroad Company or what?—A. I mean Mr. Gould. I saw Mr. Gould and handed him some papers, the copies of which are in the bound volumes in the possession of the company, giving the indebtedness, and also reporting to him the condition of the road.

#### FIXING THE TIME OF THE INTERVIEW.

By Commissioner ANDERSON:

Q. Was this at or about the time that the transaction occurred between Mr. Ames and Mr. Gould?—A. Yes, sir.

Q. It was a part of the same thing?—A. Yes, sir.

Q. Do you say that was the only interview you had with Mr. Gould relating to this railroad?—A. Prior to that—let me think one moment. The interview that I refer to occurred at No. 80 Broadway, and I think

that I then and there was introduced to Mr. Gould for the first time. I never knew him by sight before that, and I watched and studied the man very carefully.

Q. Did you render him any service in relation to his negotiations for this road?—A. No, sir.

Q. Did you render any service to the company in relation to this negotiation for which you made a charge?

The WITNESS. This negotiation?

Commissioner ANDERSON. Yes; between Mr. Ames and Mr. Gould.

The WITNESS. No, sir; never.

#### PAYMENT TO WITNESS.

Q. Did Mr. Gould pay you any money?—A. No, sir; excepting there was money paid, not by Gould but by the company, for what was due me on the books of the company, for money lent and for services, which had nothing to do with this negotiation.

Q. That had nothing to do with this negotiation?—A. No, sir.

Q. The payment, then, was a payment of an obligation existing before?—A. Yes, sir; I think embracing a certificate of indebtedness that was issued to me for money lent a long time before.

Q. Was it represented by a certificate which was delivered to you at the same time that a number of other certificates were issued to other parties to whom the company was indebted?

The WITNESS. Were there 21 certificates in all?

Commissioner ANDERSON. Yes; I believe so.

The WITNESS. Yes, sir.

Q. That is the certificate you refer to?—A. Yes, sir.

Q. Dated December 1, 1873, at page 182 of the minutes?—A. Yes, sir.

Q. My question now is, did Mr. Gould pay you \$25,000?

The WITNESS. For what?

Mr. ANDERSON. I will read it: "For attorney's fees, &c., as per claim submitted afterwards by J. Gould, \$25,000."

The WITNESS. There was due me for balance of services, in my work at Washington, \$20,000, and in fact a great deal more than that. There was also due me \$5,000 for services in two suits that were brought against the company, which made the \$25,000. Besides that, there was due me for services rendered in preparing the lease of the Atchison, Colorado and Pacific Railroad Company to the Central Branch I think about \$2,500 which has never been paid; also due to Mr. Day \$3,000, which I paid him and which has never been paid; and also \$2,800 due to the secretary, which I paid him, and which has never been paid me.

Q. My question is whether Mr. Jay Gould paid you \$25,000 for claims which you had or claimed to have against this company?—A. Mr. Ham gave me bonds for those \$25,000, and my claim was assigned to Mr. I do not know whom. I think it was assigned; I am not sure.

Q. What bonds did Mr. Ham give you?—A. I think they were Kansas Pacific bonds, consolidated; Kansas consols, they were called.

Q. Was this after the sale to Mr. Gould?—A. This was after Mr. Ames had sold to Mr. Gould.

Q. Was it a part of the understanding of the sale to Mr. Gould that you were to receive this money?—A. No, sir; it had nothing to do with it. This was a claim against the Central Branch Company.

## AS TO THE CLAIM OF THE WITNESS.

- Q. I understand that it was not a claim that the Central Branch was owing to pay before the transfer to Mr. Gould, was it?—A. Yes, sir.
- Q. Had they offered to pay?—A. I will not say "willing to pay." They were unable to pay it. They were too poor to pay it.
- Q. Were they willing to pay it?—A. I should have forced them to pay it.
- Q. Had it been audited or passed in any shape or form?—A. I think had been passed.
- Q. Who passed it?—A. I cannot tell. It was admitted. I do not think there was anything in writing in regard to it, but it was approved by the company.
- Q. Who do you say is willing to say for the company that this claim was approved?—A. I think it was approved in the minutes of the company.
- Q. Can you say who approved of it—any officer of the company or any members connected with it?—A. That I cannot do. I do not believe there was any reference of it to any committee.

## WAS IT CONTINGENT ON SUCCESS?

- Q. Was not the \$20,000 you have referred to, in regard to the Washington business, entirely contingent upon your success there?—A. No, not at all. There was something of that kind originally entered into with Mr. Pomeroy, but that was all done away with. It was found out after Mr. Pomeroy went there that he was not the man to take it.
- Q. Who settled upon the \$20,000 as being the amount?—A. I was to have a reasonable compensation, and it must have been approved by the principal directors then.
- Q. Can you refer us to any witness whom we may call and ask this question?—A. I think Mr. Pomeroy was one.
- Commissioner ANDERSON. Mr. Pomeroy is dead?
- The WITNESS. Yes, sir.
- Commissioner ANDERSON. We have a little preference for living persons. All the directors must have been cognizant of the fact?
- The WITNESS. I think they all knew about my claim.

By Commissioner LITTLE:

- Q. Was it ever formally presented to the board of directors or the sitting board of the company?—A. I do not think it was. It might have been. But those things were generally managed by Mr. Sother and Mr. Pomeroy.
- Q. Was it ever discussed between the different officers of the company and yourself, formally or informally?—A. I think not. Not that I collect of, at least.
- Q. How did the company know that you had such a claim?—A. Mr. Pomeroy knew it well, and Mr. Sother knew it well, and the company saw it. They know that when a man is employed to deliver arguments, &c., they must pay.

By Commissioner ANDERSON:

- Q. Did it ever materialize into dollars in value, until after the Ames and Gould transaction? Of course I understand they had more money then, and could afford to be more liberal.—A. By the bye, I think, upon reflection, it was secured by and discussed at the time of the execution.

of the deed of trust, which was made to secure not only these certificates of indebtedness but also for legal services.

Q. That is the deed of trust of the lands, which is referred to in the minutes and which refers directly to the twenty-one certificates, is it not?—A. Yes, sir; I think in that you will find that it was given for several purposes: One to secure certain coupons; one to secure the certificates of indebtedness. I speak now from memory merely. Of course you will correct me if I am wrong; and then for legal services and some other things.

Q. I understand this \$25,000 payment to be entirely distinct from the certificates of indebtedness. You have received them both, have you not?—A. Yes, sir; I received them both.

**FURTHER INFORMATION ASKED AS TO THE "EXTRAORDINARY PURCHASE."**

Q. Can you give us any more information as to the change that occurred between April, 1879, and November, 1879, and which will explain the extraordinary purchase made by Mr. Gould from Mr. Ames?—A. There was something that occurred to my mind a few minutes ago, but it passes my recollection just at this moment.

Q. Did the price strike you at the time you received it as something more than you had ever expected to get?—A. There was this remarkable feature about it, which we who were familiar with the thing, and who had worked along with the matter, knew. We knew that to have this property represented by \$1,000,000 of stock was a most extraordinary thing. It showed the good faith and the perfect integrity with which we had acted, notwithstanding the action of the Departments towards us. There was a great deal of value thrown into that \$1,000,000 of stock, because it controlled this road, and because of the rapid growth of Kansas; and anticipating future values is one thing, receiving values now in hand is another thing. I had supposed that that stock would become very valuable. It was important that our company should belong to the Union Pacific Railroad. I tried to negotiate, or entered somewhat into a negotiation, with Mr. Sidney Dillon. I did not see him personally, but wrote him a long letter on the subject. I have since attributed this purchase to the facts set forth in that letter. We enjoy most remarkable—I say we, although I have no interest in this matter now—but under that charter we enjoy remarkable privileges. The charter is of great value, for one thing. The rapid growth of Kansas is another consideration. The prevention of competition is another consideration. There are some other considerations.

**VALUE OF THE CENTRAL BRANCH TO THE UNION PACIFIC.**

Q. Please tell us in what possible respect the Union Pacific Central Branch is of any value to the Union Pacific as a tributary or otherwise, or what possible connection it has with it.—A. It has no connection at the present time. I mean by that connection on the

Q. You mean geographical connection?—A. It is a connection. But the probabilities of connection; negotiations were made it would detract, of course, which is about 40 or 50 miles below, I think, which is now a part of the Union Pacific.

Q. Do you mean if the road had remained longer itself at its own expense, so as to join

It might have been a dangerous competitor to the Kansas A. Yes, sir; and in addition to that, although I cannot give particulars, I think Mr. Oakes Ames informed us that there parties that were negotiating and were talking about purchasing the road. If it had been purchased, it would have very materially damaged the Union Pacific.

Q. You stated all the reasons that you can which shed any light on the price that was paid by Mr. Gould to Mr. Ames?—A. I cannot.

Q. As to the values derived from these leased lines, how much stock in the consolidated company was held by the Central Branch Pacific?—A. Some portion of it, but I cannot tell what

#### ADDITIONAL VALUE "THROWN IN."

Q. Any additional value that would be, as you express it, thrown in 100 miles, would be derived from the ownership of that stock in the consolidated company, would it not?—A. Yes, sir, and so as to it they had a lease of it.

Q. As far as ownership was concerned it would only be represent the stock, would it not?—A. Only represented by the stock, if they did not own any of the stock, there would be nothing to the 100 miles? Of course, if the consolidated company was outsiders, there would be no additional value in selling the stock because they did not own any portion of the consolidated company.

Q. Is not that so?—A. If they did own 100 miles they would own a trunk line, and all the business that came in from the beyond, which was growing rapidly and increasing in value, was to go over the 100 miles of road. I have been there, and I know about it.

Q. Now, ANDERSON. I am now speaking of the advantage you referred to before, of value thrown in by reason of the ownership of this consolidated company. I want to get at what proportion the whole stock of the consolidated company was held by the Central Branch.

Q. Yes. I cannot tell you, but the books will show that.

Q. Now, ANDERSON. Mr. Mink, can you show that; what is the percentage consolidated company?

Q. I cannot tell you, but it is in our annual report. The Central Branch stock is \$1,000,000.

#### BRANCH OWNERSHIP OF ATCHISON, COLORADO AND PACIFIC STOCK.

Q. Now, ANDERSON. I think I can answer your question. You ask how Central Branch owned, of its own right, of the stock of the consolidated company, to wit, the Atchison, Colorado and Pacific?—A. Yes, sir.

Q. Now, ANDERSON. You mean the company that owns the railroad lying about 100 miles?

Q. Now, ANDERSON. Yes.

Q. Now, ANDERSON. I think they were paid for transportation and material and a certain amount of stock was issued to them, so that they could buy. When they bought the majority of the Central Branch stock, Mr. Oliver Ames they also obtained enough stock of the consolidated company in addition to own and control a majority of that.

stock, so that they virtually owned and controlled not only the Central Branch, but also the Atchison, Colorado and Pacific extension, and the Jewell County road.

By Commissioner LITTLE:

Q. Did that interest go in the purchase of the Central Branch Union Pacific stock?—A. It went without any further consideration. The stock delivered was not only—

Q. The stock of the 100 miles?—A. For instance, one share of stock went at \$250. Not only was the one share of Central Branch delivered, but also a corresponding amount in value, if they had been capitalized at the same amount, of the other 300 miles.

Commissioner ANDERSON. It appears then, from the accounts of the company, that the Central Branch owns 7,857 shares of the Atchison, Colorado and Pacific Railroad. What I understood you to say is, that the sale of the stock of the Central Branch passed not only the Central Branch itself, but the interest of that company in those shares of the consolidated company.

The WITNESS. No, sir; not the sale of the Central Branch stock passed it, but it was delivered outside of it, and by separate certificates.

By Commissioner ANDERSON:

Q. To the Union Pacific Company?—A. To Mr. Gould, or whom took it.

#### UNION PACIFIC OWNERSHIP OF SAME STOCK.

Commissioner ANDERSON. Do I understand your company has no stock, Mr. Mink?

Mr. MINK. Yes, sir; the Union Pacific Company owns some of the Atchison, Colorado and Pacific and the Central Branch owns a little more. I cannot tell the actual amount, but it appears in our annual report.

Commissioner ANDERSON. So that then the purchase of Central Branch stock passed both a certain amount of the consolidated company's stock by delivery and also a certain ownership by reason of the ownership of the Central Branch itself.

Mr. MINK. I do not know that it passed any by delivery. I cannot tell you how we acquired the \$124,000 of stock that the Union Pacific Company own, but the purchase of the Central Branch stock did carry along with it some stock in the Atchison, Colorado and Pacific.

Commissioner ANDERSON. By reason of that stock being in the ownership of the Central Branch?

Mr. MINK. Yes, sir.

#### FINANCIAL CONDITION OF BRANCHES.

Q. Do you know anything about the financial condition of the branches which were consolidated; how much they were bonded for?—A. They were bonded for \$10,000 a mile.

Q. Do you know whether their earnings are equal to their operating expenses and fixed charges?—A. I do not know it of my own knowledge, but I know that the interest is paid.

Q. Do you know that the interest is paid on the bonds of the branches?—A. On the bonds of the branches, yes, sir.

Q. Are you a holder of any of those bonds at present?—A. The Atchison, Colorado and Pacific and Jewell County? No, sir; I am not an owner of a bond.

## INTEREST PAID BY MISSOURI PACIFIC.

Q. Do you know that the interest is paid from the earnings of the branches, or whether it is paid by the Missouri Pacific Railroad Company?—A. It must be paid by the Missouri Pacific. I am confident of that, because I have seen statements, I think, of their net earnings. I have seen those statements repeatedly, which show that there is sufficient to pay the interest on those bonds.

Q. Do you know whether it is sufficient or not, or whether the Missouri Pacific pays it as a part of the obligations of its lease?—A. If the statements that have been published are not correct, then it is a false and gross misrepresentation made by the Missouri Pacific road. I presume they are correct, for I never knew Mr. Gould to put his finger to anything that is not straight.

Q. Does the Missouri Pacific publish the accounts of the earnings of the branches separately from the earnings of the system?—A. I think not.

## COST AND CHARACTER OF BRANCH CONSTRUCTIONS.

Q. Do you know anything about the actual cost of these branch lines?—A. No, sir; I do not.

Q. Do you know the character of the construction? Was there any steel rail?—A. That I do not know. Right in that connection I would like to state something that I had forgotten. I am informed and believe that the Central Branch track has been relaid with steel rails from one end to the other.

Q. On these branches do you know whether there was any cash subscriptions for any of this stock?—A. My impression is that there was, but they were built under construction contracts.

Q. What I want to know is whether those roads represent anything more, any greater expenditure, than the proceeds of their bonds, \$16,000 a mile?—A. My impression is that the entire amount of money necessary for their construction was paid in cash by the parties who were interested in the contracts (in only one of which was I interested at all), and that the parties received the bonds, which were the return made for the moneys they had advanced, as a dividend under a construction company.

Q. It is fair to assume that the parties did not part with more than they got under those construction contracts, is it not?—A. I should think it might be.

Q. Is it not your judgment that those roads cost the amounts that they are bonded for and no more?—A. Yes, sir; I should say about that, because iron has been very cheap. At the time those roads were built iron was very cheap indeed, and Mr. Pomeroy looked after that a great deal, and he was a pretty sharp buyer.

## LEASE OF THE BRANCHES TO THE CENTRAL BRANCH COMPANY.

Q. Do you know anything about the terms of the leases of these branches to the Central Branch?—A. Yes, sir; I drew that lease myself, and it provides that the lessor—

Q. The Central Branch?—A. The Central Branch should pay a certain amount of money.

Q. One thousand dollars a mile, was it not, per annum?—A. One thousand dollars per mile, which would cover the interest on the bonds,

which amounts to \$600 a mile, and which leaves a small amount for keeping up the organization; and then they pay, in addition, all taxes of every kind, and do all repairs of every kind, and make all improvements.

Q. How long was this lease to run?—A. I do not remember the length of that lease.

Q. Is not that an important factor in determining the value of these branches to the main road?—A. Yes, sir.

Q. Do you not remember that it was twenty-five years?—A. I do not remember that.

Commissioner ANDERSON. Mr. Mink, how long is the lease?

Mr. MINK. I cannot tell you. I think it was about twenty-five years.

Q. Do you remember in what year the lease was made?—A. The lease must have been made in 1879, I think, to the best of my recollection.

Commissioner ANDERSON. Then it would expire in 1904?

The WITNESS. If it was twenty-five years.

#### EFFECT OF THE LEASE ON THE VALUE OF THE CENTRAL BRANCH.

Q. In what respect would that lease add so much of value to the Central Branch if it is subject to a readjustment of its terms in a few years?—A. During that period the Central Branch would control the business of the Atchison, Colorado and Pacific, and the Union Pacific owning a majority of the stock of the consolidated company, namely, the Atchison, Colorado and Pacific, would have both roads, one in one pocket and one in the other.

Q. Do you mean to say that the holder of a majority of stock could make inequitable or unjust terms, thereby favoring the corporation which he represented and desired to favor as against a minority; would not he be compelled to make just terms and a just rental?—A. I cannot conceive of any possible circumstances under which the stockholders of the Atchison, Colorado and Pacific would want to dissolve their connection with the Central Branch Union Pacific.

Q. Might they not demand such an increase of rental as would substantially give to them most of the benefits and leave very little to the Central Branch?—A. That might be; you cannot tell what might occur in the future.

#### GUARANTY OF BRANCH BONDS BY CENTRAL BRANCH COMPANY.

Q. Do you know to what amount the Central Branch has guaranteed the bonds of the branch roads?—A. They have guaranteed, my recollection is, the principal and interest. But I should want to refer to the bonds for greater certainty.

#### COUNTY AID TO BRANCHES.

Q. Do you know what county aid was extended to those branch roads?—A. No, sir. I heard at the time, but I cannot tell you anything about it.

Q. What company were you interested in?—A. It was the last company; the road was built under the last charter, at the further end. I do not remember the name. [After looking at a memorandum.] My recollection is that the name of the company in which I was interested, which was at the further end, the most westerly end, was the Atchison, Solomon Valley and Western Railroad.



Q. Did that company ever receive any county aid?—A. I think it did.

Q. Do you know how much?—A. I cannot tell you. They were obtained through the instrumentality of Mr. William F. Downs, who was then our manager.

Mr. JOHN F. DILLON. Your superintendent?

The WITNESS. Superintendent. Mr. Downs is dead.

#### WITNESS'S INTEREST IN ATCHISON, SOLOMON VALLEY AND WESTERN ROAD.

Q. What was your interest in the construction of that road; what were you?—A. We subscribed with a view of going to Denver.

Q. What proportion did you take?—A. I subscribed \$250,000.

Q. What was the total subscription?—A. I do not know. I cannot tell. We were cut short by the arrangements made with Mr. Gould, and I paid in about \$100,000, I should think. But I am not sure about the amount.

Q. Do you know what the total amount was for which your road was bonded?—A. \$16,000 a mile.

Q. How many miles, do you recollect?—A. I cannot recollect now.

Q. What did you get for your \$100,000?—A. If I paid in \$100,000, cannot tell you, I do not remember now, but I made a handsome profit on it.

#### RELATION OF COST TO EARNING CAPACITY OF BRANCHES.

Commissioner ANDERSON. What we want is to ascertain the relation between cost and earning capacity of these branches.

The WITNESS. I have no hesitation in stating anything I can to the commission.

Commissioner ANDERSON. I want to know whether this particular branch that you were interested in cost as much as was represented by its bonded indebtedness, after deducting the county aids.

The WITNESS. I should think not. That is my impression.

Q. Is it your judgment that this same state of affairs applies to the other branches?—A. I should think there was more money made off the first road, that is eventually, although the parties ran a great deal of risk. On the first 20 or 30 miles that they built on the end of the Central Branch, I think more money was made by the parties who were then interested than was made by those of us who were interested in the farther end. I had no faith then in the thing. I was completely demoralized by this public clamor at Washington, and I was unfit to look at anything. Other parties went in and—

Commissioner ANDERSON (interposing). I think you went in pretty well yourself, and you saw a pretty good pile at the end of it.

The WITNESS. Just explain that.

Commissioner ANDERSON. I mean to say you stuck to it until you made a magnificent bargain with Mr. Gould.

The WITNESS. It would have been far better for me if I had taken at \$100,000 and burnt it up than it has been. It broke up my business, for I went to Washington and devoted myself exclusively to this matter. I devoted more than six of the best years of my life to it, and has enabled me (perhaps it is no credit) to know as much about these Pacific railroad laws, perhaps, as any other man to-day, with exception, perhaps, of my worthy friend here.

Mr. JOHN F. DILLON. I yield to you.

Q. Are you now a holder of any of the Central Branch bonds?—A. I am not personally. My family owns some.

Q. Some of the first-mortgage bonds?—A. The first-mortgage bonds.

Q. Of the same lot that were originally issued?—A. Of the first-mortgage bonds of the Central Branch, my daughter owns some. I have one child, a daughter.

#### EXPENSES AT WASHINGTON, \$4,325.28.

Commissioner ANDERSON. We find some entries that appear to refer to you in the Journal. I read one under date of September 10, 1863: "E. H. Nichols, credit amount paid per R. M. Pomeroy and self for congressional traveling and expenses at Washington, \$1,325.28." Please look at that entry and state whether you recollect that expenditure?

The WITNESS. I believe that to be perfectly correct. I do not remember the details of it, but not one dollar of that or any other charge was ever improperly used.

Q. That amount of money was spent by you in Washington during that session, was it?—A. By Mr. Pomeroy and myself, as it appears here. That is, I have no doubt of its correctness. If this is taken from Mr. Sother's books, they were examined by myself and Mr. Pomeroy, and I have no doubt of its correctness.

Q. Do you remember that you were in Washington during that year of 1863?—A. I was in Washington. I went on to Washington at the close of the year 1866. I supposed that I might remain there, and I told my wife, that I might remain there a month or two in order to get matters adjusted. I remained there until April, 1873.

Q. Do you remember whether in 1863, when this statement was made up, representing this expenditure of money, a voucher was prepared?—A. No; I do not recollect anything about it.

Q. Do you remember whether it was the custom to pay you such sums without your giving a voucher therefor?—A. I think the whole thing was explained to the committee. There may have been a voucher or detailed statement of it prepared. I presume it was prepared by Mr. Pomeroy, for he attended to the money matters.

Q. Do you remember how long a period of time this payment covered?—A. No, sir.

Q. Do you remember what the character of the expense was which was charged to this railroad company?

The WITNESS. What is the date of it?

Commissioner ANDERSON. September 10, 1863, for Congressional traveling and expenses at Washington.

A. I cannot tell you.

#### NATURE OF THOSE EXPENSES.

Q. Can you tell us, from recollection, what was the nature of your expenditures in Washington?

The WITNESS. At that time?

Commissioner ANDERSON. Yes.

A. Mr. Pomeroy employed a number of persons as counsel, whose names I have mentioned, and there was a great deal of printing going on. I cannot tell you.

Q. Do you mention these names in connection with this particular period, September, 1863?—A. No, sir; I cannot recollect about the dates.

Q. You do not mean that any portion of this was applied to the payment of counsel fees to some of these gentlemen you have referred to—Mr. Evarts and others—do you?—A. Not to the main counsel, for I employed them all myself; but to some of the others it may have been paid.

## INTERVIEWING MEMBERS OF CONGRESS.

Q. Will you please name any person whom you believe to be covered by an entry made in September, 1868?—A. I could not tell you.

Q. Were you yourself in the habit of interviewing members of Congress with reference to the interests of the company?—A. Yes, sir; in reference to this bill that we passed; I became acquainted, I think, with every member of the Senate.

Q. Was that applicable to the year 1868? At that time had the Kansas Pacific changed its route?—A. Oh, yes, sir. I think we did not come with our bill before the Senate until after Cox's decision. The three Pacific railroad acts are dated July 1, July 2, and July 3, one in 1862, one in 1864, and one in 1868. Cox's decision had not at that time been given. Cox's decision was dated the 27th of January, 1870, and this was September, 1868, you say.

Q. Can you give me any detail at all which can fit this item?—A. No, sir, I cannot. Will you please read the words preceding it?

Commissioner ANDERSON (reading): "Amount paid for R. M. Pomeroy and self for Congressional traveling and expenses at Washington, \$4,325.28."

The WITNESS. I cannot recollect it.

Q. How would you explain this expression, "Congressional traveling"?—A. It is a common phrase—going on to Washington.

Q. Do you think "Congressional" is used as an adjective to qualify "traveling," or that there should be a comma between those words?—A. It is difficult for me to tell what other people mean. The word "Congressional," I can conceive, might be used by those who are not experienced, as pertaining to Washington.

Q. Can you shed no light on it at all?—A. I have a pretty clear recollection, and I should think that that was some of Mr. Pomeroy's work.

Q. You do not think you worded that sentence?—A. No, sir; I think likely that is Sother's sentence, or Sother's and Pomeroy's together.

## NO PORTION OF EXPENSES USED TO INFLUENCE MEMBERS OF CONGRESS.

Q. Do you state, under oath, that no portion of this money was, to your knowledge, used for the purpose of influencing any member of Congress?—A. I do.

Q. In any way, shape, or form?—A. In any way, shape, or form.

## SOME DINNERS GIVEN.

Q. Do you extend that so far as to include the giving of dinners?—A. No, sir; there were some dinners given.

Q. Some of that money may have been expended in that way?—

A. That may be, but I think it was after that. I think three dinners given at the Arlington, but I was not one of them. Some of the parties there thought it a opportunity to get acquainted with members of Congress to them in regard to it. When I went there I did not know now.

Q. Is there any other form of spreading the railroad gospel that you are acquainted with, that was in use at Washington when you were there, than giving dinners?

The WITNESS. What is that?

#### PURPOSES FOR WHICH MONEY WAS USED.

Q. Is there anything else that those moneys were used for, in fact, that you would consider perfectly justifiable and not amounting to bribery, besides the giving of dinners?—A. No money was ever used for any purpose that I have any knowledge or recollection of, excepting for counsel fees, and for board of counsel and myself; and I think I did not even charge for my family when I was there; and there was also the printing. I should think the printing bills must have amounted to \$10,000, for I have got boxes enough to indicate that. There were also stenographer's fees and traveling expenses.

Q. Are you quoting from any memorandum of figures, or merely from a memorandum made to refresh your mind?—A. No, sir. At your request I tried to think over this matter, and I made some memoranda which is at your service to examine.

#### FURTHER EXPENSES AT WASHINGTON, \$7,140.

Q. I find a subsequent entry, "April 5, 1870, sundry expenses incurred by me in Washington to date, for traveling, board, printing, and sundry special expenses, \$2,140; retaining fee, W. M. Evans, \$5,000; total \$7,140." The item begins, "E. H. Nichols, credit." That appears to be credited to you in your account with the company. In regard to the \$2,000, have you any further explanation to give us to that item than you have given already?—A. No, sir.

#### FOR SPECIAL SERVICES OF WITNESS, \$20,000.

Q. I find under date of January 1, 1870, "Effingham H. Nichols, credit, special services rendered during construction of the road, \$20,000." What was that credited to you for?—A. It was for services rendered during the construction of the road.

Q. Special service of what character?—A. As lawyer.

Q. Is there a bill of items covering that amount?—A. I think not. I think you will find it all in the minutes. I recollect something about that.

Q. Has this entry any connection with the subsequent adjustment that you have referred to, after the sale to Mr. Gould?—A. No, sir; nothing.

Q. Was this \$20,000 paid to you by the company?—A. That is my recollection. I am under the impression that it was paid, but it is many years ago I do not remember.

#### FOR DISBURSEMENTS AND SERVICES, \$23,344.91.

Commissioner ANDERSON. Then I find the following: date of July 15, 1870, "For disbursements and services, January 1 and July 12, 1870, promoting the passage of the Central Branch U. P. R. Co., \$23,344.91."

The WITNESS. That must have been me and myself.

Q. Was there any voucher prepared?—A. Of it were all furnished at the time.

Q. Can you give us no information as to an item of this size, \$23,000, embracing a period of only a few months?

THE WITNESS. What year was that?

Commissioner ANDERSON. 1870. The first six months of 1870.

THE WITNESS. It must have embraced counsel fees, and it must have embraced something to me on account—some fees to me, probably.

Commissioner ANDERSON. This is in addition to the item of \$20,000 which we have just passed. It is a separate entry.

THE WITNESS. Let me see. [After examining the statement.] All I can say is that I should think that we spent in counsel fees and in traveling, and in these things which I have named, in Washington—I cannot speak with any definiteness—more than \$75,000; perhaps over 90,000. Mr. Evans argued the case three times; Mr. Benjamin H. Curtis gave us two different opinions and argued the case once; Mr. Brewer argued the case twice or three times.

Q. Were any of the employments that you have referred to prior to 1870?—A. I should think they must have been; certainly. Oh, yes, sir.

Commissioner ANDERSON. The application of this money, as stated in the entry, is for promoting passage of bills for the relief of the company.

THE WITNESS. I am not the author of that language. I suppose that was put in there by Thomas M. Sother.

Commissioner ANDERSON. He must have obtained it from the voucher or explanation given to him by yourself.

THE WITNESS. I think those things were all caused to be entered in by Mr. R. M. Pomeroy.

#### AMOUNT PAID GENERAL JAMES CRAIG, \$500.

Commissioner ANDERSON. I find an entry under date of October 12, 68, "by amount paid General James Craig, \$500."

THE WITNESS. Who is that charged to?

Commissioner ANDERSON. It is credited to you. "Expenses to Kansas and back, \$263.24. Cash paid on account of Central Branch Railroad Company, \$1,000;" and, 15th October, same amount again, \$1,000. Will you see if you can explain those entries?

THE WITNESS. I have no recollection about that, and I do not believe such money was ever paid by me. I am sure it was not. But I ask that had something to do with politics—Mr. Pomeroy's operations out there—but what, I do not know.

Q. Why should it be credited to you?—A. Because, I suppose, I was led upon to sign a check.

Commissioner ANDERSON. It would not be credited to you unless you had your own check.

THE WITNESS. Is it credited to me?

Commissioner ANDERSON. Yes, sir; that is a credit to you; and it was that you had stated to the company that you had paid General Craig \$500 and wanted it back.

THE WITNESS. I do not believe I paid General Craig any \$500. I ask, if that was paid, it was paid by Mr. Pomeroy.

Commissioner ANDERSON. You may have paid Mr. Pomeroy. He may have said he preferred to have it entered to him. <sup>A had it</sup> credited to you, and you paid it to him.

THE WITNESS. It may have been something of effect about it.

*Afternoon session.*

EFFINGHAM H. NICHOLS, being further examined, testified as follows:

## AS TO VALUE RECEIVED BY COMPANY FOR STOCK ISSUED.

Commissioner ANDERSON. Before resuming this question of legal expenses, I have examined the report made to us from the books of the company, and I would like to see whether I can get any more information from you as to the value received by the company from these stock issues. The entries on the books contain a statement of all the issues of stock, giving the number of shares issued to each person, the name of the person receiving the stock, the date of the issue, and the only cash which the books of the company show to have been received from this stock. The statement also includes the stock operations on the \$400,000 subsequently issued and contains a statement of the exact amounts paid on these stock operations. I will hand you this statement, from which it would appear that the entire amount received by the company for both the original issues of stock and the amounts paid in on the stock options, was \$386,700 [handing paper to witness]. That is from pages 84 and 85 of the auditor's report.

The WITNESS. Any statement which purports to come from the books of the company, and from which any conclusion can be drawn that a less amount than \$1,000,000 was paid for the \$1,000,000 stock, is false and untrue so far as the conclusion derived therefrom, with the exception, I think, of a balance due on the amounts of stock that were issued to B. M. Pomeroy of—I cannot recollect the amount—somewhere, I should say, from \$2,000 to \$5,000, or \$6,000 or \$7,000, that was not paid at the time that we delivered over the books.

Q. Do you consider the stock which you issued as compensation for loans, for instance, as stock which produced its par value in cash?—A. There was no stock ever issued for anything excepting cash.

Q. Was no stock ever issued as compensation for loans?—A. No, sir; every dollar was paid in, with the exception that I have named, which will appear upon the books in the pencil memorandum, made after a most careful and elaborate examination. I think it was made by Mr. Sother or by myself, and I think it is the only memorandum that I have ever made in any of the books.

\*Commissioner ANDERSON. The statement made by you is that 1,616 shares of this stock, in addition to another entry, to which I will call your attention in a moment, of 109 shares, were issued to you, and the only credit for value received by the company from you for that 1,600 shares of stock is \$62,100.

The WITNESS. Whatever those statements are, they are misleading. There is another book which was kept by Willis Gaylord; and the first payment—for instance, my proportion of it was something like \$60,000—will appear in that book, and in the books then that followed it, which were kept by Mr. Sother. Whatever stock I held—at different times I held different amounts of stock, but whatever stock was issued by the company the company has received full value for, with the exception of what I referred to as to Mr. Pomeroy.

Q. How many shares of stock were issued to you on these transactions?—A. Whatever amount I paid in. For instance—this answer I can give—if I had paid in \$60,000—these shares were issued to me, and no more and no other.

Q. How many shares of stock did you pass to Mr. Ames?—A. I owned at that time, I think, 901 shares, and my father's estate owned 100 shares; and I passed to Mr. Oliver Ames, as the books will show (for I have a copy of that book at my office, which I retained for my own satisfaction), 1,000 shares.

Q. Had you sold some of your stock between the time when you subscribed to the option and the time when you sold to Mr. Ames?—A. Yes, sir; I had sold, and I think I had bought. But I do not remember about that particularly.

Q. The entry against you is for 1,616 shares of stock. Are you prepared to state whether that is or is not the amount of stock that was issued to you on these stock options?—A. I do not think any such amount of stock was issued to me on any stock option. There could not have been in the nature of things.

Commissioner ANDERSON. We can only take the entries as we find them in the books, and that is the way we do find it there entered.

The WITNESS. There are other portions of the book which will explain that. I am confident there must be.

#### AMOUNT PAID FOR STOCK BY WITNESS.

Q. Can you tell us what money you paid to the Central Branch Company for the amount of this stock subscription?—A. I paid at the rate of \$60 on every share of stock and afterwards \$40.

Q. Do you know what amount of money you paid?—A. I cannot tell you. But it was at that rate, whatever the amount was that I had at that time.

Q. Would there be any difficulty in ascertaining from your account how much you paid in?—A. I should think an expert could easily ascertain.

Q. Have you not any account of transactions in that year which will show how much money you paid to the Central Branch? If you have, you could ascertain how many shares of stock you would be entitled to.

—A. I do not believe I have, in any way. But I make this general statement, that I never received a share of stock but what was paid in full.

Commissioner ANDERSON. The difficulty with us is that somebody got it other than the Central Branch Company.

The WITNESS. The Central Branch Company got every dollar of it.

Commissioner ANDERSON. The books show otherwise.

The WITNESS. Then the books have not been properly examined.

#### WHAT THE BOOKS SHOW.

Commissioner ANDERSON. But the consideration and advantages obtained by the company, as shown by this balance sheet, do not bear out. They contain a statement of all the assets it received, and all the company has to show for it, and all the cash entered as coming from stock subscribed for by you, is \$42,100.

The WITNESS. I think you stated that for the whole capital stock that they received was—how much?

Commissioner ANDERSON. \$386,700.

#### OTHER BOOKS KEPT.

The WITNESS. That is explained upon this page. The money was paid in upon the stock options in a book kept by Willie Gaylord, who was treasurer.

pany, but also of the Construction Company, and the \$600,000 was paid in there. This amount, \$336,000, that ought to have shown \$400,000 for the stock, was issued to us at that time, we having already paid in, as appears by another set of books, \$600,000; I mean \$600,000 in round numbers. It was intended to be that. Then, as to the remaining stock that was issued, every dollar of that stock which I got I paid for; and so it was with every one else. There is an affidavit of mine in one of those books, which I know is true, otherwise I would not have sworn to it at the time. I will read it, and it may throw light upon this:

#### READING FROM AN AFFIDAVIT.

That a contract for the construction of the first 100 miles of the said railroad was made upon the 9th day of May, 1863.

That contract was made long before that, but some features of it were changed, and the date was altered.

That by mutual understanding and agreement, no material work was commenced under said contract until the month of July following.

That is to say, until the expiration of one year from the passage of the Pacific Railroad act of July 2, 1864.

That at the time of the making of said contract the entire capital stock of said company was subscribed, namely, \$1,000,000; that during the summer and fall of the year 1865 nearly \$480,000 thereof was paid into the treasury, and that on or about the month of July, 1866, the further amount of about \$120,000 was paid into the treasury in cash; that since that time the residue of said capital stock, namely, \$400,000, excepting about \$26,800—

Does that make up the difference?

Commissioner ANDERSON. This is \$386,700, which is \$13,300 short.  
The WITNESS:

That since that time the residue of said capital stock, namely, \$400,000, excepting \$26,800, has been paid into the treasury in cash; that said \$26,800 is due and payable from the stockholders, who, by reason of sickness or some other cause, have not yet paid the same; and that no part of said amounts have ever been repaid to said stockholders, but that the whole amount, now amounting to upwards of \$1,000,000, has been disbursed and expended, etc.

By Commissioner LITTLE:

Q. How did you happen to make that affidavit?—A. To show our good faith before Congress, or at least before the Department.

By Mr. JOHN F. DILLON:

Q. What is the date of it?—A. The 5th day of April, 1869.

#### WHAT THE BOOKS SHOW AS TO PAYMENTS MADE.

By Commissioner ANDERSON:

Q. The statement taken from the books contains not only the stock subscribed for on the stock option of \$400,000, but all the prior subscriptions of Chalice, Brooks, Pomeroy, and others, and it is only adding all those together that we obtain the figures \$386,700. The payments that appear on the books to have been made on the stock option do not exceed \$150,000. Can you explain, if there be any other that contains evidence of the receipt of moneys belonging to the corporation, how it is possible to ascertain what benefit the company would be entitled to therefrom? From the books we have no receipts and obligations appearing against the company as satisfied out of these assets that they have received, and if



does whatever tending to show that you or any of these other gentlemen are paid these other sums.—A. There is a book that we obtained from Willie Gaylord, with whom we had trouble, which must be in the possession of the Union Pacific Railroad Company, which, while it is unsatisfactory to us, yet it must show a certain amount of money received and a certain amount of money paid to Osborn on account of construction of the road. As matter of fact, or at least I know so far as I myself am concerned, and so far as a great many other gentlemen are concerned but I am familiar with, they had paid in \$600,000. That was paid in, the other was called stock option. Parties could take it if they chose. They took it and agreed to pay in the other \$400,000, all of which was at this date, or had been at this date, paid in, with the exception of \$23,000. I am very sure that when the books were handed over—I think Mr. Mink will find in Mr. Pomeroy's account a memorandum of something, with the dates, on account of the stock that was issued to him. I do not remember the amount, and I think it is written in pencil.

**WITNESS PAID CASH FOR ALL HE GOT.**

Q. To put the question directly to you, if you received 900 shares of stock on these stock options, do I understand you to say that you paid \$90,000 in cash for it?—A. If I received 900 shares, I paid \$90,000 for it in cash. If I did.

Q. So that whatever stock you received you paid for in full?—A. Whatever stock I received I paid for in full.

By Commissioner LITTLE:

In cash?—A. In cash; in money.

Commissioner ANDERSON. The total amount which appears to have been received by this company for the stock options is \$167,000, and no more.

The WITNESS. If you mean to state that that appears by the books—

Commissioner ANDERSON (interposing). I do.

**THE ACCOUNTANT COULD NOT HAVE SEEN ALL THE BOOKS.**

The WITNESS (continuing). I state in reply that there must be a mistake about that, and the accountant who went over it was not put in possession of the proper books from which to ascertain the result.

Commissioner ANDERSON. I would say, in explanation of what I have stated, that from the accountant's statement to me, it is not clear from the books exactly what was received on the stock options as distinguished from what was received from the other \$600,000 of stock issued before; but that the books show that the total amount received from all sources, for the whole million dollars of stock, is \$386,700; and that you state must be erroneous.

**THE WITNESS CANNOT BE MISTAKEN THAT ONE MILLION DOLLARS WAS PAID IN, IN CASH.**

The WITNESS. I state that that is necessarily erroneous, and cannot be otherwise. I will state further, that at the time the 6,000 shares were issued, the parties having paid in the money before at different periods as it was called for, interest was allowed on them up to the day of issue of the stock, and that interest and the price paid amounted to

\$500,000, for which 5,000 shares of stock were issued; and then the 4,000 shares were issued, and my recollection is that every dollar of it was paid for at par. I cannot be mistaken about it. It was paid in cash, every dollar of it.

Commissioner LITTLE. Mr. Mink, have you no book in your possession that shows these facts?

Mr. MINK. No, sir; everything was turned over to the accountants.

The WITNESS. I will inquire if you have Willis Gaylord's books?

Mr. MINK. I do not know them by that name. We have all the books that were turned over to us at the time of the purchase.

Commissioner ANDERSON. Mr. Perannond says he has not seen that Willis Gaylord book.

The WITNESS. The only book that I ever got out of Willis Gaylord was one book which was I suppose delivered over. It was a very simple affair, containing the amount he paid out on one side, and the amount he received on the other. Whether he had written it up to date or not, I do not know. We had trouble with him. We had paid in the \$500,000, that is, such sum as, with the interest, amounted to \$600,000, up to the date of the issuing of this stock.

By Commissioner LITTLE:

Q. Did this trouble with Mr. Gaylord result in his refusing to surrender up a portion of the books which he kept?—A. It grew out of our trying to find out what the "existing obligations" were for.

By Commissioner ANDERSON:

Q. Do you remember that 190 shares of this stock was subsequently issued to you after the sale to Mr. Gould?

The WITNESS. After the sale to Mr. Gould?

Commissioner ANDERSON. On the 20th of January, 1879; that was ten months before the sale to Gould?

#### CERTIFICATES OF INTEREST IN THE OSBORN CONTRACT.

The WITNESS. I can recall a circumstance of this kind: that I bought some certificates (upon which parties had paid) of interest in the Osborn contract, and I took them and paid up the difference and the stock was issued to me.

Q. Were those certificates taken as money at their face value?—A. They were taken at their face value.

Q. To what kind of a certificate do you refer?—A. I refer to a certificate—I can not recall it exactly, but I think the form of the certificate was that such a person was entitled to so much; or it was in the nature of an assignment of those parties who had assigned this Osborn construction contract. Parties who had taken interest in that transferred it from one person to another, and sold interests in that contract upon which payments had been made.

Q. By them?—A. By them.

Q. And then the certificates represented or stated the amount which they had advanced?—A. It stated the amount which they had advanced. That appeared upon the certificate, and the party receiving the certificate, of course, would have to pay up the difference if calls were made, if they were behind on them.

#### WHAT THEY ENTITLED THE HOLDER TO.

Q. Why should that certificate represent an amount in money which the Central Branch was bound to pay?—A. It had nothing to do with

to Central Branch. The holder of that certificate was entitled to have share issued to him for every \$100 that he had paid on account of that certificate; and if I bought the certificate I was entitled, upon showing evidence that I was the assignee of that certificate, to receive from the company my certificate of stock for 1 share, which carried with it the option in the relation of 40 to 60. For instance, suppose it was for 100 shares; supposing there had been \$6,000 paid, I was entitled to 60 shares, and I was entitled to the option of 40 shares more upon paying the \$1,000 for it.

Q. Were you also entitled to the four bonds that would belong with the option?—A. Yes, sir.

Q. In other words, you were entitled to come in as a subscriber to the 4,000 shares, being, under this certificate, entitled to be a holder under the 6,000 shares?—A. I stood in the shoes of the man who originally subscribed.

Q. Is that your recollection of the manner in which you obtained this 60 shares of stock?—A. I had no distinct recollection about any specific number of shares. I never acquired any certificate or any stock without paying its full face.

Q. You do not mean necessarily in money, do you?—A. Necessarily in money; yes, sir.

Q. In this case do you say that the consideration you paid was by delivery of this certificate to the company, which entitled you to stock?—A. Yes, sir; the man who had held that certificate paid every dollar on it, and I paid the balance.

#### AS TO THE CONSIDERATION PAID TO THE COMPANY WHEN ISSUING STOCK.

Q. I am only asking what consideration was paid to the company at the time of the issuing of this stock? I understand the 100 shares— (Interposing) I paid to them the balance that had not been already paid at par. For instance, of the \$19,900 sixty per cent. of this had been already paid in cash and the balance I paid in cash.

Q. To whom did you deliver the certificates that you held?—A. That cannot tell.

#### THE PROBABLE WHEREABOUTS OF THE CERTIFICATES.

Q. The regular form would have been to deliver them to the treasurer of the company, would it not?—A. I should not be surprised if these certificates were somewhere about the office.

Q. About whose office?—A. About my office at the present time. The only reason for that belief is this, that I once owned the property where I am now sitting, and my office was here, as was also the office of the treasurer of the company. The office of the company in the city of New York was here, I think—just about here. I sold this property to Mr. Astor and we moved from here to No. 20 Nassau street. The clerk that I had then, my chief clerk, died suddenly a year and a half since. A great many papers were destroyed, but I think a paper like that may possibly be in some of the safes. I bought the safe from the company and all the papers that were really valuable were delivered by Mr. Sether to our successors, but it may possibly be that those papers may be in my office. If so, I will hunt for them and send them to you, although they ought to be kept carefully as mementos of the title of the interest in that construction company.

Q. The certificate that you refer to is evidently a voucher to the company for the issuing of the stock; that is so, is it not?—A. Yes, sir; it is evidently a voucher.

Q. If you have it, will you kindly produce it?—A. I will deliver it if I can find it. Those papers are all together, I think. I think that those things were examined and were all put in one envelope together. They ought to be in the possession of our successors.

Q. In exercising the option on the certificate, do you say that you took it up and paid at par for the balance of the stock which you were entitled to receive?—A. Yes, sir.

#### PRICE OF THE STOCK IN JANUARY, 1879.

Q. Can you explain why, in January, 1879, when the stock of this company could be bought in the market for a trifle, you would do that?—A. That is hearsay—selling in the market for a trifle.

Commissioner ANDERSON. No; it has been sworn to.

The WITNESS. I think I had been on to Boston and there went out and dined with Mr. Oliver Ames and Mr. R. M. Pomeroy. I remember that while at dinner Mr. Ames wanted to buy 100 shares of stock of me. I agreed to sell it to him at 120 and I was surprised; I did not know what it meant. It began to go through my mind that there was something up.

Q. Mr. Ames's testimony is that as early as January, 1870, the stock was selling for a mere trifle. It was before your income mortgage had been made. That is the date of the issue of 199 shares to you. Can you explain why, at that time, you would have been willing to pay par for any portion of this stock of this company?—A. I cannot tell now what that refers to. Have you the books here?

Commissioner ANDERSON. No; these are only extracts.

The WITNESS. I think the books would explain where I got the from. I mean the stock books.

Commissioner ANDERSON. It does not appear from the books that the company received any consideration whatever for these 199 shares of stock.

Mr. PERENNOUD. The stock books merely show the issuance to you of the 199 shares, and that is all.

The WITNESS. I beg leave to say that the books of the company must show it and do show it.

Commissioner ANDERSON. We will have them brought on here and exhibit them to you.

The WITNESS. Mr. Pomeroy was too sharp a man, in looking after things, not to have seen that.

#### HOW MUCH MONEY CENTRAL BRANCH RECEIVED FOR FIRST-MORTGAGE BONDS.

Commissioner ANDERSON. In regard to the mortgages, you have stated that \$400,000 of the \$1,600,000 were distributed as inducements to stock subscriptions?

The WITNESS. Yes, sir.

Q. You have also stated that a number of them were payment of prior liabilities, and a number of them were pension for loans. Can you state, with any degree of how much the Central Branch received in money for first-mortgage bonds?—A. I cannot tell you. The

Q. It appears from the books that the whole amount received from this issue was \$567,612.14. Have you anything to say in regard to the accuracy of that figure?—A. I will state this: That about 400 were retained by Willis Gaylord, and they never came into our hands; that 150 were given to Mr. Wheeler, the Englishman, in settlement with him; and that 400 were distributed with the stock options. That made 950, leaving 750. I should think that at least 50 of those were given for commissions upon loans. That would leave \$600,000. What was the amount received for them?

Mr. NORRIS. \$567,000.

The WITNESS. I am astonished at that statement, because they produced more than I should suppose. It only goes to show the good faith of the parties who subscribed and took these bonds, and I am surprised they should have got that amount for them.

Q. Did you yourself subscribe for bonds?—A. I think that I did, but what I paid for them I do not remember.

Q. Do you remember whether you paid par for them?—A. No, sir; I should think not. I am not positive that I did take any.

#### BOND-PURCHASES IN NAME OF WITNESS.

Commissioner ANDERSON. We find on the 24th of April, 1866, this entry: "E. H. Nichols, 25 bonds for \$17,500."

The WITNESS. I think very likely that various clients of mine wanted to obtain bonds, and they were offered for that price and I bought them for them. I paid the money. It is so long since that I cannot recollect, but I think that is the explanation.

Commissioner ANDERSON. On June 5, the same year, we find this entry: "E. H. Nichols, four bonds, \$2,800."

The WITNESS. That is at 70; yes, sir. That goes to corroborate it. I have a faint impression that we offered the bonds at one time at 70 or 75.

Commissioner ANDERSON. On October 1, 1866, we find an entry of twenty-eight bonds for \$19,600, also at 70 cents on the dollar.

The WITNESS. I think I was the medium for paying for them, but I do not think I ever bought so many of them for myself.

Commissioner ANDERSON. On October 31 and November 1, we find two entries: "E. H. Nichols, 16 bonds, \$11,200," and "4 bonds, \$2,800," all at 70.

The WITNESS. I think the probability is that most of those bonds were ordered from Boston by Mr. Pomeroy, and the money was sent to me, and Mr. Sother made an entry of the transaction, and delivered to me the bonds and received from me the money. But I do not think those purchases were made by me for my own interest in any way.

Q. Do you make the same answer as to all the purchases that have been made through you, of bonds?—A. Yes, sir. I cannot make any other. Do you see the name R. M. Pomeroy down there often?

Commissioner ANDERSON. Oh, yes; Mr. Pomeroy's name appears here.

The WITNESS. Then he was in town, and he would take care of him-  
self.

#### AS TO THE

Commissioner ANDERSON. I think it is a little more definitely what is the meaning of the subscriptions were directed to be applied to the redemption of the bonds due by the parties.

The WITNESS. I mean that there were moneys due for material. That must have been so. It could bear no other possible construction. Moneys were due for material and for labor on the road. This book of Mr. Willis Gaylord's is a very large book, bound in red.

Q. Is Mr. Willis Gaylord living?—A. I do not know whether he is or not.

Q. Where does he live?—A. He lived in Brooklyn. I should think he was alive. He is a brother of the first wife of Senator Samuel C. Pomeroy, and he married the daughter of some man that formerly kept an iron foundry in Brooklyn.

Q. Do you know who his connections are in New York—his lawyer or any one else—so that we could ascertain about him?—A. No, sir; I do not. You may find the name Willis Gaylord in the directory.

#### THE TREDWELL SUIT.

Q. There have been a number of litigations arising out of these matters, have there not?—A. Yes, sir.

Q. Will you please enumerate the prominent litigations?—A. Then was a suit brought by one Samuel Lennox Tredwell, which was brought against every stockholder and the company, alleging that he was entitled to a division of the assets under the Osborn contract. That case came to trial, and we satisfied the court and jury that that contract was never performed; that it was abandoned, and the road was built by the company.

Q. Who was Mr. Tredwell's counsel?—A. A prominent judge who died up at Tarrytown or Yonkers. If I heard the name I could tell.

Commissioner ANDERSON. It was not Judge Barnard?

The WITNESS. No, sir.

Mr. JOHN F. DILLON. Was it Beach?

The WITNESS. Yes, sir. Beach was his counsel.

Q. Who was the counsel for the company?—A. Messrs. Sterling & Walden. Mr. Sterling is living in Massachusetts, but Mr. Walden is the man who attended to it.

Q. Which Mr. Walden?—A. He is around in Liberty street, in the building in the rear of the Mutual Life. I was also counsel.

Q. Was that case carried up on appeal?—A. No, sir.

Q. Have you a copy of the record of the proofs taken?—A. No, sir; I have not.

Q. Has Mr. Walden?—A. Mr. Walden may have. I think it likely he has. It was taken down by the court stenographer. I should think it could be found.

Q. What year was it tried in?—A. It was a great many years ago.

Q. Before the transfer to Mr. Gould?—A. Oh, yes, sir; it was somewhere, I should think, between 1872 and 1877.

#### THE CHALICE SUIT.

Q. What other suits were tried?—A. There was a man—I have already given his name once here—

Commissioner ANDERSON. Chalice?

The WITNESS. A man by the name of Chalice, who brought a suit. I forgot the particulars of it. I think it was a suit for stock which he alleged was agreed to be given and delivered to him, in the best of my recollection, for services that he rendered in doing a variety of things.

and among other things in obtaining for the Atchison and Pike's Peak Railroad Company an assignment from the Hannibal and Saint Joseph Railroad Company, which then had its offices in Boston, to the Atchison and Pike's Peak Railroad Company.

Q. Was that suit tried?—A. That suit was tried before a referee, and the testimony of Mr. Chalice was given, stating that at such a day he was at Boston, &c. We afterwards found, by an investigation of certain books that lay at that time in the cellar of the Astor House, that Mr. Chalice was in this city at that time. We explained the matter to him and he retracted what he had stated.

Q. Who were the counsel in that case?—A. Our counsel was Mr. Walden again, and Mr. John K. Porter. The counsel on the other side I cannot tell.

Q. Who was the referee?—A. I think the present Judge Ingraham, but I am not positive about that. It was before he was judge.

Q. Were these suits tried in New York?—A. Yes, sir; in the city of New York.

Q. Would Mr. Walden have a copy of that record and of the evidence?—A. I should think he might have it. I do not know. I cannot tell.

Commissioner ANDERSON. The suit was by Chalice against the company, as I understand it.

The WITNESS. Chalice against the company. That is my recollection of it.

Q. Mr. Willis Gaylord also brought a suit, did he not?—A. No, sir; I think not.

Q. Was there not a settlement with him?—A. That was referred to a committee, and whether there was a settlement made or not I do not know. There was a settlement made with this Mr. Chalice.

Q. Was not the amount \$20,000?

The WITNESS. Was that in bonds or what?

Mr. NORRIS. It was ten bonds and \$10,000.

#### WILLIAM OSBORN'S SUIT.

Q. Did not Mr. Osborn bring a suit?—A. No, sir; not to my recollection. At the time we threw up this contract entirely, we bought out his interest in it and had it canceled. I do not remember when.

Q. Have you no recollection of a suit brought by Mr. Osborn and Mr. Charles Gould in 1878?

The WITNESS. Do you say William Osborn?

Commissioner ANDERSON. Yes; Mr. William Osborn and Mr. Charles Gould.

The WITNESS. I do not believe that any such suit was ever brought. I think that Charles Gould was dead, and that he died of heart disease abroad many years ago.

Commissioner ANDERSON. There is at page 144 of the report of 1878, a reference in the minutes to a suit begun by Mr. Charles Gould for the payment of interest on the company.

The WITNESS. I have no recollection of it now, something about a suit. This Mr. Gould had his bonds funded, and he brought a suit.

Q. Is he living now?—A. I do not know. He was in Watertown in this State, or at least where he is now. His suit was

## AS TO THE LANDS OF THE CENTRAL BRANCH COMPANY.

Q. Can you give us any information in regard to the disposition made of the lands of this company?—A. I cannot tell you. The records were all kept in the land office out at Atchison, and I know nothing about them.

Q. Who were the trustees?—A. I refer now, by that, to the sale of lands, of which record was kept out there. Mr. Pomeroy, I think, we made trustee in one deed of trust, which had for its object, among other things, to secure \$75,000 which we borrowed of the Freedman's Savings Bank, and some other things. Those claims were all paid up in and by Mr. Pomeroy.

Q. What were the Kickapoo lands?—A. The Kickapoo tribe of Indians had a reservation in Kansas, out on our road about 20 miles, and there was some treaty made with them long before I knew anything about it—it is a matter of public record in the proceedings of Congress—under which we became entitled to purchase some lands. Those lands were sold, and were a part of the lands that were owned by the company.

## WHAT THE BOOKS SHOW AS TO THE RECEIPTS FROM LANDS.

Q. How do you explain that the books of the company do not show any receipts from the proceeds of these lands? Do you know whether they were embraced in the contract for construction?—A. I should say that they did show. Those books, however, were never under my observation, for they were kept in the land office at Atchison.

Q. The accountant informs me that I am in error; that they do show some proceeds; but that the accounts are not so kept that any accurate conclusion can be reached. Have you no personal knowledge of your own of how much of these lands there were?—A. No, sir.

Q. Or of what they were sold for, or what became of the proceeds?—A. No, sir. I will add this. That at the time—

Q. Do you know whether or not the Congressional lands were included in the contract for construction? We find the following entry in relation to the matter—it is at page 147, under date of November 15, 1872:

The secretary reported that no deed has as yet been executed by the company conveying to the parties in interest the Congressional lands included in their contract.

Resolved, That the president be instructed to execute a deed of said lands to the contractor or his assigns.

But on a subsequent date, the 22d of April, 1873, there is a rescinding of that resolution.—A. Yes, sir; we gradually went out of that whole thing appertaining to the construction company. That thing was wiped out, so that the result was as though no such contract had ever been made.

## AS TO THE TRANSFER OF THE LANDS TO THE UNION PACIFIC.

I want to say that at the time we transferred everything to one person there were some lands held in trust by Mr. Pomeroy, and question came up as to how they should be transferred. I remember distinctly we had a meeting at Mr. Gould's office. I had prepared myself to give an opinion as to how they should be transferred. Mr. Day also had a way of doing it. I was called upon to state to Mr. Gould how it should be done. I stated it. Mr. Day was called upon.



result was that the transfer was made in accordance with my plan, namely, to transfer them direct to Sidney Dillon; and he holds them to-day in trust, for all I know.

Q. Do you know how extensive the contract was that was transferred?—A. No, sir.

Commissioner ANDERSON. Mr. Mink, do those lands appear in your returns, or have you knowledge of them?

Mr. JOHN F. DILLON. I will say that my recollection is that when we came into possession of the Central Branch it appeared that Mr. Pomeroy held the title to a portion or to all of the residue of the land grant to which we would succeed. I mean to which the Central Branch Company would succeed, and the Union Pacific, as its owner, the owner of its stock, in interest. We had considerable discussion with Mr. Pomeroy in regard to the manner of transferring those lands. I think some discussion was also had with him in regard to certain amounts of money which he claimed should be paid as a condition precedent to our getting the title out of him, the details of which I have forgotten. Finally, however, Mr. Pomeroy transferred the lands which stood in his name as trustee, and Mr. Sidney Dillon was made a trustee in his stead as the president of the Union Pacific Company. My further recollection is (although I have no professional relation to these matters, except as I was called upon to prepare some legal instrument), that the Central Branch Company sold the residue of those lands in bulk some six or seven years ago to some outside parties for \$2 or \$3 an acre—the best they could get for them—and that Mr. Sidney Dillon transferred them, having the title. I think you will find that is the case.

Commissioner ANDERSON. Who has Mr. Dillon's account relating to these lands?

#### MR. SIDNEY DILLON ACTED AS TRUSTEE.

Mr. JOHN F. DILLON. They would appear on the company's books. Mr. Sidney Dillon acted simply as trustee.

Commissioner ANDERSON. Mr. Mink, you say they appear on your books?

Mr. MINK. Yes, sir; they appear on the company's books.

Commissioner ANDERSON. So that your books will show the disposition of these lands that came from the Central Branch, the amount realized, and the disposition of the proceeds?

Mr. MINK. I think they do. The sales were made in Atchison, and all the details are there. Since 1884, when the accounts were sent to Boston, we had regular monthly returns from the commissioner. Everything is on file there for the last two or three years.

Commissioner ANDERSON. Have you any knowledge of the amount of the tract that Mr. Sidney Dillon held?

Mr. MINK. No, sir.

Commissioner ANDERSON. To whom do you refer us for that information?

Mr. MINK. I think I might be able to find something about it on the files of the company at Boston. I have never looked for it.

Mr. JOHN F. DILLON. I have no doubt you will find the contract, because I recollect writing that contract, or supervising it.

Commissioner ANDERSON. Our object is to identify the asset and see that the proper party has got such benefit from it.

Mr. MINK. I will try and find it. The [redacted] never looked or is the report of Mr. Pomeroy that [redacted] was not able to find that.

## A STATEMENT TO GET THE TITLE MINE SETTLED.

Mr. JOHN F. MILLER. We had quite a struggle to get the title out of Pomeroy; not because he did not recognize the claim, but so to speak claim he had when he thought ought to be satisfied before he paid with the title.

Commissioner ANDERSON. He claimed. Did he not, that there was certain individuals of the company that were entitled to the title, but he parted with the title to the last?

Mr. JOHN F. MILLER. Yes, sir; and if he parted with it he might be getting some liability.

Mr. WATKINS. It appears from the minutes of September 24, 1888, that Mr. Pomeroy resigned as trustee, and at the time of his resigning presented a complete statement of his trust. How was that statement?

Mr. MILLER. Did he present that, or did he agree to present it?

Mr. WATKINS. The extract that I made from the minute book was, "R. M. Pomeroy resigns as trustee of the last and previous, and presents a statement of what has been done under his trust."

Mr. MILLER. My recollection of the proceeding is that Mr. Pomeroy agreed to present a paper, but I never could find it on the files of the company.

Mr. JOHN F. MILLER. He did not say he did it in writing.

Q. We find the following entry in the minute book, on page 124, with date of March 2, 1890: - Examination made of every voucher for cash issued, bonds sold or advanced, &c., by Henry Sedden and Stanley Thomas H. Sedden? Do you remember that examination? - A. Yes.

Q. Did you know Henry Sedden? - A. Yes, sir; I do not recollect any such man. That was twelve years ago. I think there was a very nice examination at the same time Mr. Sedden came into the mine.

Q. Is there? - A. Sedden might have been a clerk of G. Sedden & Co.

## A REQUEST FOR EXPLANATION AS TO EXPENDITURES.

Commissioner ANDERSON. I will ask you a general question. We find in the books of this company a list of 70 vouchers for payments made to you, which are signed "for services," "for travelling expenses," and "for money expended at Washington." They commence in 1886 and continue to the 24th of 1890, which appears to have been paid after the sale of the mine, would have been paid, they exceed \$200,000.

The Treasurer charged you?

Commissioner ANDERSON. Yes. There are different amounts charged to you by the company and credited to you in their accounts with you, as representing money expended by you. Have you any definite explanation to give as to these large expenditures?

The WATKINS. In the first place, I must object to that statement of \$200,000.

Commissioner ANDERSON. We will modify the question, then; I put it in that form for the purpose of saving time. But I know you are bound to have each item called over.

The WATKINS. There is no charge for anything but what was expended by me, excepting with this qualification: that the "last," so to speak, of the Central Branch Company was Mr. R. M. Pomeroy, who was the business man; and when money was wanted he sometimes would not sign a check, which would be prepared; that is, when I was present and at other times when Mr. Sedden was treasurer. I presented

things were entered as being charged by me—that is, they went in under my name—of many of which I knew nothing about the details. Many of those amounts were made up probably by Mr. Pomeroy, and, by direction of Mr. Sother or Mr. Pomeroy, were charged by Mr. Sother to me.

Commissioner ANDERSON. These are all payments made to you, as far as the books show. They indicate that over \$200,000 of money was paid by this company to you, or credited to you in their account.

The WITNESS. I can not understand how any such amount can be charged to me.

Commissioner ANDERSON. They are credited to you. It would appear that you rendered accounts for services rendered, traveling expenses, moneys expended at Washington and elsewhere, and that the amount of those accounts so rendered footed up this large sum.

The WITNESS. I will make this general answer, that so far as the books are concerned I believe the books are perfectly correct, with this exception, that in charging some things to me, there were expenditures, which I knew nothing about, where I gave the money to Mr. Pomeroy.

Q. And they would use your name?—A. They would use my name.

Commissioner ANDERSON. The amount as verified is \$131,773.  
The WITNESS. That is a different thing. I was rather astonished at the figure \$200,000, for I did not understand it. I do not know how in the world we ever got along with paying the counsel we did and doing what we did with the small amount we paid out. The counsel I dealt with were leading counsel. Many of the others were employed by Mr. Pomeroy.

#### HOW THE MONEY WAS EXPENDED.

Commissioner ANDERSON. Please state in general terms to what purposes this \$131,000 (as far as you can trace it in your recollection) was applied.

The WITNESS. As I have already stated, and I have made a memorandum, it was expended, so far as I know and can recall, for counsel fees and for printing, for parlors, for services, for traveling expenses, for stenographers, and dinners, &c. Put dinners in, though I never was present at any of the dinners.

#### NOTHING GIVEN TO CONGRESSMEN.

Q. In the whole course of your dealings, has any portion of the company's money or stock or anything of value belonging to it been given to any member of Congress or promised to any member of Congress?—A. Not to my knowledge.

Q. Do you say no such use of its property was made, to your knowledge, for the purpose of influencing legislation in any way?—A. No, sir.

Q. Who had charge of the vouchers while you were treasurer?—A. Mr. Sother.

Q. Was he not under you?—A. Yes, sir; he was acting treasurer. He was the counsel of the company, and of course was away a great deal. The reason of my being elected treasurer was that I might, in connection with Mr. Sother, obtain and receipt for the bonds that were issued.

#### AS TO VOUCHERS.

Q. In the first 200 vouchers were to be found—A. I am content that so far as vouchers

ers are concerned, whatever they were, they were in the charge and custody of Mr. Suther.

Q. Did you not from time to time see them as he filed them away?—A. I am a great hand for generalities. I look at things in a general sort of way and I make up my mind that such and such a thing is correct. But Mr. Pomeroy was very severe in his examination of the books.

Q. Are you positive that none of those vouchers are in your possession now?—A. There are several boxes of papers, which I presume are my own papers, gathered up promiscuously in the hurry of moving. We were obliged to leave this building on a certain day at 12 o'clock, and in the course of an hour or two. Those boxes are piled up in my room. I have wanted somebody to overhaul them and put them in order for myself. I have never had an opportunity yet.

Q. Will you either allow an examination to be made or make it yourself, to see whether the vouchers belonging to the Central Branch are to be found among the papers?

The WITNESS. How much time will you give me?

Commissioner ANDERSON. We will provide a clerk to do it under your directions, if you prefer.

The WITNESS. I am going to be very busy for the remainder of this week; I could not give any attention to it.

Commissioner ANDERSON. Then we will take next week.

The WITNESS. Very well.

Commissioner ANDERSON. Where is your office now?

The WITNESS. At No. 20 Nassau street.

Mr. JOHN F. DILLON. Mr. Chairman, the Union Pacific Company would like to have a man there, and if there are any documents or papers that ought to be among its archives, we would like to take them and put them in its possession.

Commissioner ANDERSON. Of course you can have some one there. Those papers ought to be preserved.

#### PRICE OF FIRST-MORTGAGE BONDS.

Q. When was it that those bonds sold as low as 20 cents on the dollar?—A. I cannot tell you, but I understand that Mr. Day bought a number at 20 cents on the dollar.

Q. Do you mean first-mortgage bonds?—A. First-mortgage bonds; I never bought any at that figure.

Q. What was the lowest figure at which you purchased them?—A. I do not remember purchasing any. I was counsel for the company and attended to my business.

#### AS TO FAILURE OF COMPANY TO GET FULL LAND-GRANT.

By Commissioner LITTLER:

Q. Do you desire to say anything further in relation to the failure of these companies to get the full amount of their land grant?—A. As far as the 100 miles went, we got all that were left. They had been taken up for school purposes and were embraced in the Indian reserves. The result was, according to my general recollection, that we got about a twelfth of what we would have had if it was not for these reserves.

Q. How many acres were you entitled to per mile of grant?—A. This was so long ago that I do not know.

Commissioner ANDERSON. They got 20

The WITNESS. I think we were entitled to 360 acres, and if that is all

ago

Did you claim a land grant on all your extension?—A. We claimed grant on the extension of our road to a connection with the Pacific at the 100th meridian.

How far was that?—A. That was about 190 miles.

By Commissioner ANDERSON:

beyond the western terminus of your road?—A. Yes, sir. And lands we are entitled to to-day. The law had been executed; the act had signed the map; he was *functus officio*.

THAT THE COMPANY WAS ENTITLED TO THE LANDS, EVEN  
THOUGH ROAD NOT BUILT.

Commissioner ANDERSON. But the road is not built.

WITNESS. But it is like the man in prison. "You can't put him on, but still he is there."

Commissioner ANDERSON. Your road is not built.

WITNESS. We filed a map as we were entitled to by law, a map, and asked to have the lands withdrawn.

Commissioner ANDERSON. You would only be entitled to have patented as 20 or 40 miles were completed.

WITNESS. Yes, sir. But we were entitled to have the lands withdrawn.

Commissioner ANDERSON. But you were only entitled to have the lands withdrawn as the road was built.

WITNESS. We were entitled to the lands.

Commissioner LITTLE. You claim that under the act of Congress you were entitled to have the President of the United States set apart all public lands within a certain distance on either side of the road unmade your selection.

WITNESS. Yes, sir; but since that they have taken them and set them apart for another company, the St. Joseph and Western, I

you do not mean to say, do you, that you got a valid title to the land by filing a map?—A. I mean to say the law says that "there shall be hereby granted," and that would seem to vest the title.

As soon as you filed a map?—A. Yes, sir; that is my recollection of the law.

Even though you never built the road?—A. No.

THE LAW SAYS LANDS "ARE HEREBY GRANTED."

By Commissioner LITTLE:

Do you mean to say that you were entitled to have those lands withdrawn from entry for the time being, and until the road was constructed, that such lapse of time as should operate to revert the lands to the government again?—A. I mean to say that the law says that they shall be hereby granted. Then it goes on to say, afterwards, in part of the law, I think, that those patents shall issue as the road

W. F. DILLON. I would like to get that matter out. I see there is a

Commissioner ANDERSON. You may get it out.

W. I have always been of the opinion that there was a Branch in this business. It is per-

I got it out.

## WRONG DONE TO CENTRAL BRANCH.

Mr. JOHN F. DILLON. The scheme of this Pacific system was, the main line and all the branches were to be connected. The words "unite and connect" are used in connection with each branch, and in connection with those branches, was what was then termed the Atchison Branch, which became the Central Branch. The Leavenworth, Lawrence, Pawnee and Western was authorized to connect—that became the Kansas Pacific—and to build the said railroad through Kansas, between the mouth of the Kansas River and the aforesaid point, on the one hundredth meridian. "That the several roads from Missouri and Iowa, herein authorized to connect with the same, can make connections within the limits prescribed in this act." Now, the limits prescribed within this act for the connection of the Central Branch Union Pacific were 100 miles. I find, Mr. Nichols, in the argument which you made before the Secretary of the Interior, this statement: "In calculating distance at that time it was found that the meridian of Fort Riley was 87½ miles west of Atchison in a direct line; but you generally lose 12 to 15 per cent. in the actual progress, in a given direction, in the construction of a road, and it was therefore supposed that these 100 miles would bring the Central Branch to the meridian of Fort Riley." That was, as you understood it, the distance in a straight line?

The WITNESS. Yes, sir.

By Mr. JOHN F. DILLON:

Q. So that if the Kansas Pacific had been built according to the original scheme of running to Fort Riley, and then up the Republican Valley to the one hundredth meridian, these 100 miles subsidized would have connected you with the Kansas Pacific. Is that your understanding?—A. That is so. As to the location, however, of that Kansas road, it was provided that the locating of it should be determined by the President. That was filed and approved.

Mr. JOHN F. DILLON. The Commission will find, on reference to this act, that the company had the right to make the location as far west as Fort Riley, but that the location from Fort Riley to the point on the one hundredth meridian was to be under the control of the President of the United States.

The WITNESS. The map was to be approved.

Mr. JOHN F. DILLON. The location of the road and the map?

The WITNESS. Yes, sir.

Q. Do you know anything about the filing of the map of location of its route by the Kansas Pacific road up the Republican Valley to the one hundredth meridian?—A. It was filed, and it was determined before we entered into these things, and before the Smoky Hill road was built.

Q. Then, after the Kansas Pacific road had elected, as you claim, to go up the Republican Valley to the one hundredth meridian, and that map for that purpose, you of the Central Branch went on and made contracts with reference to that fact. You adopted a line according to that map, did you not?—A. Yes, sir.

## EFFECT OF THE ACT OF 1856.

Q. What was the effect, when the act of 1856 was passed, as to the route of the Kansas Pacific and on your company?—A. The effect on our company was none whatever. In the first place, our company was not named, and, so far as any counsel that we have ever consulted

management of the interstate commerce act, a regular and recognized part of the system under which the railroads of the United States were operated. The directors of this company—as they conceived it was their duty to do—operated the road intrusted to them in such a way as to make money both for the company and for the Government; and in order to do this it was necessary to operate the Union Pacific as roads competing with the Union Pacific were operated. In this respect it made no difference whether the directors of the Union Pacific regarded the railroad methods in common use as good or as bad. They did not hold their positions as economical theorists or as general railroad reformers. They were there as business men in charge of one particular railroad, and put in charge to make money out of that road for those they represented. If the Union Pacific has refused to do competitive business the way in which other companies did competitive business, the public was made by it would have been met by the secret rates of competing roads, and the stockholders of the Union Pacific and the Government would have suffered accordingly. I submit, therefore, that no blame attaches to the directors for the course they pursued in this matter. They should not alone be held responsible for a system in common use. Their course is not open to censure, unless it can be shown that the managers of the company themselves profited through the system, individually and illegitimately.

This nowhere appears. In the case of the Omaha and Grant Smelter Company, to which heavy rebates were paid, the record shows that prominent directors of the Union Pacific were stockholders. This admits of a perfect explanation; and the course of the directors in this matter, if examined, will be found to be wholly justifiable. The Omaha and Grant Smelter has been for years the largest shipper and the most generous patron of the Union Pacific. In the early days it was a location where this smelter would be located. It could be located either on the line of the Union Pacific or elsewhere. It was located at Omaha. It began its operations with insufficient capital. More money was necessary to enable it to do business upon a scale which would be profitable in competition with other smelters. Feeling that the Union Pacific would be a large beneficiary by this proposed increase of business, those who had the affairs of the Omaha and Grant Smelter in charge came to the East and solicited increased capital from those interested in the stock of the Union Pacific. Not without difficulty they induced two of the directors of the company, wholly with the view of forwarding the interests of the Union Pacific, to advance the capital desired, and those gentlemen accordingly became interested in the stock of the Omaha and Grant Smelter. But, while so interesting themselves, they took special pains to guard the interests of the company of which they were directors, as will be seen from the following extract from a letter written by one of them, under date of November 21, 1881, to J. W. Cassett, then auditor of the company at Omaha, the official who dealt with the Omaha and Grant Smelter on behalf the Union Pacific.

It was especially understood, at the time of making this arrangement with Mr. Burles and his associates, that the Union Pacific Company should not, on account of our interest, make any more favorable terms with the Smelting Company than they had heretofore, either in credit on freight bills or rates of freight, and I shall rely on you personally to see that they get no increased favors over and above what they have heretofore had.

The course pursued by the directors in question in this matter is, therefore, fully justified, unless the position is taken that the directors of a railroad company are in no case to assist any industry upon the

of Judge Hoar and Judge Curtis, it stands on a legal basis, that, irrespective of any legislation, they were entitled to extend this road in connection with the Union Pacific at the one hundredth meridian, and to draw their lands and their bonds. If it is not a legal claim, as he puts it, then the company has this strong equity, that they were induced to commence the construction of this road on a scheme that the 100 miles would connect them with the rest of the system, and after they had entered upon it Congress changed the route of the Kansas Pacific and left this road a "plug."

Commissioner ANDERSON. I concede the force of the last proposition. The CHAIRMAN. The Union Pacific declined to extend the relation of a connecting road with the Kansas Pacific when they wanted to go on there. That is the same system, and the same principle is applicable.

Mr. JOHN F. DILLON. I do not think so at all, for this reason: although the Union Pacific might not prorate with the Central Branch if they had made connection, it is obvious to anybody that that road, connected with the Union Pacific system, would be worth much more than it would as a road running out into an unbroken prairie, as it did for fifteen years.

Commissioner LITTLE. Do you claim that this road was extended on the strength of the opinion of counsel such as Mr. Nichols has mentioned, that the promoters of the extension would receive the land grant and also the Government bond grant?

Mr. JOHN F. DILLON. No, I do not suppose that any such claim can be maintained. This claim that was made before the Department was made away back in 1872 and 1873. When they failed to get recognition they had to remain in abeyance until 1877 or 1878, when they commenced the extension; and I do not suppose that extension, made by a different corporate organization, has any claim whatever to any of these lands.

#### EFFECT ON CENTRAL BRANCH OF CHANGE OF LOCATION OF KANSAS PACIFIC CENTRAL.

Commissioner ANDERSON. The only question is, whether the change of the location of the Kansas Pacific inflicted an unexpected injury on the value of the Central Branch, and whether that raises an equity which ought to be reported.

Mr. JOHN F. DILLON. That is the view in which I press it on the Commission.

#### WAS STOCK PAID FOR IN FULL, IN CASH?

Q. I want to understand whether you wish to go on the record clearly and positively as making the statement that, so far as your own stock concerned, and so far as your personal knowledge extends as to that of any other persons, it was paid for in full to the company, in cash, in full?—A. Yes, sir; in full at par.

#### DID PROCEEDS OF FIRST-MORTGAGE BONDS AND GOVERNMENT SUBSIDY PAY FOR CONSTRUCTION?

Q. What recollection have you as to whether the proceeds of the first-mortgage bonds, and the proceeds of the Government subsidy yielded enough in money to pay for the actual construction of the road?—A. My recollection is that it fell far short.



By Commissioner ANDERSON:

Q. But have you not told us that you do not know what the road cost to construct?—A. I say my judgment is that it must have cost far short, from the nature of the case.

Q. How can you have any judgment if you do not know what the cost of the road was to construct?—A. I have this judgment from what now of railroad building now, that it must have cost, I should say, ten times as much to build as it would now.

Commissioner ANDERSON. That is a mere guess or estimate. It is based on my knowledge derived from the books.

THE WITNESS. It is based upon what knowledge I have of railroad building, so far as the books are concerned, and from this knowledge, that more money was borrowed and more money used.

WITNESS SAYS NO BONDS WERE MISAPPLIED BY DIRECTORS.

Commissioner ANDERSON. That proposition, that more money was used (without intending it offensively), would still be consistent with theory that the proceeds of the bonds and stock had been misapplied by the directors, and were not put into the construction of the road.

THE WITNESS. There were no bonds ever misapplied by the board of directors, that is, by us.

Commissioner ANDERSON. That is, to your knowledge.

THE WITNESS. Well, it could not have been done without my knowledge.

Commissioner ANDERSON. I can only repeat that the books show that the proceeds of the stock and bonds were about \$2,500,000.

THE WITNESS. To which I reply that there must be other books which ought to be in the possession of our successors, if they were delivered to them. I think I can produce a receipt given to Mr. Sothers,

AT WAS RECEIVED BY CENTRAL BRANCH COMPANY ON SALES OF STOCK.

By Mr. JOHN F. DILLON:

Q. It was stated, in the course of your examination this afternoon, that the books, so far as they had come into the possession of this Commission or had been examined by them, showed that the company had received of the proceeds of the 10,000 shares of stock the sum of between \$300,000 and \$400,000. If the books do so show, or the part of them that the Commission has examined, what have you to say, based on your own knowledge, as to the accuracy or the correctness of that statement?—A. I mean to say, from what I can gather, that the present officers seem to have control of only those books which came into existence under our administration. There was an administration before that of Mr. Gaylord, and it appears, from what I can gather, that they are not in possession of Mr. Gaylord's books.

Q. The point of my inquiry is, not what the brush-heap of a lot of old or book accounts could show, but from your personal knowledge, whether more than three or four hundred thousand dollars were actually received by the company on account of the sales or dispositions of its capital stock?—A. I cannot say. I have no doubt that the sales or dispositions were paid into Mr. Gaylord's hands, but I have no way of knowing whether every share of stock was paid for.

Q. The whole amount?—A. The whole amount, \$1,000,000, except a balance which I have mentioned.

Q. Do you know of anybody getting a share of stock without full payment at par?—A. No, sir; never.

#### NO STOCK SOLD FOR LESS THAN PAR.

Q. Did you ever understand, in your connection with the company, at any time or from any source, that any of its stock was disposed of at less than par?—A. Never.

Mr. JOHN F. DILLON. You made some statement here this morning in respect to what, in your judgment, would be the proper adjustment of the debtor and creditor relations of this company and the Government in regard to the subsidy advanced to the company, and I would like to have you state your views on that subject briefly.

The WITNESS. Do you mean as to the roads generally?

Mr. JOHN F. DILLON. No; as to the Central Branch. How should the Government, in your judgment, treat this matter of the indebtedness?

By Commissioner LITTLE:

Q. Before stating that, have you any interest in this property now, directly or indirectly?—A. I have one share of stock, I think.

Commissioner LITTLE. Now you may proceed.

#### SUGGESTION AS TO PLAN OF SETTLEMENT.

The WITNESS. I will express my views, which will embrace this company especially and also the other companies. In regard to this company, in view of the position in which we were left by the Government after everything was approved, I think a settlement, and a very generous settlement, should be made. As I have stated, I have no interest in it, and it does not make any difference whatever to me. I think that the claim of the Government against this company ought to be wiped out on condition that for a certain number of years the carrying of the mails and all service rendered to the Government should be made at cost of, say, 50 per cent. of the ordinary charges. In regard to the companies in general—

Q. Before passing that, if they have such equities as you describe, why do you insist on their carrying the mails for fifty years at half cost?—A. As a compensation for wiping out the present indebtedness.

Q. If they have equities which entitle them to wipe out the present indebtedness why entail that burden on them?—A. It is a fact that they did receive \$1,000,000, and while they claim that we justly owe that to them, we say to them in reply, "Here, when we entered into this bargain," because Howard, of the Senate, always spoke of this as a bargain, and you will find, if you go back to 1860, that both the political parties of this country, in their platform and at their conventions, declared the construction of the Pacific railroads to be an absolute necessity. And there is also evidence to show that there is much probability that we would have a western republic, as well as the one we have, if it had not been for the Pacific railroads. The condition of things that existed at the time these Pacific railroad acts were passed it is very difficult for us to recall at the present time. We were in a plight, and in a condition where it was absolutely necessary that these laws should be passed. These laws were passed in the nature of a proposition to the capitalists of the country. They accepted that proposition and that contract upon the faith that Congress would carry it

ese laws. Now, it is obvious to any man, and it is declared by writ, that the Government is in the same position in respect to its contracts as would be the case of a contract between two individuals.

#### THE EQUITIES THAT EXIST.

And what are the equities that exist in the settlement of this matter, for as the companies generally are concerned? In the first place, what is the object of this law? It was, among other things, to furnish facilities, and that the Government might have the use of the same, for carrying mails and for other purposes. What are the facts? I will give you one statistic which may be of some interest. It occurred in an argument which I made before the Judiciary Committee of the Senate of the United States. At the date of January 1, 1871, the interest which had then been paid upon the bonds issued to all the companies amounted to \$8,815,345.49. The interest that was repaid by transportation, etc., was \$2,460,818.94, one-fourth of it. Now, when the act was passed, it was expected and it was intended, and it was a part of the basis upon which these capitalists agreed to enter into this contract, that all the Government transportation should be done by these roads.

By Commissioner ANDERSON:

Q. Why did they not say so in the law? We can only go by the law.—A. It is implied in the law.

Commissioner ANDERSON. I beg pardon. The law only says that the transportation should be made at usual rates.

Mr. JOHN F. DILLON. He is right about it, because no living man is sanguine enough to suppose that in the life-time of this debt this country would be penetrated with roads, and that there would be rival

#### THIS COMMISSION BOUND BY THE LAW.

Commissioner ANDERSON. What I am saying is that there seems to be very little use to present statements to this Commission and ask me to construe debates in Congress, or to construe what the newspapers said at the time, when we are bound by the laws.

Mr. JOHN F. DILLON. The Commission law says that you shall consider the cost of transportation before and after these roads were constructed.

Commissioner ANDERSON. Yes; but that does not bear on the proposition that the Government was bound to give enough transportation to pay its cost.

Mr. JOHN F. DILLON. No, not a legal obligation. No one, as I said, is sanguine enough to believe that there would be five roads to the Pacific Ocean.

Commissioner ANDERSON. Right on that point, to show how utterly false to be supported by the facts, I wish to say that on the same day that the act was passed under which the Central and Union Pacific roads were really constructed, in July, 1862, the whole land grant given to the Northern Pacific was also passed. So that the construction of that road was certainly expected.

Mr. JOHN F. DILLON. But what was the distance? It was 200 miles away.

Commissioner ANDERSON. I am only meeting your position that there is no transcontinental road anticipated.

The CHAIRMAN. And the Central turned around, and the Northern Pacific, another through road.

## GOVERNMENT BUSINESS SENT BY WAY OF THE Isthmus.

The WITNESS. If they had given them the through business, instead of sending it around by the way of the Isthmus, which they did for the purpose of showing a small expenditure in the Departments, the result would have been not only that the interest, but a large amount of the principal, would have been paid. The Government has saved immense amounts of money, and I say that that fair dealing which ought to exist between two honest men who want to deal fairly with each other should be extended to this company. The Government can well afford to wipe out all the interest for the benefit acquired, and inasmuch as the companies are helpless, and I do not see, for myself, how they are going to pay this debt, my idea would be that they should pay the principal, which should be secured by payments from year to year, until it was wiped out. The country never has had a better friend than the Pacific Railroad. Nothing has ever been done in this country in the way of constructing roads that has resulted in so much benefit as the construction of these roads.

## TO WHOM BENEFIT OF CANCELLATION WOULD INURE.

By Commissioner ANDERSON:

Q. To whom do you consider the benefits would inure if the Government should cancel the whole or any part of these obligations? Would they not inure simply to the present stockholders of these companies? Are not those the only persons who would get any benefit?—A. Yes, sir. So far as stockholders are concerned, to be sure they would derive a benefit from it.

Q. What did the present stockholders of these roads, except in the case of the Central Pacific, have to do with the construction of these roads?—A. They are their successors—that is all—in interest.

Commissioner ANDERSON. They bought their stock in the market!

## EFFEKT OF THE CANADIAN PACIFIC AND THE INTERSTATE COMMERCE ACT.

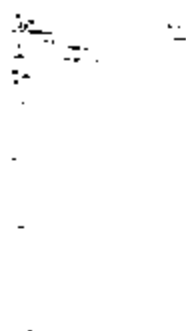
The WITNESS. They are their successors in interest, so far as it goes. The Government ought to be a great exemplar of justice, and these companies ought to be dealt with lightly and generously. Take the Canadian road. There it stands, with no interstate commerce bill to bother it, and it goes on and gets this business. It is going to rob these roads of their business by the oppressive action of the Government. Shylock, when he demanded his pound of flesh, complied with the contract. The Government, I think, ought to look upon this as a business transaction, and try to make it so that they can effect a settlement. It is desirable to make a settlement, and I think it ought to be made; but the Government should consider also the benefits that have been derived.

By Commissioner LITTLE:

Q. Can you suggest any legislation on the part of Congress which would prevent the Canadian Pacific from taking from the American roads the commerce which it now takes?—A. That is entirely a new subject, and I could not now make any suggestion.

By the CHAIRMAN:

Q. Have you anything further to say?—A. I do not know of anything at present. I will say that I do not know what the purpose of the resolution is that you are voting under.



production of books, papers, and documents under the provisions of this section;" and that "any of the circuit or district courts of the United States within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpoena issued to any person, issue an order requiring any such person to appear before said Commissioners, or either of them, as the case may be, and produce books and papers, if so ordered, and give evidence touching the matter in question."

## VII.

Your petitioners further show that on the 10th day of August, 1887, a regular session of the Commission was held at the Palace Hotel, in the city of San Francisco, for the purpose of investigating the books, accounts, and methods, and other matters referred to said Commission by the said act, of the Central Pacific Railroad Company.

That Leland Stanford was and, from about the year 1863 to the present time, has been and still is the president of the said company; that as such president he has taken a large part in the management of the said corporation, has been active in all its business, and has been personally familiar with its financial affairs.

That on the said 10th day of August, 1887, the said Leland Stanford was present before the said Commission as a witness duly sworn; that in the course of the examination of the said Stanford a number of vouchers purporting to represent the expenditures of moneys belonging to the said corporation, which vouchers had been produced by the company and were duly authenticated, were produced and verified; that a copy of all the said vouchers is herewith annexed, marked "Schedule A," which schedule is made a part of this petition.

That it appears from said vouchers that between the 9th day of November, in the year 1870, and the 21st day of December, in the year 1880, various large sums of money, amounting in the aggregate to the sum of \$733,725.98, had been expended by the said Leland Stanford, and had been by him charged to the said company, and by the acts of the said company had been re-imbursed to the said Leland Stanford.

That the persons to whom the said moneys had been paid and the objects to which the same had been applied do not appear upon the face of the said vouchers, except that the said objects are stated in general terms to have been for general expense account for legal services, and also except that in a few instances the initials of persons to whom the moneys purport to have been paid are given.

Your petitioners further show that in the course of the said examination, voucher No. 25629, being one of the vouchers hereto annexed, was shown to the witness and the following interrogatory was thereupon propounded to him:

"Q. Was any part of the \$171,000, the sum named in this bill that I handed to you (and that you now have), paid for the purpose of influencing legislation?"

The witness thereupon declined to answer the said interrogatory.

That in the course of the examination of the said Stanford it appeared that the amount contained in the said voucher was ascertained by one William E. Brown, under the directions of the said Leland Stanford, and that the result was arrived at by examining the individual checks of the said Stanford and selecting therefrom those which the said Stanford desired to charge to the said Central Pacific Railroad Company, and containing the aggregate of the said checks.

That it further appeared that the said Stanford had destroyed the said checks and the stub-books from which the same were taken, and

AS TO THE AFFIDAVIT OF GEORGE W. CHEDIC.

The chairman laid before the Commission an affidavit made by Mr. George W. Chedic, in connection with a copy of a speech made by Hon. Rollin M. Daggett, of Nevada, in the House of Representatives, on the 25th of February, 1881. It was ordered to be filed.

The Commission then adjourned to meet upon the call of the chair.

CENTRAL PACIFIC RAILROAD—SUGGESTIONS OF SETTLEMENT.

A COMMUNICATION FROM MR. C. P. HUNTINGTON.

The following communication was received from Mr. C. P. Huntington:

[Office Central Pacific Railroad Co., No. 22 Broad Street. C. P. Huntington, Vice-President.]

NEW YORK, October 11, 1887.

To the PACIFIC RAILWAY COMMISSION:

GENTLEMEN: I submit for your consideration the following suggestions concerning the principles of an adjustment between the Central Pacific Railroad Company and the United States:

I propose that there be an understanding between the company and the Government as to the amount which the company will be indebted at the maturity of the bonds.

The act of March 3, 1857, creating this Commission, requires a report on the following facts:

(1) The average cost per annum of Government transportation in the region now traversed by the Pacific railroads between the year 1850 and the completion of said roads.

(2) The average cost per annum since such completion.

(3) What additional facilities have been furnished to the Government and the people by said roads.

(4) What discount the Pacific railroad and its several branches were forced to make in disposing of the bonds granted by the Government to obtain gold coin, which was the currency of the country through which the greater part of said roads passed.

(5) The comparative cost of construction of said roads as compared with what they would have cost with the prices of labor and commodities prevailing five years preceding or five years subsequent to the completion of said roads.

(6) Whether or not the Pacific railroad was completed in less time than was allowed by law, and if so, how much less time, and if the United States was benefited thereby.

(7) If the United States, since the Union and Central Pacific Railroad Companies accepted the terms proposed by Congress for the construction of the Pacific railroads, has granted aid in building competing and parallel roads to said Pacific railroads, and if so, how many such roads, and to what extent such competition has impaired the carrying capacity of the Pacific railroad.

(8) What sums the Pacific railroad has annually expended for the purpose of repairing its roads, and how much it has annually expended on account of the loss of freight and passengers without imposing such burden on the Government.

the localities through which the roads pass, as to retard the development of the country.

The information which the Commissioners may furnish to the Government on these points committed to their inquiry and the Government's action thereon will have a controlling influence on the amount of such indebtedness and the proposition for its settlement; for it is not to be supposed that Congress required to be informed on these various subjects unless it intended to use the knowledge required in determining the nature of the settlement between the United States and the companies.

As at present advised, and hoping that the Government will deal equitably with the Central Pacific Railroad Company, and having regard to the present and supposed future earnings of the company, and recognizing at this time that the through business does not leave any, or very little, net earnings, and that the amount to be paid must come from the local traffic; that such business is light, the country traversed by the road is poor, and no very large amount can be drawn from the source, I think the best proposition I can suggest in the interest of the Government is that the amount, when ascertained, be capitalized by equating the interest so as to get it all into one fixed sum, then dividing it into two hundred equal payments, one part to be paid each six months; the interest on the principal sum being reckoned at the same rate at which Government bonds could be placed in settlement of its indebtedness. But, as I have said before, any proposition made at this time, or until the amount of indebtedness is ascertained, must be purely speculative.

I cannot forbear calling attention to the difference in position, both of the United States and the company, with respect to this indebtedness in view of the unsatisfactory operation of the Thurman bill, and what the position would have been if the company had been permitted to carry out its own purposes of creating a sinking fund for its protection.

As far back as 1870, in conjunction with the president of the Union Pacific Railway, I called the attention of the Secretary of the Treasury to the fact that the company would not be able to respond to the Government's claim at the time of its maturity, and I proposed on behalf of the Central Pacific Railroad Company to establish and maintain a sinking fund, which, if it had been permitted, would have left both debtor and creditor in a much more favorable position than either of them are to-day.

If a contract of settlement on the basis above referred to could be made between the company and the Government, and we could have any reasonable assurance that the Government would adhere to the contract on its part, I would recommend its acceptance by the company.

Yours, respectfully,

C. P. BUNTINGTON,  
*Vice-President.*



## PACIFIC RAILWAY—POINTS FOR CONSIDERATION.

COMMUNICATION FROM MR. CHARLES FRANCIS ADAMS.

Following communication was received from Mr. Charles Francis

UNION PACIFIC RAILWAY COMPANY,  
*Boston, October 15, 1887.*

ROBERT E. PATTISON, H. ELLERY ANDERSON, and DAVID T. BROWN,  
*United States Pacific Railroad Investigating Commission,  
Washington City:*

GENTLEMEN: While on the part of this company I do not propose to come before you with any formal closing argument or summary of facts on the voluminous record which has resulted from your inquiry, I yet desire to submit in writing a few brief points for your consideration.

Having carefully watched the evidence presented to your board, it appears that certain points stand prominently out as the only points which clearly call for explanation, or upon which it might be desirable for the company to present argument. All of these were particularized in the report creating the Commission. They are, briefly, the following:—  
1. The matter of the consolidation in 1880 of the Union Pacific and the Kansas Pacific.

2. The purchase of certain branch or auxiliary lines by the Union

3. The construction of branch lines.

4. The arbitrary traffic allowances, or "constructive mileage," made on the Union Pacific to those branch lines.

5. The Pacific mail "subsidy," so called.

6. The expenses paid to individuals or private companies doing business with the Union Pacific.

7. The use of the company's funds for the purpose of influencing

8. The individual interest of directors or officials of the company in outside business or in the success of firms doing business with the Union Pacific.

9. The interest of the company in outside business enterprises, such as stock-yards, &c.

10. The payment of a large sum in dividends between the years 1873

and 1880. In addition to the above I am not aware that anything which has not been brought before your committee for particular notice has been elicited by your investigation. I therefore take up these several points seriatim, presenting, as I may, the argument of the company in its behalf as respects

1. The consolidation of the Kansas Pacific with the Union Pacific in 1880, at a time (1880) when I personally had no connection whatever with either company, whether as a director, as an official, or as a shareholder. I had been a Government director during one year before the consolidation was under discussion, to wit, during the year 1878. I was not a member of the company's board of directors in the year 1880, when the consolidation was a consummated fact. Personally, I had no connection with it, and was in no way responsible for or respects the action in that matter of any individual directors or shareholders in the securities of the one company or of the other, I do not

During the course of the construction of his road the company was compelled to borrow money largely, and incur large expenditures of an extremely varied and general character.

In its incipency the enterprise was regarded as of doubtful success. The project was considered as visionary; its practicability was questioned; the liability, under the laws of this State, of the stockholders to their proportion of the debts and liabilities of the company contracted or incurred while stockholders, created distrust and deterred the public from taking an interest in the enterprise or extending its financial aid. These causes rendered the company, as such, unable in its corporate capacity to borrow money or secure the necessary funds with which to carry forward the construction of its road. Time was material, delay was disastrous. Public and private interests alike imperiously demanded a speedy completion of the road. Under the circumstances an alternative remained to myself and associates but upon our individual responsibility, as best as we might, to raise the necessary funds to enable the company to prosecute the work of construction of the road. Upon its success we staked our fortunes, assumed the responsibilities, and borrowed upon our individual credit these necessary funds.

At that time its office and principal place of business under its original articles of incorporation was in the city of Sacramento, while in those days, as at present, the city of San Francisco was the principal non-sea center of the Pacific Coast, and the place where I was compelled to transact most of the business on behalf of the company in the way of raising and disbursing moneys on its account. In so doing I was practically compelled to pursue the course described in my evidence, a copy of which is annexed to the present application, in transacting the business of the company, and from time to time I made up my accounts and furnished vouchers to it as therein described.

In this way I have taken part in transacting the business of the company for a period extending over twenty-five years, and in point of value aggregating upwards of four hundred millions of dollars. As the business took place I was cognizant of it, but, owing to its multiplicity and the pressure of matters more important than mere detail, as well as the lapse of time, I am now no longer able to recall many of the matters with which I was once personally so familiar.

In May, 1887, shortly after the organization of this Commission, I received a circular from the Commissioners, calling upon me for information touching the matter specified in the act of Congress creating it.

This embraced all the matters contemplated and provided for in the act. How extensive and detailed is the information thus asked for an inspection of the act of Congress alone can tell. Comprehensive and sweeping as are its requirements, immediately upon the receipt of the circular I in good faith diligently endeavored to comply with them. Agreeable to the request thus made, I gave the necessary instructions to the officers and employes of the company to secure all available information thus called for, and called to my assistance all the aid I could command to fully, completely, and categorically answer the various interrogatories propounded to me. These answers I have submitted to the Commission. Some time after the receipt of this circular I was advised with the presence of accountants and experts of the Commission whose request they called upon me for the purpose of investigating the books of the company and its affairs.

I promptly placed at their command all the books and all information at my disposal. Since then these gentlemen, with the assistance of various officers and employes of the company, have been diligently

tion with the Union Pacific Railroad Company, at or near Ogden, in the Territory of Utah.

II.

That under the provisions of the act of July 1, 1862, above referred to, and of another act of Congress passed July 2, 1864, entitled "An act to amend an act entitled 'An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes,' approved July 1, 1862," the said Central Pacific Railroad Company received aid from the Government of the United States in bonds, and that the terms and conditions upon which such aid was extended to the said company are set forth in detail in the said acts, to which acts reference is hereby made for greater certainty.

III.

That on the 7th day of October, 1882, the Central Pacific Railroad Company duly accepted the conditions of the said acts of Congress, and subsequently filed their acceptance thereof in the Department of the Interior, and that they thereby became subject to the jurisdiction of Congress and the laws of the United States; that all of the bonds provided by the said acts have been duly delivered by the United States to the said Central Pacific Railroad Company, and that the said company has received the entire benefit thereof; that all other privileges, advantages, and gifts of land by the said acts provided have also been received by the said company in so far as it has become entitled to receive the same.

IV.

Your petitioners further show that by the terms of the said act of Congress first above recited, approved March 3, 1887, it was provided that the President of the United States should appoint three Commissioners for the purposes of the said act; that the persons appointed on the said Commission should have power to examine all books, papers, and methods of the companies in the said act named, and that the said Commissioners were charged with the duty of examining into the working and financial management of all the railroads that have received aid from the Government in bonds, and also to inquire and report whether said companies, or either of them, or their officers or agents, have paid any money or other valuable consideration, or done any other act or thing for the purposes in the said act stated, to which for greater certainty reference is hereby made.

V.

Your petitioners further show that in the month of April, 1887, the President of the United States did appoint your petitioners Commissioners under the said act, and that said Commissioners have acted, and are now engaged in discharging the duties imposed by the said act.

VI.

Your petitioners further show that it was, by further provided "that the Commissioners hereinafter named, shall have power to require the attendance and the production of all books, contents relating to the matter under investigation; and to that end may invoke the aid of the United States in requiring the attendance and the

stated, is but a creditor of the company. Its interest is in its per centum of the net earnings of the company. What disposition may have been made of its assets in the past, or what disposition may have been made of such portion of its assets or earnings as the Government has not and never had any interest in, is a matter with which the Government can have no possible concern.

In the answer submitted to the Commission on behalf of the company I have already stated, and now state, that in determining the amount of the net earnings of the company for the purpose of ascertaining what would be coming to the Government, amounts in respect to which satisfactory and detailed vouchers are not furnished shall be regarded as if the money represented by such vouchers were on hand, and the account with the Government settled as if such moneys remained unexpended. And I here make the same statement, in view of which I am wholly unable to discover how the Government can be concerned in any of the other earnings or funds of the company, or to which it has not and can have no possible legal or equitable claim. As to all moneys and funds of the company upon which the Government has not and can have no legal or equitable claim it occupies the position and stands clothed with all the legal rights and powers of any other debtor in the management, conduct, and disposition of this property, and is entitled to the like protection under the law.

It is in regard to this class of property the Commission insists upon answers to questions insistence upon which can have no possible effect upon any of the just relations between this company and the Government, and can only tend to cast doubt and suspicion upon parties whose names may be mentioned in the course of such investigation. As the subjects in respect to which these questions are propounded are of an exclusive private character and in no way affecting the interests of the Government, neither the company nor its officers feel called upon to answer them.

To this course I feel the more constrained as the gentlemen of the Commission have distinctly and repeatedly avowed in the course of their examination that they did not regard themselves bound in such examination by the ordinary rules of evidence; that they would receive hearsay and ex parte statements, surmises, suspicions, and all character of information that might be called to their attention. And during the course of my examination before the Commission it has more than once transpired that I was examined upon charges made in pleadings and proceedings instituted against the company based upon suspicion and surmise, and in many cases without actual foundation. Questions have been propounded, and a line of examination pursued, manifestly prompted by disaffected and hostile parties, whose aim was more the pursuit of personal enmity of a private character than the interests of the public at large or the ends of justice. To answer any of the objectionable questions propounded necessarily gives rise to the implication that all persons whose names may be mentioned in the questions to which answers are declined are guilty of the acts, commission of which is implied in the bare asking of the question.

In my testimony given to the Commissioners I have said in substance and now repeat, that I have never corrupted or attempted any member of the legislature, or any member of the public official, nor have I authorized any agent to do so.

In regard to the vouchers referred to on the present, I have already submitted my explanation to the Commission already stated to them, as I have heretofore stated,

not be allowed in any wise to injuriously affect the interests of the Government. Yet I do not in this connection deem it proper to admit the implication of the Commission of any thing improper upon my part, because of the form or character of the vouchers, or the failure to explain the same. All the claims covered by those vouchers have received not only the approval of the board of directors of the Central Pacific Railroad Company, but likewise the approval of the stockholders of the company. All parties who could in any wise legally or equitably be affected by the disbursements embraced in those vouchers were fully satisfied therewith, and have ratified and approved of the same. In addition to which I may be permitted to say that in the conduct and management of a business of the magnitude of that of the Central Pacific Railroad Company, and the various corporations consolidated and allied therewith, it is impossible not from time to time to have to do business involving disbursements which every dictate of business prudence will not admit of being made public. Arrangements of a private character, names of parties not publicly known, and the disclosure of which could only result in defeating the ends in view and exposing the persons so named to suspicion or obloquy, would forbid making the same public either upon the archives of the company or before a public commission. We find this course of policy not only sanctioned by ordinary experience in business life, but we find that the Government of these United States and the government of the State of California, as well as the government of the city and county of San Francisco, severally allow to their chief magistrates moneys the investment of which is committed exclusively to their judgment and discretion, and for which detailed vouchers are never required.

I regret that the Commission have deemed it their duty to propound questions involving criminality on my part and on the part of the persons whose names have been mentioned by the Commission in such questions, answers to which for the reasons already stated I have felt constrained to decline to make.

I had supposed that every American citizen was protected by law from such questions. Be that as it may, acting not merely on my own behalf, but in behalf of those whose interests as stockholders of the Central Pacific Railroad are committed to my charge, I feel bound to decline to answer them unless the court shall otherwise direct. All citizens of these United States are entitled to the equal protection of the laws, and no person can be deprived of life, liberty, and property without due process of law.

I feel that I am entitled not only personally to the benefit of these constitutional guarantees, but that all my fellow citizens whose interests I, through this company, represent are likewise entitled to their benefit. I do not feel personally at liberty to decline to assure to them and to their interests committed to my charge the benefit of the protection secured to them by these great fundamental principles of our Constitution and laws, and, therefore, I respectfully submit that under their protection I am not required to answer the questions propounded, nor should the court make the order proposed in the petition herein.

W. A. ALLISTER & BEHUN,

*Attorneys for Respondent.*

STATE OF CALIFORNIA.

City and County of \_\_\_\_\_

Leland Stanford, \_\_\_\_\_

named in the foregoing \_\_\_\_\_

P R VOT

has heard read the foregoing answer, and knows the contents thereof; that the same is true of his own knowledge, except as to the matters which are therein stated on his information and belief, and as to those matters that he believes it to be true.

LELAND STANFORD.

Subscribed and sworn to before me this 16th day of August, A. D. 1887.

[NOTARIAL SEAL.]

HOLLAND SMITH,

*Notary Public.*

Indorsed: Service of within answer and receipt of a copy thereof admitted this 16th day of August, A. D. 1887.

John T. Carey, United States attorney. Filed August 16, 1887.  
L. S. B. Sawyer, clerk.

## BRIEF FOR THE U. S. PACIFIC RAILWAY COMMISSION.

— IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE  
NORTHERN DISTRICT OF CALIFORNIA.

### IN THE MATTER OF THE

*United States Pacific Railway Commission's application to compel Leland  
Stanford to answer.*

inls and authorities. John T. Carey, United States attorney, and  
Henry C. McPike, assistant United States attorney, counsel for  
petitioners.

### STATEMENT OF FACTS.

The petitioners are the Commissioners appointed under an act of Con-  
gress passed March 3, 1887, authorizing the investigation of the books,  
accounts, and methods of railroads which have received aid from the  
United States, and for other purposes.

The Central Pacific Railroad is a corporation included with those  
designated by the act.

The Commissioners, in the discharge of the duties imposed by the act,  
have been for some time past engaged at the city of San Francisco in  
examining the officers of the company and its books and accounts. Dur-  
ing the examination of Leland Stanford, who since 1863 has been the  
president of the road, a number of vouchers were produced bearing his  
signature and containing no other designation of the purposes to which  
the moneys covered by the vouchers had been applied than the state-  
ment that they were for "expense accounts" or "legal expense ac-  
counts."

The act, among other things, directs the Commissioners to inquire  
what amounts of money or other valuable consideration, such as stocks,  
bonds, passes, etc., have been expended or paid out by said companies,  
whether for lawful or unlawful purpose, and for which sufficient and de-  
scribed vouchers have not been given," and further, "to inquire and re-  
port whether said companies, or either of them, or their officers or agents,  
have paid any money or other valuable consideration or done any other  
act or thing for the purpose of influencing legislation."

In pursuance of this direction contained in the act, the Commission-  
ers addressed to the said Leland Stanford the following question:

Q. "Was any part of the \$171,000, the sum named in this bill that I  
deposited to you (and that you now have), paid for the purpose of influ-  
encing legislation?"

The witness declined to answer the question, not, however, alleging  
any reason for such refusal that the answer might tend to criminate

him, but asserting that the question was one to which the Commission had no legal right to demand an answer. The question was repeated as to various vouchers, and in different forms, for the purpose of avoiding any question as to its being sufficiently specific; but as the company's counsel have expressly declared that they did not desire the court to pass on any mere question of form or regularity, we shall assume that the question above quoted presents the whole matter to the court on its merits.

The question thus presented, while of the utmost gravity and importance, is entirely free from any complications or uncertainty as to the facts involved. The petitioners respectfully insist that they were entitled to an answer to the question above propounded. Their right to an answer depends on the two following propositions:

# I.

That Congress had the power to direct the investigation, and to direct it in a manner set forth in the act.

# II.

That the question above propounded relates to the subject of the investigation.

**POINT 1.**—*Congress had the power to investigate "books, accounts, and methods of railroads which have received aid from the United States."*

In this connection it will be observed that the act of March 3, 1877, is not applied to any corporation by name, but extends to all corporations which have received aid from the United States. It can not, therefore, be claimed that its provisions are directed against any particular corporation.

The proposition stated in this point, in our judgment, will be conceded by every one, including the counsel for the Central Pacific Railroad. Its application to the case under consideration has been disguised and obscured by reference to matters which really have no connection with the question. It is alleged and urged that when the United States lent its credit to the Central Pacific Railroad it abdicated its sovereignty and stepped down into the ranks of its own subjects by creating between it and the corporation above named the relation of debtor and creditor. That as creditor it has no right to demand that what are claimed to be equivalent to proceedings supplementary to execution shall be exercised on its behalf, not only before judgment but before the maturity of its claim. This argument simply tenders a false issue to the court. The objects intended to be attained by the act have no relation to the enforcement of the debt due to the United States, and the investigations directed are not in the nature of proceedings for a recovery of the claim or a discovery of assets.

The attempt, therefore, to apply the doctrine of the Supreme Court of the United States as laid down in the United States against the Union Pacific Railway Company (94 U. S., 569), can not be successfully maintained. That suit was brought under an act of Congress, March 3, 1873, directing the Attorney-General to cause a suit to be instituted in the name of the United States against the Railroad Company and against a number of persons deemed to be wrongfully in possession of property of the company either by reason of unpaid subscriptions for



reason of the receipt of moneys of the company to which they were not entitled, for the purpose of compelling the payment for such stock and the collection and payment of such moneys, and the restitution of such property or its value either to the said railroad company or to the United States, whichever shall in equity be held entitled thereto. (See case above cited, p. 571.)

It will be readily perceived that the sole object of this suit was to enforce by peculiar remedies the alleged rights of the United States as creditor against the defendants as debtors or against persons who could be properly held accountable in that suit for property or money; and the decision of the court is placed entirely on this ground. The United States is treated as an ordinary creditor, whose debt is not due and who seeks by extraordinary proceedings in equity to sequester the assets and choose in action of its debtor. The court, however, expressly recognized the existence of the relation of sovereign and subject between the United States and the company, and declared that those relations were in nowise affected or impaired by the existence of the relation of creditor and debtor. At page 616 the court says:

In its sovereign or legislative relation to the company the United States has power, the extent of which it is unnecessary to define in this case. The two sections of the act, under one of which this suit was instituted, are instances of an exercise of these powers and they affect the interest of the company in important particulars. Congress might have also directed the Attorney-General, either as part of those proceedings or as an independent one, to ask the court to declare the franchise of the company forfeited. It might have ordered a bill to inquire if the company is involved, and if so, wind up its affairs and distribute its assets. In short, there are many modes in which the legislature could have called into operation all the judicial powers known to the law.

This same distinction is still more emphatically recognized in the *Sinking Fund Case* (99 U. S., p. 710), the clearest statement of this dual relation being found in the dissenting opinion of Mr. Justice Field at page 751:

The relation of the General Government to the Pacific companies is twofold: That of sovereign in its own territory and that of contractor. As sovereign its power extends to the enforcement of such acts and regulations by the companies as will insure to the management of their roads and conduct of their officers in its territory, the safety, convenience, and comfort of the public.

In the same case, at page 720, Chief-Justice Waite, after having explained the existence of the reserved right of amendment, cites with approbation the law as laid down by Mr. Justice Clifford in *Miller v. The State* (15 Wall., p. 498):

It may safely be affirmed that the reserved power may be exercised and to almost any extent to carry into effect the original purposes of the grant or to secure the due administration of its affairs, so as to protect the rights of stockholders and of creditors, and for the proper distribution of its assets.

The same justice again cites that proposition from *Holyoke Comp. v. Lyman*, 15 Wallace, 519; the declaration that the same right of amendment may be exercised "to protect the rights of the owners of the corporations or to promote the due administration of the corporation." He also cites with approbation the declaration of Justice Field in *Tomlinson v. Jessop*, 15 Wallace, 450, "that the declaration affects the entire relation between the State and places under legislative control all rights, privileges derived by its charter directly from the State."

A vast proportion of the affairs of modern society are conducted through the instrumentalities of corporations. And they move substantially all the passengers and fr

quirements of commerce demand. The highways, railways, canals, and water-ways are all substantially operated and controlled by these great corporations. A very large proportion of the manufacturing industries and a proportion of our agricultural enterprises are carried on in the same way. These corporate powers, judiciously exercised, have been among the most powerful agents for the great development of modern civilization, and have largely promoted the wealth, welfare, and comfort of all classes of our society. But they have also proved to be, in the hands of the unscrupulous, powerful engines of oppression and instruments by which the cupidity and the avarice of men have been enabled to gratify unlawful ends. The accumulation of power and wealth in corporations, unless firmly controlled and regulated by efficient and constant supervision, is a menace to the liberties of the people. It seems, therefore, impossible to deny the proposition that all legislatures, through whose actions these corporations have been called into being, shall have the absolute and unlimited right to control them, and to regulate them, and, when they deem it necessary, to investigate their methods, the management of their affairs, their books and accounts, and to examine their officers.

We submit that a close examination of the act under which these Commissioners have been appointed will satisfy the court that it is not intended under that act to institute any proceedings for the purpose of protecting or advancing the interests of the United States as creditor. No power whatever is given to the Commissioners to judicially determine as between the United States and the companies any question or right whatever. They cannot determine or adjudicate the amount due to the United States from either of the companies referred to in the act. The Commissioners are required to inform themselves as to a vast variety of matters of fact, and are directed to report their conclusions to the President, and through him to Congress. The general purpose of their report is to enable Congress to ascertain "whether the interests of the United States require any extension of time for performance of the obligation to the United States of said companies, or any of them," and the Commissioners are also directed "to submit a scheme for such extension which shall secure to the United States full payment of all debts due them from said companies, with a reasonable rate of interest, in such time as the Commissioners shall propose, having due regard to the financial ability of said companies, and the proper conduct of their business, in such a manner as shall afford efficient service to the public."

We challenge the counsel for the company to cite from the act a single sentence or word which looks to any proceedings whatever which can in any way judicially determine any obligation of these companies, any right of the United States, or in any manner, however remote, affect their relations to each other as debtor and creditor. It is impossible, on the other hand, to read the act carefully without being convinced that the object of Congress was to obtain through this Commission such information as it was entitled in the exercise of its sovereign powers to receive from corporations which it had aided by the grant of powers and franchises, by the loan of its credit, and by its magnificent donation of public lands.

POINT 2.—*The method of conducting the investigation as provided in the act is entirely within the scope of the powers of Congress.*

The act provides that the President of the United States shall appoint three Commissioners, and to these Commissioners power was given to conduct the investigation. No serious question is made as to the right

of Congress to adopt this method of obtaining needed information. It could hardly be obtained through the intervention of any committee of Congress. The information called for by the act is so varied and so extensive that it will evidently require the constant and uninterrupted attention of the persons to whom these duties were confided for the entire period allowed by the act itself. Moreover, this method of informing Congress has been so constantly pursued, both by the national and the several State legislatures, on so many occasions and for such a variety of purposes, that we shall assume its propriety to be conceded.

**POINT 3.** *The jurisdiction of Congress as to the Central Pacific Railroad is as complete and extensive as it is over all other roads aided by the United States.*

This point was expressly decided in the Sinking Fund Case (99 U. S., p. 710). An attempt was made in that case to distinguish between the Central Pacific Railroad Company and the Union Pacific Railroad Company as to the applicability of the Thurman act; but the court held that the Central Pacific Railroad Company, after having accepted all the conditions that were attached to the grants, including the reservation of power to amend, could not assert that Congress had not full jurisdiction over its affairs.

We therefore submit that the provisions of the act of March 3, 1837, apply with full force to the Central Pacific Railroad Company.

**POINT 4.** *The power given to the Commissioners to require the attendance of witnesses, the production of books and papers, and to invoke the aid of the courts of the United States was a valid exercise of the powers of Congress.*

This point contains the real question now under consideration. Counsel for the company allege and urge that, while conceding the right of Congress to investigate, and to appoint the Commission, the exercise of these rights can not in any way affect or impair the reciprocal and corresponding rights of the company and its officers to decline to answer. They allege, in short, that Congress had no power, in the methods prescribed for this investigation, to compel the company or its officers to make answer against their will to questions propounded to them. They deny that Congress has power to require the courts of the United States to enforce answers to such questions by their process.

They cite in this connection the case of *Kilbourn v. Thompson* (103 U. S., p. 163.) We submit that the case cited has no application whatever. The question involved was simply whether the House of Representatives possessed the general power over all citizens of the United States to punish for an alleged contempt. The decision of the court was that no such power existed. No question was presented as to the right of an officer or commissioner engaged in conducting a lawful investigation to apply to a court of competent jurisdiction for an order or process in aid of the lawful purposes prosecuted by such commissioner; nor was there in that case any application to any judicial officer for the enforcement of the right. The House declared by resolution that the treasurer of the firm of Jay Cook & Co. had recently made a settlement of the interest of the estate of Jay Cooke & Co. to the disadvantage and loss, as it is alleged, of the numerous creditors of said estate, including the Government of the United States, and also declared that the same were powerless, by reason of said settlement, to afford adequate security to the said creditors (including, of course, the Government of the United States), and thereupon it appointed a special committee of the House to inquire into the same, and for persons and papers. The plaintiff, *Kilbourn*, was required to appear before the committee, and afterwards before the

House. He declined to answer certain questions, and thereupon the Speaker, by his own warrant, committed the plaintiff to jail.

The only question involved in that case was whether the House was vested with power to commit the plaintiff, Kilbourn. In the case at bar, Congress has passed an act directing a lawful investigation. The investigation is to be conducted by commissioners. These commissioners are authorized to subpoena witnesses, and in the event of a refusal to answer to present their petition to this court, setting forth all the facts. They submit themselves entirely to the jurisdiction and power of this court, both as to the sufficiency of the power of Congress and as to the question whether the interrogatory propounded by them is a proper question to be asked of the witness, under the act from which they derive their power, and they ask this court, if it shall decide in the affirmative, to adjudge that the witness should answer, and, in the event of a continued refusal, to enforce such answer by its process.

It is clear, therefore, that the decision cited has no bearing on the question. Moreover, none of the considerations above referred to arising out of the relations between the sovereign and the corporations which it creates apply to the Kilbourn case. The investigation was ordered simply upon the allegation that the United States was the creditor of Jay Cooke & Co. The House directed an investigation into and scrutiny of the affairs of that company without the suggestion of any public object which was to be promoted or served.

The functions exercised by Congress in administering the affairs of a community so vast, representing such varied and different interests, as exist in the United States of America, require for their intelligent application full and detailed information with reference to all matters which may become the subject of Congressional investigation. Without this information Congress is worse than powerless. Its enactments will fail of their effect, and in many cases will intensify and increase the very abuses or wrongs which they were intended to abate or rectify.

We find, from an examination of the statutes of the various States of the Union, that the methods directed by this act, or methods substantially equivalent, have been pursued in relation to a vast variety of subjects.

National banks are corporations created by acts of Congress, to which to a limited extent the credit of the United States has been loaned. By section 5240 of the United States Revised Statutes provision is made for the appointment of bank examiners with full power to examine the books and papers of national banks and to subpoena and examine their officers and agents on oath. Could it possibly be claimed that this power was beyond the scope of Congress? Would any court hesitate to require a bank officer declining to answer a question propounded by an examiner, adjudged to be within the scope of his lawful inquiry, to make such answer, and, in the event of the refusal, to enforce obedience by use of its process?

Railroad commissioners appointed for the purpose of supervising the operation of railroads are, in every State where the office exists, authorized to subpoena witnesses and examine them. In the State of California this right is secured to the railroad commissioners by a provision of the constitution itself. (Article 12, section 22, Constitution of California, 1879.)

In all States the public schools are open to the complete and close scrutiny of inspectors appointed under acts of the legislature, and their powers of inspection and of examination are extended to private schools participating in the public funds.

In the State of California the eighteenth article of the Political Code provides for the appointment of a board of examiners of all claims made against the State. By section 638 the chairman is authorized to issue subpoenas and compel the attendance of witnesses before the board in the same manner that any court in this State may.

By section 1986 of the Code of Civil Procedure of California, subdivision 3, it is provided that witnesses may be required to attend before various officers named in that section or "before any officer or officers empowered by the laws of the United States to take testimony."

Inspectors of registrations are everywhere authorized by law to administer oaths to electors applying to be entered on their registers, and to examine the applicant or his witnesses.

Registrars of land entries are authorized by law, in the case of conflicting claims, to examine the claimants and their witnesses.

Officers of the United States appointed for the purpose of obtaining the information and statistics required for the purposes of the census are authorized to put various questions to all persons examined by them, and by section 3191 of the United States Revised Statutes, a refusal to answer either of the inquiries authorized by law subjects the person refusing to a penalty of \$30.

Insurance departments everywhere appoint inspectors or officers charged with the duty of examining the condition of the insurance companies, and are likewise authorized to examine books, papers, and officers for the purpose of investigating the affairs of the respective companies and reporting thereon.

Can it be doubted that in a case held to be within the limits of lawful inquiry an officer charged with the duty of making such inquiry would be entitled, on presentation of the facts to any court of competent jurisdiction, to obtain an order directing the witness to answer and to the enforcement of such order by appropriate process?

In England, and in all the States of this Union, grand juries are charged with a number of public duties, in the discharge of which they enquire into the condition of prisons, hospitals, reformatories, asylums, and other quasi-public institutions. They are always authorized by law to examine witnesses. By reference to the statutes of the various States it will be found that in the discharge of these useful duties they are everywhere assisted and aided by the right to apply to competent tribunals for the enforcement of the attendance of witnesses and for process compelling answers to their inquiries.

We cite on this subject from the charge delivered to the grand jury by Mr. Justice Field in this district on the 23d of August, 1872. (2d Sawyer, p. 671.)

By a statute of the State, grand juries of the State are given very great inquisitorial powers. They are required to inquire into the condition of public officers of every description in their county, and to examine the condition of all its public records. They are bound by their duty to inquire into the state of all public offenses against the law of the State, and to inquire into the county of which they have or can obtain legal residence. They are also authorized when there has been any official misconduct in any public office, to inquire into the same, and to report thereon to the proper authorities. They are also authorized to inspect all his books and records of any public officer, and to examine the same.

Additional instances might be cited which may be said to be absolutely of the endless number of duties in which we submit that enough has been shown when the inquiry ordered is lawful, and attention has asked a question which is

tion, he is entitled to the aid of the court in enforcing an answer to his question.

We cite on this subject the case of *The Commonwealth v. The Farmers' and Mechanics' Bank* (21 Pick., 542). By chapter 14 of the laws of Massachusetts, 1838, the governor was directed to appoint commissioners. It was provided that they should visit the banks, have free access to their vaults, books, and papers, and should make all such inquiries as might be necessary to ascertain their condition; that they might summon and examine the officers and agents of the banks in relation to the transactions and condition of the banks; and that an officer or agent who should refuse, without justifiable cause, to appear and testify when thereto required should be subject to fine and imprisonment. It was further provided by the said act that if upon examination of any bank the commissioners should be of opinion that it was insolvent, or that its condition was such as to render its further progress hazardous to the public, the commissioners might apply to a justice of the supreme court to issue an injunction to restrain such corporation, in whole or in part, from further proceeding with its business until a hearing of the corporation could be had, and that the justice should forthwith issue such process, and after a full hearing of the corporation upon the matters aforesaid might dissolve or modify the injunction or make it perpetual.

The power exercised by the legislature of Massachusetts in the case cited very far exceeds the limits which have been observed by Congress in the act of March 3, 1867. In the former act the commissioners appointed by the governor were armed with all the powers and authority which have been delegated to the present Commission under the United States statute; but the Massachusetts act made it the absolute duty of the court to issue a temporary injunction upon the report of the commissioners. The authority of the Commission under the act of March 3, 1867, is simply limited to propounding their questions; beyond that they of their own motion have no power whatever. The refusal of the witnesses to answer simply brings the entire proceedings before this court, and it has competent power to grant or refuse the relief prayed for by the Commissioners.

In the Massachusetts case above cited the authority of the legislature to appoint the commissioners, through the governor, to invest them with power to investigate, and to require a judicial officer to issue a temporary injunction on their report, was sustained by the court, Chief-Justice Shaw rendering the opinion. All the questions presented to this court in the case at bar were discussed in the case cited.

(1) The objects which the legislature had in view in the adoption of the measures.

(2) The means which they had adopted for accomplishing those objects.

(3) Whether in the ends proposed or in the means prescribed the legislature had transcended the powers vested in it by the Constitution or had exceeded the just limits of legislative authority.

In all these particulars the action of the legislature was sustained.

In no State have the divisions of the great departments of the government between the judiciary, the executive, and the legislative been more closely observed than in Massachusetts. Its courts have always been tenacious of their jurisdiction. And we submit that we may safely accept the decision cited as affording firm foundation for the proposition that Congress has in no manner exceeded the just limits of its power.

in authorizing these Commissioners to conduct this investigation and to propound the question before the court. We may also safely conclude, if the report of such Commissioners was a sufficient ground for claiming a temporary injunction as a matter of right, that the report of the present Commissioners to this court is a sufficient ground for asking the issuance of the process of this court, if it be satisfied that the witness should have answered the question propounded to him.

**POINT 5.**—*The question addressed to Leland Stanford relates to the matter under investigation and is within the scope of the powers of Congress.*

The counsel representing the company and the witness have declined to take the objection that the question is of a criminating character. We therefore omit any discussion of this point, or of the question whether the immunity against the use of such answer in any criminal proceeding is sufficient to entitle the Commission to an answer to the question.

Some question was made as to whether, as matter of fact, the moneys covered by Mr. Stanford's vouchers had been included in the account rendered to the Government for the purpose of ascertaining the net earnings of the company. The Commissioners do not desire a decision based on this question, and therefore concede, for the purposes of this motion, that the amounts in question have not been charged as against the United States, to the end that this matter may be disposed of entirely on its merits.

That the question above propounded relates to the investigation is self-evident, for the act, in substantially the exact words of the question, directs the Commissioners to propound it.

The only question then remaining is whether this particular question is within the scope of the powers of Congress. It will not be disputed that the right to question can not extend beyond the right to investigate. The right to investigate is as to the management and the administration of the affairs of the company. Questions which have no relation to such matters, which should be prompted by idle curiosity or prompted by the desire to inflict suffering or disgrace on persons connected with the corporation solely for the purpose of gratifying a malignant feeling against them, would certainly not be within the scope of a legitimate investigation. We concede that the court has full and complete control of this question, and the right to determine absolutely whether the question relates to the investigation and is within the scope of the powers of Congress. But we submit that an interference with the rights of Congress in this direction should only be resorted to when it is made perfectly clear that the question asked is entirely beyond the limits of legitimate inquiry.

The gentleman to whom the question was propounded has been the sovereign of this corporation from its inception. He has controlled its affairs. He has at all times been familiar with its finances; and yet it appears from the uncontradicted averments of the petition that between the years 1870 and 1880 he has personally disbursed the sum of \$733,000, which to an individual would be a large fortune, and offers no explanation of these disbursements except that they were for "expense incurred by him in the management of the United States in its private ac-

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administration of justice, and have so prostituted the trust positions which have been confided to them for the purpose of promoting their personal advantages as stockholders of this company, surely the people from whom its franchises proceeded have a right to be informed as to the facts which have occurred. The right to ask its officers whether the rates charged by the corporation have been exorbitant is conceded. The right to inquire whether their train service has been efficient, whether proper safeguards for the public have been provided, is conceded. And yet dereliction in these matters would inflict on the community but a trivial injury as compared with that which must result if they have used the funds of the company for the purpose of corrupting the law of the land.

It seems to us too clear for argument that the question propounded in *Leland Stanford* is entirely within the scope of a proper investigation, that it relates directly to the subject matter, and that he should be required, by the order of this court, to answer these and other questions of similar import.

POINT 6.—*The prayer of the petitioners should be granted, and an order should be entered directing the said Leland Stanford to appear before them, at a time and place to be specified, to make full answers to the questions stated in the petition, and to give evidence touching the said subject of inquiry.*

And now a few comments upon some of the authorities referred to by counsel for the respondent.

*Gordon v. United States* (117 U. S., p. 698), does not come within the issues of the matter before the court. Careful reading will show that the statute (act of March 3, 1863, entitled "An act to amend an act to establish a court for the investigation of claims against the United States"), which was made the subject of the decision, was held not to be constitutional so far as it applied to the jurisdiction of the United States Supreme Court, for the reason solely that the province of the Supreme Court under the Constitution, being purely judicial, it could act upon nothing which would permit it to enforce its judgment by its own process. That the statute in question conferred no other power upon it than to advise the Secretary of the Treasury upon a certain matter, and then leave it for him to say whether he would act upon the opinion of the court or not.

But even in the opinion of Taney, C. J., at page 699, will be found dictum which strengthens the position of the petitioners in the case at bar, for there, says the Chief Justice: "Congress may undoubtedly establish tribunals with special powers to examine testimony and decide in the first instance, upon the validity and justice of any claim against the United States, subject to the supervision and control of Congress or a head of any of the Executive Departments."

The learned Chief Justice undoubtedly used the words "examine testimony" in the light of taking testimony, and if they have the power to take testimony, as an incident of the power they have the right to enforce the giving of the testimony. Then how are they to enforce the giving of the evidence? By punishing a refusal to testify? The Supreme Court, in *Kilbourn v. Thompson*, holds that they cannot punish for contempt, and *a fortiori* one of their agents, to wit, a commandant—then what power can? The answer is, the only power! land—the courts of the country.

The case *United States v. Ferreira* (13 How., U. S., 40) was entirely upon the principles laid down in *Gordon v. United States*, (117 U. S., 698), and involved similar questions throughout.



The treaty and acts of Congress under investigation in that case and that of *United States v. Yale Todd*, found in a note at page 52, the question considered was whether Congress could constitute a court of justice a commissioner to act in an advisory capacity to the Secretary of the Treasury.

*Gibson v. Templeton* (62 Texas, 550) was a suit brought in court which the Supreme Court held the constitution of the State did not give the courts power to determine. That under the constitution of Texas "a proceeding to contest an election is not a 'suit, complaint, or plea' within the meaning of the constitution," and that although "the legislature prescribes who shall be made parties to such a proceeding, yet when the subject-matter is such as can not be litigated, the making of parties does not make the proceeding a suit," and further that the "contest of an election, being an extra-judicial question, must be regulated by the political authority of the State." Considered apart from the constitution of Texas, such a question could have no more bearing upon the matter at bar than the Sermon on the Mount.

But were the same question before the courts of the State of California would it not be considered a judicial question purely?

*Vide* contest of elections in Codes of California.

*Van Slyke v. Templeton County Farmers' Mutual Life Insurance Company* (39 Wisc., 390).—The decided question was that "the constitution of the State having vested all judicial jurisdiction in courts and justices of the peace, and provided for the election of judges of all courts, the legislature can confer no judicial jurisdiction on other officers or persons, excepting power not exceeding that of a circuit judge at chambers, on court commissioners."

*Cohn v. Hoff* (3 Brevard, S. C., 501) holds that when the State constitution points out and prescribes how a judge should be elected, the legislature can not prescribe a different mode or manner, and confer on the governor power of appointment of a judge when constitution requires that he be elected.

The dictum in the opinion pointing out the distinction between the powers of the judiciary under our system of government and that of the English judiciary, no one disputes.

*United States v. Ritchie* (17 How., 524) decided that the act of Congress, passed March 3, 1851, making provision for the appointment of a board of commissioners to settle private land claims in California was constitutional, and, further, that the board was not a court under the constitution, invested with judicial powers.

Section 7 of the act provided "That the secretary of the board shall be, and he is hereby, authorized and required, on the application of the law agent or district attorney of the United States, \* \* \* to issue writs of subpoena commanding the attendance of a witness or witnesses before the board or any commissioner."

The statute being by the Supreme Court in the case last cited *expressly* held constitutional, and at the same time held not to vest judicial powers upon the board, now, under the doctrine of the case of *Kilbourne v. Thompson* (163 U. S.), could the board enforce the attendance of witnesses before it? As the statute does not point to a mode in that case, we say it would be accomplished in a certain way by applying to a court of the United States for process, as a necessary incident to the grant of power to adjudge and take testimony.

And if the above statute had contained the language of March 3, 1887, upon the subject of applying to the

United States for compulsory process, could any reasonable person doubt the power of the court applied to to compel the attendance of the witness and compel him to purge himself if contumacious? And in the absence of provisions of the nature of those contained in the last act cited, the board of land commissioners, had the statutes of California contained provisions similar to those found in section 1986 of the code of civil procedure of California, might have found adequate aid in enforcing witnesses to testify by applying to a State court.

Section 1986, Code of Civil Procedure, sub. 3, reads:

The subpoena is issued to require attendance before . . . any officer or officer empowered by the laws of the United States to take testimony; it may be issued by any judge or justice of the peace in places within their respective jurisdiction; with like power to enforce attendance, and, upon certificate of contumacy to said court, to punish contempt of their process.

Yet, says the respondent, the land commission of California could take only such evidence as a party summoned before it might, as a matter of grace, permit.

Would not such a doctrine, if urged and upheld in the early days of California, have virtually rendered this great commission absolutely powerless to accomplish the ends for which it was created?

The Supreme Court of the United States and district court of California have time and time again laid down the doctrine that the functions of the California land commission were essentially political, and not judicial, in their nature.

Yet, who then, or now, even, excepting the respondent here, would invoke the heresy that the powers of the commission, created by solemn act of Congress, and which the highest judicial power in the land had pronounced constitutional, could be halted, obstructed—yes, virtually rendered nugatory by a witness who claims the right to give what evidence he may please to give, to withhold what he may please to withhold?

The whole argument of the company's counsel is based on a fallacy. They assert that the demand that process issue to compel a witness to answer is an encroachment on the functions of the judiciary; the fact is, that while the three great departments of Government are distinct, they are bound together by the closest ties of mutual interest and mutual duty. Each must and should aid the other. No department, no executive, no commissioner, invades the functions of the judiciary when he asks that it issue its process to compel obedience to law. In all cases the simple question is whether the act, the examination, the hearing of the claim, or the investigation, is authorized by law. In this way only can the functions of the bank examiner, the inspector of insurance, the commissioners of claims, the census officers, the grand juror, and all other officials who are charged with administrative duties, but who possess no judicial powers whatever—in this way alone can these duties be efficiently discharged.

*Ex parte Vallandigham* (1 Wall., 243) decided that the appellate powers of the Supreme Court as granted by the Constitution are limited and regulated by the acts of Congress, and must be exercised subject to the exceptions and regulations made by Congress, and that the above case did not come within that category; and, further, that a proceeding by court-martial "is not in law or equity within the meaning of those terms as used in the third article of the Constitution."<sup>21</sup>

*Burgoyne v. Board of Supervisors* (3 Cal., 10) adds its voice to the threadbare theme that each of the three cardinal branches of our republican form of government, executive, legislative, judicial, is independent.

ent (?) of the others—no one can exercise the functions of the others.

*People v. Sanderson* (30 Cal., 100) decides that the duties of trustee of the State library properly fall within the sphere of the executive department, and that a chief-justice of the State, while such, is prohibited by the State constitution from exercising the functions and duties of trustee of the State library.

There is not the slightest shadow of a claim on the part of the petitioners at bar that the act of Congress in question (March 3, 1887) confers upon the commissioners, petitioners herein, a single judicial function. They can determine nothing, any more than could the California land commission, *ubi supra*. No right can be changed, created, or enforced. In fine, their functions are plainly defined, and do not encroach in the slightest degree upon any department of the United States Government, nor relate to any other than the one to which they clearly belong.

*Smith v. Strother* (68 Cal.).—In this case the distinction between what is a legislative and what a judicial act is clearly pointed out, and the court, speaking through Mr. Justice Thornton, finds authority for its conclusions in the language of Mr. Justice Field in the Sinking Fund case reported in 90 U. S., from which we have already quite extensively quoted, as an authority for the position of the petitioners in the matter now before the court.

By the act of the legislature of March 21, 1885, it was attempted to confer upon the supreme court legislative functions, which attempt we are quite willing to join with counsel for respondent here in condemning.

We insist, again, that whatever powers the statute of Congress of March 3, 1887, confers upon the circuit and district courts of the United States, for the purpose of enabling the purpose and intent of the whole act to be carried out, are purely judicial in their nature.

The authority conferred is to "hear and determine" in the first instance; and in the second that of "enforcing its determination, by its own process," in the very fullness and plenitude of its power in that behalf.

*United States v. Union Pacific Railroad Company* (11 Blatch., 385).—The case, we respectfully submit, is not authority upon any legitimate inquiry arising in the case at bar.

There is no attempt here by the United States "to convert to itself the property of another, by its own declaration or its own authority;" nor any to obtain "redress for alleged fraudulent acts on the part of the directors and managers of the \* \* \* railroad company, in breach of their duty to the shareholders."

*In re Ziebold* (33 Fed. Rep., 791).—The case is a false analogy to the case at bar. It grew out of an attempt by the legislature of Kansas to confer upon a county attorney authority to summon witnesses to testify before him with power to punish for contempt in case of refusal to appear.

The court, per Foster, J., held that the authority vested in the county attorney "on the mere unsworn statement of any person, and without any case pending before him, \* \* \* to set this judicial machinery in motion, with no restriction as to whom he shall summon before him to testify, and no limitation but his own good will as to the scope of his investigation, fortified by a power to exact answers to any question was proper to ask, almost despotic in its severity," \* \* \* is an attempt to unite the judicial with the executive branch of civil government; and when the law-making power and the power which execute and apply, as well as that which executes and administers the

united and invested in one person or body, it becomes a despotic and not a constitutional government."

Is the Pacific Railroad Commission endowed with any of these judicial attributes? Are they empowered, under the act of March 3, 1887, to summon witnesses before them, "and visit upon them severe penalties should they refuse to come or to testify, with 'no limitation but the own good will as to the scope of their investigation?'" It would be the ingenuity of the learned counsel for respondent to find any such power in the statute.

So long as a witness summoned before the Commission proves willing to attend and give answer there is, of course, no need of compulsion; but when he proves contumacious and some compulsion is necessary, does the act empower the Commission to become the judges as to whether or not the question asked the witness is relevant to the matters under investigation as defined in the statute, and adjudging it to visit penalties upon him? Clearly not. The statute vests no such power or authority in the Commissioners. It defines and limits the scope of their investigation, and whether or not they keep themselves within these limitations is purely a judicial question which Congress has deferentially left to the judiciary to determine.

When, in the judgment of the Commissioners, a question is pertinent to the matter under investigation, and a witness denies it, it is made the duty of the judicial branch of the Government, upon a proper application, to look into the statute to find authority in the Commissioners to propound the question, and also to apply those other tests whereby relevancy and competency may be determined. And when, after deliberation upon the law and the facts, the court determines either one way or the other, it pronounces a judgment—1st, upon the statute; 2d, upon the scope of the inquiry or investigation; 3d, and from the two former, the relevancy and competency of the question propounded; and, whichever way its judgment goes, obedience must follow; if the court finds the inquiry a legitimate one, properly instituted by competent authority, and the question relevant, the witness must reply. The judgment of the court should be otherwise, the Commissioners are equally bound to refrain from asking it; and in no conceivable case does the court thus acting become auxiliary to or act in an advisory capacity to the Commissioners.

The primary right of the Commissioners to ask a question is a right defined by the statute, but to be determined by the judiciary, and not determined, from it the corresponding duty of the witness flows as naturally as the succession of day and night.

At page 795 the learned judge used language with reference to the powers of a grand jury which, we submit, furnishes as pure an analog of the situation of the parties concerned here as could well be derived. The language is: "*Nor can a grand jury issue a subpoena for a witness or decide the competency of a question asked, or punish for a contempt. These matters rest with the court.*"

In principle is there a shade of difference between the powers of the Commissioners under the statute in question and those exercised by a grand jury in performing the duties devolved upon them by statute? Does a grand jury exercise judicial functions? Can it hear and determine? Can it pronounce a judgment which any person or thing in the world would be bound by?

Suppose the grand jury of the city and county of San Francisco be summoned the sheriff of the city and county before it, and had propounded to him the following question: "Mr. Sheriff, have you not

rily permitted' the escape of John Doe, a prisoner once in your custody?" And the sheriff had replied, "I decline to answer," and the petitioner had then applied to the court for an order to show cause upon the writ why he should not make the answer, would the court have heard him say, "There is no 'case' before the court? The grand jury has not yet applied to this court to aid it in compelling me to answer unless it do so—I am a citizen of the United States. I have thrown around these guaranties of personal liberty and private security which have come down to all of us alike from the days of the Tudors, and for attempting to curtail which the head of a Charles rolled from the block?" or opinion is that before the court would incline its ear seriously to a showing of rhetorical right it would examine the provisions of section 923 of the penal code of California, which says: "The grand jury must inquire into the condition and management of the public prisons within the county; and into the willful and corrupt misconduct of public officers of every description within the county," and in connection with section 108 of the same code, which says: "Every \* \* \* sheriff \* \* \* who fraudulently contrives, procures, aids, connives at, or voluntarily permits the escape of any prisoner in custody is punishable, etc.," before deciding upon the relevancy of the question, and the right of the jury to propound it. With the policy or wisdom of the legislative department of the Government in directing an investigation or inquiry this court has nothing to do.

The only question which the court will permit itself to ask is: Has the legislature directed the investigation; does it invade any constitutional right of any one to be investigated?

In conclusion we will say, that unless this power to investigate all public and quasi-public enterprises, undertakings, and institutions shall be found to exist as one of the inherent powers of a sovereign people, over which each State legislature in the Union may invoke as well as Congress, then before the decisions of the court in this case must fall by bank commission, railroad commission, board of examiners, and local bank inspector in the land.

We respectfully submit, for the reasons given, that the prayer of the petitioners should be granted.

JOHN T. CAREY,  
*United States Attorney.*  
HENRY C. McPIKE,

*Assistant U. S. Attorney, Counsel for Petitioners.*

BRIEF OF MESSRS. McALLISTER & BERGIN FOR LELAND STANFORD.

IN THE CIRCUIT COURT OF THE UNITED STATES IN AND FOR THE  
NORTHERN DISTRICT OF CALIFORNIA.

IN THE MATTER OF

*The United States Pacific Railway Commission's application to compel  
Leland Stanford to answer.*

[Points and authorities.]

The act of Congress of July 1, 1862, created and constitutes the basis of the relation between the company and the Government, speaking of which in the *United States v. Union Pacific Railroad Company* (91 U. S., 81), the court say:

It is true the scheme contemplated profit to individuals, for without a reasonable expectation of this capital could not be obtained, nor the requisite skill and enterprise. But this consideration does not in itself change the relation of the parties in this suit. This might have been so if the Government had incorporated a company to advance private interests, and agreed to aid on account of the supposed incidental advantages which the public would derive from the completion of the projected railway. But the primary object of the Government was to advance its own interests, and it endeavored to engage individual co-operation as a means to an end—the securing of a road which should be used for its own purposes. The obligations, therefore, which were imposed on the company incorporated to build it must deprive the true meaning of the enactment itself, viewed in the light of contemporary history.

The nature of this relation is more extensively considered in *United States v. Union Pacific Railroad Company* (94 U. S., 613, 614, 615), and the same case in the 11th Blatch., 385, 393, 397, 399, 400, and 401. Upon examination made in this case of the relations of the companies named in the act to the Government of the United States the court there held that the relation thereby created was that of debtor and creditor, and that in respect to the property, in which the Government had no beneficial interest, that is to say, in respect to all the property and earnings of the company outside of the percentage of net earnings reserved to the Government, the companies occupied the relation of private proprietors, with whose proprietary interests and their control the Government can exercise no other power of interference than it can in respect to the proprietorship, control, and management of the property of any other private person. The power reserved to alter or modify the act Congress is coupled with the obligation to exercise it with due regard to the rights of the company. Under exercise of this power the leg-

rights of the companies are reserved, and they remain as fully entitled to the protection of the law as the rights of any other private individual. The mere fact that the companies are artificial creations of law, called into existence by the consent of the parties co-operating in the organization of corporations, does not leave either the companies, the artificial creations, or the beneficiaries, of which they are simply the representatives, destitute of the benefit of the protection of all the constitutional guaranties ascribed to all persons for the protection of life, liberty and property. (*Ex parte Parrott*, 8 Sawy., 374; *County of San Mateo v. Southern Pacific Railroad Co.*, 8 Sawy., 364-5; *Santa Clara Co. v. S. P. R. R. Co.*, 118 U. S., 396.)

Among those guaranties is, that no man shall be deprived of life, liberty, or property without due process of law, nor shall private property be taken for public use without just compensation. Of the extent to which this constitutional guaranty assures protection to private property an exhaustive discussion will be found in the case of *Wynehamer v. The People* (13 N. Y., 383), the court in that case declaring that "the true interpretation of these constitutional phrases is, that where rights are acquired by the citizen under the existing law there is no power in any branch of the Government to take them away; but where they are held contrary to the existing law, or are forfeited by its violation, then they may be taken from him—not by an act of the legislature, but in the due administration of the law itself, before the judicial tribunals of the State. The cause or occasion for depriving the citizen of his supposed rights must be found in the law as it is, or, at least, it can not be created by a legislative act which aims at their destruction. Where rights of property are admitted to exist, the legislature can not say they shall exist no longer; nor will it make any difference although a process and a tribunal are appointed to execute the sentence. If this is the "law of the land" and "due process of law" within the meaning of the Constitution, then the legislature is omnipotent. It may, under the same interpretation, pass a law to take away liberty or life without a pre-existing cause, appointing judicial and executive agencies to execute its will. Property is placed by the Constitution in the same category with liberty and life." \* \* \*

Page 395:

We are brought, then, directly to the question, does the "act for the prevention of intemperance, pauperism, and crime," in a just constitutional sense, deprive the citizens of this State of their property in intoxicating liquors? We have already seen that this species of property is just as inviolable as any other. That by the operation of this law its commercial value is annihilated; that it can not be sold; that it is unlawful to keep it; that all legal protection is withdrawn from it; and that it becomes a public nuisance. Is the owner "deprived" of it within the fair meaning of the Constitution? I bring the act to this particular test, because if it can stand with this clause of the Constitution it can with every other.

Now, I can form no notion of property which does not include the essential characteristics and attributes with which it is clothed by the laws of the society. In a state of nature property did not exist at all. "Every man might then take to himself what he pleased, and retain it if he had sufficient power; but when men entered into society, and industry, arts, and sciences were introduced, property was gained by various means, for the securing whereof proper laws were ordained" (Toullier's Law Dic., Property, § 31. Com., 34.) Material objects, therefore, are property in the true sense, because they are impressed by the laws and usages of society with certain qualities, among which are, fundamentally, the right of the occupant or owner to use and enjoy them exclusively, and his absolute power to sell and dispose of them; and as property consists in the artificial impression of these qualities upon material things, so whatever removes the impression destroys the notion of property, although the things themselves may remain physically untouched.

For can I find any definition of property which does not include the power of disposition and sale, as well as the right of private use and enjoyment.

## Page 397:

The statute under consideration, without reference to its provisions for the actual and physical destruction of intoxicating liquors, by force or its prohibition sweeps them from the commerce of the State, and thus annihilates the quality, which makes them valuable to the owner. This is destructive of the property. I need, perhaps, take no further notice of their qualified words, the sacrament and the other special uses named in the act. These are only incidental and incidental uses of the article. It is the general and primary use aimed at. It is the mass of property which is struck down; and the preservation of an extremely insignificant portion can not change the character of the law.

The power of disposition thus declared inherent in property secured by the Constitution not merely imports right of the owner to sell and dispose of it, but to sell and dispose of it at pleasure, and where and how he pleases, subject only not to do so in violation of the general laws of the land. It excludes and is inconsistent with the idea that the owner in exercising such power of disposition can in any wise be called to account therefor, or be compelled to choose the mode and manner in which he has seen fit to exercise legal and constitutional right. And it is upon this principle of inviolability of private property and private ownership that it is only thus secured by this provision of the Constitution, but the protection against unreasonable searches and seizures. (Boyd v. U. S., 622, 629, 630, 631, 632, 634; Onley on Constitutional, 110 U. S., 376; *In re Zirkel*, 23 Fed. Rep., 793.)

Not only, therefore, is property thus secured under State and Federal Constitution, but the person of the owner is equally secured. To hold property without personal liberty would be but a poor thing. Hence it is that the Constitution declares that no man shall be deprived of liberty any more than property or life, and the liberty thus guaranteed to the citizen full exercise of all his mental and physical faculties free from governmental interference, save and except in the same may occur in the legitimate and orderly administration of the general laws of the land.

Mr. Mills, in his work on Liberty, page 24, clearly and fully declares the true principle underlying the legitimate provincial governmental interference with the liberty of the citizen. The author says:

*The only part of the conduct of any one for which he is amenable to justice which concerns others, is the part which merely concerns himself his independence is absolute. Over himself, over his own body and mind, the individual is sovereign.*

What kind of liberty is that which leaves the citizen liable to arbitrary examination at the pleasure of the legislature? What constitutional guaranty is that which would thus expose him to the whims and caprices of any one department of the Government? respect to matters not arising in the course of judicial process may be compelled to disclose his private affairs and make known to the world that which lies treasured in his own bosom, where are the guaranties of freedom? In respect to such subjects, in framing organic law, the people have not vested the legislature, so to speak jurisdiction over such matters, and they are as incompetent to do so as to affect the same as would be a judicial tribunal that should not to pass judgment in a matter entirely without its jurisdiction.

No star chamber can ever be formed under the constitution of the State of California or the United States. (First Blackstone, 2 Blackstone, 206, 310, 423, 433, 437; 2nd Hume's Hist. of Eng., 8 Hume's Hist. of Eng., 200, 491, 496, 497, 498, 499; 6th Hume, 9



and 39; 1st Macaulay's Hist. of Eng., p. 98; 1st Hallam's Constitutional History, 65 to 67; 2nd Hallam's Constitutional History, pages 39 and 317; Loan Association vs. Topeka, 20 Wallace, 662; *Ex parte Parrott*, 6 Sawy., 374; Slaughter House Cases, 16 Wallace, 76, 90, 103, 113, 116.)

In the language of Justice Swayne in the Slaughter House cases (16 Wall., 127):

Life is the gift of God, and the right to preserve it is the most sacred of the rights of man. Liberty is freedom from all restraints but such as are justly imposed by law. Beyond that line lies the domain of usurpation and tyranny.

Interference within this realm is beyond the pale of constitutional legislation.

The court accordingly, in *Kilbourn vs. Thompson* (103 U. S. 190), declared:

Whether the power of punishment in either House by fine or imprisonment goes beyond this or not, we are sure that no person can be punished for contumacy as a witness before either House, unless his testimony is required in a matter into which that House has jurisdiction to inquire, and we feel equally sure that neither of these bodies possesses the general power of making inquiry into the private affairs of the citizen.

#### Page 193.

If the investigation which the committee was directed to make was judicial in its character, and could only be properly and successfully made by a court of justice, and if it related to a matter wherein relief or redress could be had only by a judicial proceeding, we do not, after what has been said, deem it necessary to discuss the proposition that the power attempted to be exercised was one confided by the Constitution to the judicial and not to the legislative department of the Government. We think it equally clear that the power asserted is judicial and not legislative.

The preamble to the resolution recites that the Government of the United States is a creditor of Jay Cook & Co., then in bankruptcy in the district court of the United States for the eastern district of Pennsylvania.

If the United States is a creditor of any citizen, or of any one else, on whom process can be served, the usual, the only legal mode of enforcing payment of the debt is by a resort to a court of justice. For this purpose, among others, Congress has created courts in the United States, and officers have been appointed to prosecute the pleas of the Government in these courts.

#### Page 194:

If the settlement to which the preamble refers as the principal reason why the courts are rendered powerless was obtained by fraud, or was without authority, or for any conceivable reason could be set aside or avoided, it should be done by some appropriate proceeding in the court which had the whole matter before it, and which had all the power in that case proper to be intrusted to anybody, and not by Congress or any power to be conferred on a committee of one of the two houses.

The resolution adopted as a sequence of this preamble contains no hint of any intention of final action by Congress on the subject. In all the argument on the case no suggestion has been made of what the House of Representatives or the Congress could have done in the way of remedying the wrong or securing the creditors of Jay Cook & Co., or even the United States. Was it to be simply a fruitless investigation into the personal affairs of individuals? If so, the House of Representatives had no power or authority in the matter more than any other equal number of gentlemen interested for the Government of their country. By "fruitless," we mean that it could result in no valid legislation on the subject to which the inquiry referred. (*People v. Keeler*, 99 N. Y., 485.)

Not only is the inquiry inadmissible for these reasons, but on the further ground that the act of Congress itself clearly shows intention to extend the investigation to matters involving liability to criminal prosecution.

By the terms of the act evidence given on such investigation is declared inadmissible in any criminal suit or proceeding, thus clearly and unmistakably showing that the subject matter of the investigation designed was intended to embrace matters which might render the party

amenable to criminal prosecution. It is true that the inquiry is then attempted to be made legal by excluding incriminating testimony that may be given in the course of the investigation from admission in any criminal prosecution, and it is no less true that there are some decisions undertaking to vindicate and uphold this species of legislation. Its correctness, however, has never been definitely determined by the highest court of the land, and is open to question upon just principle to unanswerable argument. (*State vs. Girvin*, 13 Lea, Tenn., 60.)

The line of reasoning upon which these authorities proceed is that the design of the constitutional provision is to protect the citizen against being compelled to bear witness against himself in any criminal prosecution, and that as that is the end designed to be secured by this constitutional provision, if such end be accomplished otherwise through legislation, it is competent for the legislature to declare that the party shall be compelled to testify.

The vice of the argument lies in the assumption that it is competent for the legislature to compel the citizen to barter away his constitutional guaranty for this statutory privilege. There is no power in the Government to deprive the citizen of the benefit of any guaranty secured him by the Constitution, and it is wholly illogical and unwarrantable to say that because the supposed end designed to be secured by the constitutional guaranty is accomplished by legislation, therefore the legislature deny to him the benefit of the constitutional guaranty itself. Where, we would ask, is the warrant of the Constitution authorizing the legislature to set aside any of these provisions or to deny the citizen any immunity thereby secured to him? Is it not the very paltering with the greatest rights known to law, and secured to the citizen, to hold that he can be compelled to thus barter away his constitutional rights? Of course it is an entirely different question as to whether or not the legislature may not extend immunity from punishment to the person who may see fit to give evidence incriminating himself. That is a matter dependent upon different principles, not having any just application to the principle involved in this class of legislation.

Of course it must be manifest to the court that while the terms of the act of Congress might in this instance secure a party giving evidence from having the same used against him in any criminal prosecution instituted in a Federal court, it can not protect him against such consequences in a State tribunal, nor can it shield him from the obloquy and odium attached to the giving of such testimony. Whatever may be the validity of this provision of the act of Congress in the tribunals of the United States, it can have no operation in the State forum. True, under the provisions of this act, may a party be compelled to give evidence of an incriminating character, which not only may be used against him in State tribunals, but which will necessarily tend to degrade him and expose him to obloquy and odium.

Suggestion was made on the argument that declination to answer should have been upon this particular ground. But it is obvious that any such claim necessarily implies commission of that, guilt of which is entirely denied, and to make claim of privilege would necessarily import the very thing the party denies, a right to inquire into which is now distinctly and unequivocally challenged.

The constitutional right of a citizen should not be thus confounded with a mere rule of procedure properly obtaining in the ordinary course of procedure in the trial of criminal and civil cases. The rule itself in this respect is open to just doubt, and in our humble judgment is founded in error.

The general rule of which it has been made a part is one founded in experience and convenience, and having a distinct and intelligible purpose. The object of the rule is that a judge or court may be informed of the grounds upon which immunity is claimed or a ruling is asked, so that the court may, if so advised, correct its ruling accordingly. It is thus designed alike for the benefit of the court and the benefit of the adverse party. When informed of the grounds of the claim the adverse party may be able to supply proof by other competent evidence. The purpose of the rule is to place the court and the adverse party fully in possession of the facts, so that all may intelligently act accordingly. But where the objection is one that can not be changed by mere form of proof, this rule does not obtain. As correctly observed in *Nightingale vs. Seacumel* (18 Cal., 323):

The defendant claims that the evidence was not admissible for any purpose; that a statement of the ground upon which it was objected to would have been superfluous and was not therefore required. This view is based upon what appears to us to be the proper rule in such cases, and we see no good result to be accomplished in holding parties to a more strict and rigid practice in these matters.

Where, under the Constitution and the laws therefore, the party is entitled to the immunity claimed, it would seem that he should not be compelled to make the claim thereto in such a manner as to expose him to the odium attached to the mere assertion of his legal and constitutional right. The rule, however, has no application to the case now before the court. The question is here one of constitutional power. It is to compel the answers, and the court is here now fully and distinctly advised of all the grounds of objection interposed to answering.

To hold, therefore, that the rule had any application in the present instance would be to merely stick in the bark. Not only is the investigation attempted to be made unauthorized under the Constitution and laws, but this court, under the Constitution and the laws, has not jurisdiction to extend to it the aid invoked.

The United States courts have consistently declared from the earliest date that they can only exercise judicial powers.

The authorities on the point are: *Hayburn's Case* (2d Dall., 409); *United States vs. Ferreira* (13 How., 40-47); *U. S. vs. Todd* (13 How., U. S., 62); *United States vs. Ritchie* (17 How., U. S., 533, 534); *Ex parte Vallandigham* (1 Wall., 252); *Gordon vs. United States* (2 Wall., 561; 117 U. S., 606); *Burgoyne vs. Board of Supervisors* (5 Cal., 19); *Exline vs. Smith* (*Ibid.*); *Dixie vs. Hulburt* (*Ibid.*, 343); *People vs. Sanderson* (30th Cal., 166); *Smith vs. Strother* (68 Cal., 197); *Gibbs vs. Templeton* (62 Tex., 556); *San Blyke vs. Trempealeau County Farmers' Insurance Company* (29 Wisc., 392); *Cohen vs. Hoff* (3 Brevard, S. C., 501).

These cases very clearly show what constitutes judicial power, and that, where the action of the court is not followed by judgment determinative of the rights of the parties litigant, it is not in any proper or legal sense the exercise of judicial power, and therefore can not be vested in any of the courts of the United States.

Neither the action of the commissioner of this court upon the present application partakes of this character.

Neither the action of the one nor the other is in any wise determinative of the rights of any person, and therefore it is not of a character jurisdiction of which Congress can constitutionally vest in this court.

Upon these principles we therefore respectfully submit that the prayer of the petition be denied.

Respectfully submitted.

M'ALLISTER & BERGIN,  
Counsel for Leland Stanford.

**BRIEF OF L. D. McKISICK, ESQ., FOR LELAND STANFORD**

**IN THE CIRCUIT COURT FOR THE NINTH CIRCUIT, NORTHERN DISTRICT  
OF CALIFORNIA.**

Before the honorable Stephen J. Field, one of the Justices of the Supreme Court; honorable Lorenzo Sawyer, judge of the circuit court; Honorable Ogden Hoffman, judge of the district court for the northern district of California; and the honorable George M. Sabin, judge of the district court for the district of Nevada. In the matter of application of the Pacific Railway Commission for an order to compel Leland Stanford to answer certain questions propounded to him by the Commissioners while prosecuting their inquiries under the act of March 3, 1857.

**I.**

The provision of the act of March 3, 1857, creating the Commission, which authorizes one or more of the Commissioners to invoke the aid of the circuit or district court of the United States to assist them in compelling a witness to attend, and to answer questions, is a species of legislation so novel, that I have been wholly unable to find any judicial decision upon that or any analogous legislation.

The court is asked to make an order (not to render judgment or decree) compelling a citizen to answer questions propounded to him by a political agent of the legislative and executive departments of the government, over which it has no jurisdiction, in a matter in which it has and can have no concern.

The proceeding is inaugurated for the purpose of invoking the aid of the court, and to procure an order which, if not complied with, will result in a further order of the court to punish a citizen for not doing, or omitted to be done, in a judicial proceeding pending in court, but for acts done, or offenses alleged to have been committed, against the political department out of court.

Undoubtedly, either House of Congress may appoint committees of its members, and authorize them to make inquiries, and report the result of those inquiries to the House. So also Congress may enact a law, with the approval of the President, creating a commission, and authorize it to inquire into matters of public concern for the information of Congress. But can Congress confer power upon such committee or commission to invade the private rights of the citizen, or institute or initiate hostile proceedings against him, and, if resisted, to arrest and imprison him; in other words, deprive him of his property and his liberty? If such power exists, the life, liberty, and property of the citizen are subject to the mere edict of Congress. In my opinion,

warrant for such power can be found in the Constitution of the United States nor in the law of the land.

Its attempted exercise is in direct conflict with the provisions of the fourth and fifth amendments of the Constitution.

I am not discussing the power of Congress to punish by fine or imprisonment for a breach of its privileges where the offender is the aggressor, but a case in which a committee or commission has instituted or initiated hostile proceedings against the citizen, and seeks to deprive him of his liberty and property without other warrant or authority than an act imposing upon it a mere duty to inquire and report.

In *Kilbourn vs. Thompson* (103 U. S., 168) the Supreme Court decided that the committee was appointed to investigate a subject not within the power of the House to investigate, and the action of the committee was therefore *ultra vires* and no defense. So that it is clear that these committees or commissions are not above the law. If they can become the aggressors in making inquiries, and institute proceedings resulting in depriving the citizen of his liberty or property, nothing would be easier than for Congress to become a despotism.

The fourth and fifth amendments are as follows:

#### FOURTH AMENDMENT.

The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures shall not be violated, and no warrant shall issue but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

#### FIFTH AMENDMENT.

No person shall be compelled in a criminal case to be a witness against himself, nor deprived of life, liberty, or property without due process of law.

Believing, as I do, that the questions propounded by the Commission to the witnesses violate the letter and spirit of those amendments as plainly and as clearly as the order made on Boyd did, which will be and reported in 116 U. S., 807, in my opinion the court will discharge the rule, on the ground that neither the Congress nor the Commission constitutionally require them to be answered.

## II.

In the proceeding before the court a judicial proceeding, and if judicial, is it one of which the courts of the United States can take cognizance?

The provision of the act under which the petition was filed is as follows:

Any of the circuit or district courts of the United States within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpoena issued to any person, issue an order requiring any such person to appear before said Commission, or either of them, as the case may be, and produce books and papers, if so ordered, and give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

The jurisdiction of a court to compel the attendance of a witness is merely ancillary.

In 1st Greenleaf on Evidence (section 308), in treating of the attendance of witnesses, it is said:

And first, in regard to the method of procuring the attendance of witnesses, it is to be observed that every court having power definitely to hear and determine any suit has by common law inherent power to call for all adequate proofs of the facts in controversy, and to that end to summon and compel the attendance of witnesses before it.

In *Rapalje's Laws of Witnesses* (section 301) the same doctrine is laid down. I find no trace of any authority or jurisdiction in the courts to issue a subpoena, or to make an order requiring a witness to attend before some other court, or at some other place, to answer questions in a suit or controversy of which the court has no power definitely to hear and determine, with the exception of letters rogatory, and the statutory provisions providing for the examination of witnesses before commissioners appointed by a court of some other State or a foreign country, which provisions are but a substitute for letters rogatory. The jurisdiction in such cases rests upon the principle of international comity.

This whole subject is explained in 1st Greenleaf (14th edition, section 326, and note). But in those cases there is always a suit pending in the court out of which the letters or the commissions issue.

In my opinion the order asked for in this proceeding is in no sense judicial. Congress could just as well have authorized the Commission to invoke the aid of the United States marshal, and commanded him to seize the contumacious witness and carry him before the Commission, and compel him to answer, or confine him in jail during the pleasure of the Commissioners.

The fact that Congress has attempted to impose this duty upon the courts does not make it judicial; the courts determine the question.

In 2d Story on the Constitution (sec. 1777) it is said:

"The functions of the judges of the courts of the United States are strictly and exclusively judicial. They can not, therefore, be called upon to advise the President on any executive measure, or to give extra-judicial interpretation of law, or to issue commissions in cases of pensions, or other like proceedings."

In support of the rule there stated he cites 5 Marshall's Life of Washington (ch. 4, pp. 431-441); Sergeant on Const. (ch. 29, p. 363); *Murray ex. Mulmon* (1 Cranch, 171); *Dewhurst v. Coulthart* (3 Dall. R. 409); *Huyburn's Case* (2 Dall. R., 400-410, and note); and to those may be added *United States ex. Ferreira* (13 Howard, p. 40, and note); *Gordon ex. United States* (117 U. S., 697).

The investigation and inquiry authorized by the act creating this Commission are purely political, and it is the settled doctrine of the Supreme Court that in such cases the judicial department of the Government will not interfere. (*Latimer ex. Bordon*, 7 Howard p. 1; *State of Georgia ex. Stanton*, 6 Wall., 50; *Mississippi ex. Johnson*, 4 Wall., 473.)

In *Georgia ex. Stanton* the decision of the court dismissing the bill is put upon the sole ground of want of jurisdiction, because the questions involved were purely political.

### III.

But if the proceedings now before the court be judicial, does it lie within the judicial power of the courts of the United States? Courts of the United States are not courts of inferior jurisdiction, but are courts of limited jurisdiction, and consequently the jurisdiction of the court must always be shown on the record, and depends upon two questions:

*First.* Has Congress extended the jurisdiction of the court over the subject matter, or over the parties?

*Second.* Is the act constitutional?

*First,* as the provisions of the Constitution.

The first section of the third article of the Constitution of the United States provides that—

"The judicial power of the United States shall be vested in one Supreme Court, and in such inferior courts as the Congress may, from time to time, ordain and establish."

And the second section of the third article provides that—

The judicial power shall extend to all cases in law and equity arising under this Constitution, the laws of the United States, and treaties made, or which shall be made, under their authority; to all cases affecting ambassadors, other public ministers and consuls; to all cases of admiralty and maritime jurisdiction; to controversies to which the United States shall be a party; to controversies between two or more States; between a State and citizens of another State; between citizens of different States; between citizens of the same State claiming lands under grants of different States; and between a State or the citizens thereof, and foreign States, citizens, or subjects.

Judicial power means that power with which courts are clothed for the purpose of the trial and determination of causes. (*United States vs. Arredondo, 6 Peters, 691.*)

It is not sufficient to bring a matter under the judicial power that it involves the exercise of judgment upon law and facts. (*United States vs. Ferreira, 13 Howard, 40.*)

Mr. Marshall, in his great speech in the House of Representatives on the Robins resolutions, defined the judicial power of the United States, as reported in the appendix to 5 Wheaton, pp. 16 and 17, in the following language:

The gentleman from New York had relied upon the second section of the third article of the Constitution, which enumerates the cases to which the judicial power of the United States extends, as expressly including that now under consideration. Before he examined that section it would not be improper to notice a very material misstatement of it, made in the resolutions offered by the gentleman from New York. By the Constitution the judicial power of the United States is extended to all cases in law and equity arising under the Constitution, laws, and treaties of the United States; but the resolutions declare the judicial power to extend to all questions arising under the Constitution, treaties, and laws of the United States. The difference between the Constitution and the resolutions was material and apparent. A case in law or equity was a term well understood and of limited signification. It was a controversy between parties which had taken a shape for judicial decision. If the judicial power extended to every question under the Constitution, it would involve almost every subject proper for legislative discussion and decision; if to every question under the laws and treaties of the United States, it would involve almost every subject on which the executive could act. The division of power which the gentleman had stated could exist no longer, and the other departments would be swallowed up by the judiciary. But it was apparent that the resolutions had essentially misrepresented the Constitution. He did not charge the gentleman from New York with intentional misrepresentation; he would not attribute to him such artifice in any case, much less in a case where detection was so easy and so certain. Yet this substantial departure from the Constitution in resolutions affecting substantially to unite it, was not less worthy of remark for being unintentional. It manifested the course of reasoning by which the gentleman had himself been misled and his judgment betrayed into the opinions those resolutions expressed.

By extending the judicial power to all cases in law and equity the Constitution had never been understood to confer on that department any political power whatever. To come within this description a question must assume a legal form for forensic litigation and judicial decision. There must be parties to come into court who can be reached by its process and bound by its power; whose rights admit of ultimate decision by a tribunal to which they are bound to submit.

And in *Osborn vs. U. S. Bank* (9 Wheaton, on p. 819) he said substantially the same thing. And in 2 Story on the Constitution (sec. 1646) the same definition of the words "case" and "controversies" is given.

In the *Mayor vs. Cooper* (6 Wall., on p. 232), Mr. Justice Swayne, delivering the opinion of the court, said:

As regards all courts of the United States inferior to this tribunal two things are necessary to create jurisdiction, whether original or appellate. The Constitution must have given to the court the capacity to take it, and an act of Congress must have applied it. Their concurrence is necessary to vest it.

Although this Pacific Railway Commission has come into this court and invoked its aid, they have not brought the United States with

them, neither have they brought into court the Central Pacific Railroad Company. In *Postmaster-General vs. Early* (12 Wheaton R., 136-139) it was decided that the United States were not parties to the action, although the suit solely regarded their interests. So that it appears clear that we have neither a case nor a controversy. There are no parties, no subject matter about which there is a controversy, within the jurisdiction of the court, consequently there is no jurisdiction, for that means the power to hear and determine the subject matter in controversy between parties to a suit. (*Rhode Island vs. Massachusetts*, 12 Peters, 657.)

Bouvier says the word controversy means a dispute arising between two or more persons; controversy, says the Supreme Court in *Chisholm vs. Georgia* (2 Dall., 419), is a civil and not a criminal proceeding.

This argument must not be understood to deny jurisdiction to the circuit and district courts in all cases where there are not parties plaintiff and defendant. There are cases in which the court has jurisdiction in *ex parte* cases, notably in habeas corpus cases; but it must be remembered that the writ of habeas corpus is a constitutional writ, and the right to apply for it is a constitutional right; but after all it is never applied for until after there has been a case or a controversy in which the party applying was in some way deprived of his liberty. That was so in *Fisk's case* (113 U. S., 713). He was sued in the supreme court of the State of New York. Under a statute of that State, upon the application of the plaintiff in the action, the court made an order requiring him to go before a commissioner to be examined before issue or trial; he moved to vacate the order; the motion was denied and he appealed; the court of appeals affirmed the order; in the meantime he removed the case into the United States circuit court; that court made an order directing him to obey the order made in the cause by the State court before removal, and also made an order of its own, requiring him to go before the commissioner and be examined; he refused to obey both orders, and was thereupon fined and imprisoned; he applied to the Supreme Court for a writ of habeas corpus, which was granted, upon the ground that after the case was removed into the circuit court, he was not bound to obey the order of the State court, and that the circuit court had no jurisdiction to make the order which it did.

I call the attention of the court to that case, for the reason that if the court shall make the order asked for here, it will be found to be very instructive.

#### IV.

As to the questions asked the witness by the commission: Having argued that subject fully at the bar, I shall only call the attention of the court to the authorities. A witness cannot be compelled to answer a question tending to disgrace him, or to degrade his moral character, or render him infamous, or subject him to a criminal prosecution, or to a suit for penalties, or to litigation of any kind. The scope of the inquiry authorized by the act under which the commission is proceeding is broad enough to cover nearly every one of the enumerated privileges.

The present question relates to expenditures of money to influence legislation. Section 5450 of the Revised Statutes of U. S. provides that—

Every person who promises, offers, gives, or causes to be given any money or other thing of value, or makes any contract or agreement with any member of either house of Congress, with any member of the Senate, or with any member of the House of Representatives, to influence the action of such member in the discharge of his official duty, shall be fined not more than three thousand dollars, and shall be moreover imprisoned not more than



The penal code of California, section 85, provides that—

Every person who gives or offers to give a bribe to any member of the legislature, etc., to influence a member, etc., is punishable by imprisonment in the State prison not less than three nor more than ten years.

In addition to the above, sections 504, 560, and 563, relating to corporations, make many of the matters sought to be inquired into felonies and misdemeanors. I will go no further into these matters, believing as I do that the rule will be discharged; and I hope that your honors may not only discharge the rule, but that you will justify Senator Stanford for declining to answer the questions propounded to him, as Lord Ellenborough did the witness in *Milman vs. Tucker* (2 Peak, N. P. C. 332-333), when he told the witness, on his being asked by Erskine whether he had not been convicted of forging coalmasters' certificates, that he need not answer; and told the jury that the witness (having availed himself of the privilege) was not thereby at all discredited; and said he, himself, should, had he been asked such a question, have refused to give an answer, for the sake of the justice of the country, and to prevent such an examination. (2 Phillips on Evidence, Note, p. 948.)

I append the argument made at the bar to these points, and I respectfully submit that the rule to show cause should be discharged.

L. D. McKISICK,  
*Of Counsel for Respondent.*

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE NINTH CIR-  
CUIT AND DISTRICT OF CALIFORNIA.

IN THE MATTER OF THE

*Application of the United States Pacific Railway Commission for an order  
to compel Leland Stanford to make answer to certain questions to him  
by it.*

WEDNESDAY, August 17, 1887.—2 o'clock p. m.

ARGUMENT OF L. D. McKISICK.

If your honors please, my colleague presented the respondent's answer to show cause so fully this morning, that I shall not trouble your honors very long in adding just a few words to what he said, and entirely in consonance with what he did say, but I will present some views which I have in a rather different aspect.

Now, as to the power of Congress to appoint a commission to investigate matters in which Congress may feel that it now has or will hereafter have an interest, in view of what should be the policy of the Government in its legislation, I entirely agree with all that has been said. It is unlimited. But when it comes to the exercise of the power of that commission, whether it be joint by the Senate and the House, or whether it be separate by the Senate or by the House, if there should arise a question which involves the rights of a citizen we have a right to inquire into the questions involved, both in respect to the power of Congress to appoint the commission as to the particular subject, and also with regard to the manner in which the commission shall exercise the powers which have been conferred upon it.

This proceeding before your honors—and I do not  
court purposely, because I will argue that it is not.

court all—but this proceeding before your honors arose in this way: The United States district attorney comes here and presents to your honors, or to one of your honors, an application which is styled—and I particularly call the attention of the court to this, because I shall endeavor to show that there is something in it—it is in the matter of the application of the Pacific Railway Commission. Application for an order to require Leland Stanford to make answer to certain questions put to him by it, and it is the petition of Robert E. Pattinson, E. Ellery Anderson, and David T. Lütler, commissioners appointed under an act of Congress entitled "an act authorizing the investigation of the books, accounts, and methods of railroads which have received aid from the United States, and for other purposes, approved March 3, 1887." Now, that is, so far as we have in these proceedings, the title of this matter. This Railroad Commission, this Pacific Railway Commission, as it styles itself, and very properly too, is nothing more than an agent of the political department of the Government. It is an agent appointed by the Congress to make certain inquiries. It has no judicial functions whatever; otherwise, it would not be here before your honors. But it is clothed with certain powers, and certain duties have been imposed upon it; and I have no doubt it is trying faithfully to execute the powers and to perform these duties. When it has executed the powers which Congress has conferred upon it, its duty will then be to report to the President of the United States the results of its examinations and inquiries, and through the President of the United States to Congress, because the act makes it the duty of the President to submit to the Congress the report of the Commissioners, and the evidence, with such suggestions as he may deem proper. That is what this Commission is—a political agent of the Government, clothed with these powers, and charged with these duties. It comes here to the city of San Francisco to the office of the Central Pacific Railroad Company, which is one of the roads which received bonded aid, as we may call it, from the Government, limited by the act to an investigation into the affairs of those railroad corporations which have received aid in bonds from the Government. That is the extent of its power. Whether it has gone beyond that or not is not now for us to discuss; but while engaged in the performance of its duties (and we will assume, and it is proper and right to assume for the Commissioners, and proper and right to assume for the Congress, in the first place, that the Congress intends no wrong to anybody; and in the second place, that the Commissioners intend no wrong to anybody, but they are attempting to discharge their duties, and that act says that in performance of their duties they shall have power to call before them persons and examine those persons as witnesses; they shall have power to send for papers and look into the various matters that are disclosed by those papers. If it shall become necessary, they may invoke the aid of any of the courts of the United States where they may be then in session, to have subpoenas to call witnesses before them; or if a witness while being examined should decline to answer questions, or in the language of the act, should become contumacious, which as lawyers we understand, then they may invoke the aid of the court to compel the witness to answer the questions. It is because this petition alleges that the respondent here became contumacious, in the technical sense, and declined to answer certain questions, that they come here now, and invoke the aid of the court—I will say of the courts of the United States—to compel that witness to answer those questions. Now, I say that at the threshold lies a very grave question, and I want to call your honors' attention



there are parties plaintiff, complainant; parties defendant, respondent. There must be a case under these clauses of the second section, third article, to which the jurisdiction extends. Furthermore, it is to controversies to which the United States shall be a party. I call attention of your honors to the fact that the United States is not here. It extends to controversies between two or more States; between a State and citizens of another State; between citizens of different States; between citizens of the same State claiming lands under foreign citizens or subjects. Now this judicial power, which the Constitution says shall be vested in one Supreme Court and such inferior courts as the Congress may from time to time ordain and establish, tends to these persons and to these subject matters no farther. Congress can not extend it any further, if your honors please; but Congress may say how much of it shall be exercised, and that is the distinction. The Congress may say that the circuit courts of the United States shall exercise so much of this power as it chooses to exercise; and only on the 3d of March, 1867, if your honors please, the jurisdiction of the circuit court was very much restricted. Congress had a right to do that, because the declarations from time that the Constitution was ordained and established have been that the Congress may confer as much of this jurisdiction which is vested in the courts, or which may be vested in the courts, or to which the judicial power may extend, as it please; but the courts have no control and as frequently said, whenever it became necessary for them to say that Congress can not go beyond what the Constitution has said. Now, if the honorable court please, or if your honors please, that you can exercise any jurisdiction at all, there must be a suit at law, in equity, or a controversy. We have nothing of the kind here, and if you will agree with us when your honors come to think of this, with authorities before you which my friend has cited—and the cases through them—commencing with Hayburn's case. That was a pension case, where the judges were authorized by the act of Congress to require into the various applications laid before them by persons claiming that they were entitled to pensions. That case is as well known to the court that I won't refer to it; but the judges all differed; and they did not agree as to whether it was a judicial power or whether they were to act as commissioners, and some of them acted as commissioners, and some of them allowed Todd's pension at New Haven, and the pension was paid to him; but the question still remains unsettled by the conflicting opinions of the various judges. The United States after having paid that pension sued to recover it back, a question was whether or not the act under which these judicial officers had passed upon it was constitutional. If it was, then the pension was rightly paid. If not, the pension was wrongfully paid, and the United States Government had the right to recover it back. The court decided in the Todd case that the act conferring these powers upon the judges of the circuit and district courts of the United States was unconstitutional, and that the judicial power was improperly exercised in allowing the pension, and the Government recovered a verdict against Todd.

Mr. Justice FIELD. What volume is that reported in?

Mr. McKISICK. That is reported in the note to the case of Pease in 13th How. The case itself was never reported, but the Chief Justice looked it up. It is in the note to the case in 13th How.

Mr. Justice FIELD. He refers to that in his opinion.

Mr. McKISICK. Yes, he refers to it in his opinion, and also refers

original case, and tells you where you can find the opinion of all the judges upon that question.

Mr. Justice FIELD. Does Judge Taney, in that Hayburn case, lay down the doctrine that no judicial power can be exercised except in a case?

Mr. McKISICK. No, sir; because it was not necessary for him to decide that. He states this: He refers to all these cases, and says that the judicial power which is conferred by the Constitution upon the courts must be exercised in conformity with the Constitution, and not in conformity with acts of Congress, if they go beyond the Constitution.

Mr. Justice FIELD. And this judicial power can not be exercised except in cases?

Mr. McKISICK. There must be a case or a controversy. Just why the Constitution changed its phraseology from "cases at law and in equity" to "controversies" the commentators have always been in doubt; but there are certainly many controversies that are special proceedings, and probably the framers of the Constitution had something of that idea in their minds when they changed the phraseology from "cases" to "controversies;" but the Supreme Court has always decided that they are almost interchangeable.

Mr. Justice FIELD. That would lead, practically, to this: That Congress could not issue any commission and compel testimony to be given, because it could not invest the commission with authority to enforce obedience to a subpoena, and could not invest the courts with authority. Is that your point?

Mr. McKISICK. That is my point, sir. If Congress wants a commission to exercise judicial functions, it may say, "Be it enacted, and here hereby is created a Pacific railway court;" because I don't believe the Constitution limits Congress in determining what they shall call a court.

Judge HOFFMAN. They must have a case or a controversy before them, according to your argument, or they could not investigate.

Mr. McKISICK. That is exactly my argument. That is to say, the commission may investigate any subject, but when that commission comes into this court it must come here with a case, or it must come here with a controversy; and unless it does come here with a case or with a controversy, the judicial power which is vested in the courts of the United States does not extend to that matter; because here is the limitation: It shall extend only to cases at law, or in equity, or to controversies between the enumerated parties. That is the point that I make, and that is the reason that I call the attention of your honors to the fact that there is no case here; there is no controversy here. There is no controversy in the act. The act itself makes no controversy with the Central or the Union Pacific, or any other railroad, but simply appoints this Commission to investigate and inquire into facts, and report them to the President, in order that they may be laid before Congress. Therefore I say that the argument of my friend is entirely correct and proper when he says that this Commission, while it may investigate to the extent that the debtor is willing to allow it to investigate, and probably some distance beyond that, under the provisions of the act of Congress, or the various acts of Congress (because as to some of them the railroad corporation accepted the terms and thereby came under the act itself), when that Commission comes into this court, or into any court, it must come here under the provisions of the Constitution. I understand, if your honors please, that the rule is perfectly well settled, not only in the Supreme Court

of the United States, but in the district and in the circuit courts, the whenever a question comes into the court, the jurisdiction of the court must affirmatively appear. While it is true that, under the Constitution and under the acts of Congress, the circuit courts and district courts are not courts of limited jurisdiction in the common-law sense yet under the peculiar phraseology of the Constitution, which vests the power in one Supreme Court and in the inferior courts, and then says to what subjects and what persons it shall stand, that the court always stop at the threshold, to look to the question of jurisdiction, and if they find—no matter whether it is made or not by the parties—if the court finds that it is without jurisdiction under the Constitution, or if an act of Congress has attempted to confer more jurisdiction upon it than the Constitution gave it, they will stop *and sponte* and proceed no further. It is true that in some instances, where it was a question of citizenship, the parties—although the record did not affirmatively show it—the parties consented in open court that the facts of citizenship necessary to give the court jurisdiction did exist. But suppose, if the honorable court please, just to illustrate, that an act of Congress were passed, authorizing a citizen of a State to sue another citizen of the same State upon a money demand, where the amount in controversy was \$100,000, and thereupon Lloyd Tevis sued James C. Flood—they are both citizens of California—and alleged that under that act of Congress he had come into the circuit court to prosecute his money demand; not a question of grants from different States, but a money demand against James C. Flood, under that act of Congress, for \$100,000. Your honors would not entertain that jurisdiction a moment, because you would say that Congress had no power under the Constitution to extend the jurisdiction of the circuit court to controversies of that character between citizens of the same State.

Now these are broad illustrations, but I want to impress upon the court that my opinion is that there is no case here, either at law or in equity, nor any controversy between the United States or the Pacific Railway Commission and the Central Pacific Railroad Company. This is not the case here at all. This Commission has no controversy with the Central Pacific Railroad Company. They come here and tell you that a witness whom they desire to examine in making their investigation into the affairs of the Central Pacific Railroad Company is contumacious, and they invoke your aid to make him answer questions which they have propounded to him, without any case at all—without any controversy with the Central Pacific Railroad Company. I do not propose to go any further into that proposition. I think I have made myself understood as to that.

Now as to the next. I don't think that I can add any thing at all to what has been said by my friend. He has put it so strong and upon such a broad principle, that I think it certainly lodged in your honorable minds that the character of the questions propounded to the witness, whom this petition alleges to be contumacious, are such questions as no court of justice, if it were a case or if it were a controversy, would compel him to answer. Without a case and without a controversy, of course I come back to my first proposition. But with a case and with a controversy, the questions propounded to this witness are of such a character that no court of justice would compel him to answer.

We have some principles in our code of civil procedure relating to witnesses that are nothing in the world but rules of the common law—general rules of law applicable to all the courts. I mean they are extracted from the common law.

Your honors will remember that this Commission is clothed with the power of making these investigations; it makes them itself; it examines the witnesses; the witness has nobody there, no judge, no one to protect him; but just such questions as they may believe—and I don't want to do them an injustice—but just such questions as they may believe they are authorized by the act of Congress to ask—and the act of Congress is certainly very sweeping—they ask the witness. The witness can not appeal to a judge. There is no judge there to protect him. He must answer, or he is contumacious, in the opinion of the Commissioners, because they believe that under the act of Congress they have the right to compel the witness to answer. I don't say that they have the right to compel him, but they have a right to insist upon his answer, and if he does not answer, then they believe they have a right to invoke the aid of your honors. Now, that is contrary to all principles of law. A witness is entitled to be protected—I don't care in what tribunal he is—he is entitled to be protected. From what? If your honors will permit me I will read to you sections 2065 and 2066 of the Code of Civil Procedure of the State of California. They are only, as I say, rules of the common law, and rules of all courts of justice; rules of the courts of the United States, as well as of the courts of California. "A witness must answer questions legal and pertinent to the matter in issue." Well now, there is no issue. There is no issue at all between the United States and the Central Pacific Railroad Company. There is no issue between the Pacific Railway Commission and the Central Pacific Railroad Company. There is no such thing as an issue to be found in the act of Congress. There is no act which they have done, or which they can do, which makes an issue which this law means, and that is, where there is a party plaintiff, a party defendant; a party complainant or a party respondent, as it may be, in law or in equity.

A witness must answer questions legal and pertinent to the matters in issue, though his answer may establish a claim against himself; but he need not give an answer which will have a tendency to subject him to punishment for a felony, nor need he give an answer which will have a direct tendency to degrade his character, unless it be to the very fact in issue, or to a fact from which the fact in issue would be presumed. But a witness must answer as to the fact of his previous conviction for felony. 2065. It is the right of a witness to be protected from irrelevant, improper, or insulting questions.

Who protects him in that right before this Commission, if your honors please? Here is a right given to a witness by the law—and I say that this law is just as applicable in the courts of the United States as it is in the courts of California—to be protected from these things, and yet there is nobody who can enforce that right—nobody there. "And from harsh or insulting demeanor." I will read the section:

It is the right of a witness to be protected from irrelevant, improper, or insulting questions, and from harsh or insulting demeanor; to be detained only so long as the interests of justice require it; to be examined only as to matters legal and pertinent to the issue.

I say that these rules, although they are formulated in the Code of Civil Procedure of the State of California, are as old as Lord Ellenborough's time. He did protect his witnesses.

Judge HOFFMAN. Mr. McKisick, am I to understand you as denying to the legislature of this State the right to organize a commission to investigate a subject and to compel witnesses to testify? Because, if it is a mere investigation there is no issue, there is no suit at law, there is no controversy; it is merely an inquiry. There is no charge against anybody or suit against anybody. Have they no right to compel a witness to answer?

Mr. McKISICK. They may have a right, but they have no right to invoke the judicial power to aid them; but in a case of that kind I would be the duty of the committee to report back to the legislature and then for the legislature to act—and the legislature has quasi judicial powers, and always has had to punish for a breach of privilege Parliament had them, and the legislatures of the State and Canada have them; and if the committee had been properly organized at first to investigate, and a witness is brought before it, and the witness is contumacious, it is the duty of the committee to go back to the legislature, but not to come into a court of justice.

Judge HOFFMAN. The Supreme Court negated the idea of judicial power such as Parliament exercises being confided to Congress. That is in the case of a suit against the Sergeant-at-Arms.

Mr. McKISICK. I don't understand, if the honorable court say that the decision has gone quite that far. I think that there are powers that the legislature or Congress may exercise; but I would like to say, if your honors please, what the legislature ought or how far it could go, if the committee reported back to the legislature that a witness was contumacious. But I say that it has no right to come into a court of justice—that is, I say that the Constitution does not authorize it to come into a court of justice, and invoke the power of a court to compel a witness to answer before a committee.

Now, as I have said, the witness must be protected. Suppose your honors please, that you should differ with me—and I merely take this for illustration—and make an order compelling this witness to appear before the Commission to answer the question, and he should be there, and the question should be put to him—I won't say what the Commission would do—but suppose the question should be put to him in a harsh, insulting manner, and he were to say, "I don't want to answer that question; I want to be protected." Would either one of your honors go there to protect him? Are you a part of that Commission? I pardon me for putting my argument that way, but that is what it comes to. Is the circuit court of the United States, or the district court of the United States a part of this Pacific Railway Commission, or its agent? I say, No. I say it is a tribunal under the Constitution and laws of the United States, and the witness could not insist upon your honor there to protect him from the wrongs mentioned in any provision of the code, or give him the rights mentioned in another. And he goes and he declines to answer because of the manner, or has answered and did in this very case, when your honors look into this petition, and exhibits as to this \$171,000 voucher. He answered as fully as any witness would have ever compelled him to answer as to the first proposition what became of the money. He said, "I can't remember; the petition is so old; it is made up of so many different items. I was familiar with it, but they have passed out of my mind and I can't tell." And I say, and I say it with a great deal of confidence, that if either one of your honors had been presiding in a court of justice in the trial of a case or a controversy, and the witness had answered in that way, we would not have compelled him to answer it any farther.

Mr. CAREY. You do not suggest that in your answer.

Mr. McKISICK. Why should we, when you put it in your petition?

Mr. CAREY. You didn't suggest to the court that you have not answered.

Mr. McKISICK. The court will see that we have sufficiently answered by looking at your petition. Senator Stanford could have met the objection, in my opinion, by a motion to quash, or a demurrer, or



beginning of these investigations down to the 10th of August, 1887, has shown every disposition that an honorable gentleman could show to comply with the law, and to be courteous and polite to these Commissioners; but when they press him on these questions beyond where any man ought to be pressed, then he appeals to the Constitution and the law, and declines to answer. That is the position that he is occupying, and when he comes here to respond—

Mr. Justice FIELD (interrupting). Does he put his objection to answer on the ground that he cannot recollect the matter?

Mr. McKISICK. If the court please, he did not in his answer, but the petition itself exhibits the answer that he made to a question to this very effect, and of course we did not deem it necessary for him to answer any further.

Mr. Justice FIELD. I am speaking of before the Commission.

Mr. McKISICK. Oh yes, he puts it very fully, and he gives the reasons and he gives them in *extenso*, and with a great deal of particularity. By one who reads that answer and reads the circumstances under which that voucher was made up, will understand perfectly well that he was giving the very best answer to that Commission that he could give in a court of justice.

Judge HOFFMAN. As I understand, he is asked, was any portion of his \$171,000 paid for the purpose of influencing legislation? He says, "I decline to answer." He don't say, "I don't know."

Mr. McKISICK. That is a separate question.

Judge HOFFMAN. That is the question we are dealing with.

Mr. McKISICK. We are dealing with two questions. He had said he did not know what items made up that voucher. Then the question is put to him, if any part of that money had been used to influence legislation. Under the advice of counsel he stopped there. Now, if the honorable court please, or if your honors please—which ever you may be—there is something that you will see, when you come to look at these questions and the answers, that will convey to your minds the impression that the question was not asked of Senator Stanford if any of this money had been used to influence legislation legitimately. We all know that thousands and hundreds of thousands of dollars may be used legitimately to influence legislation. But these questions are framed, and the whole tenor of them shows that the purpose and scope of them was to ascertain from the witness whether any of the money had been used to influence legislation improperly. When I say "improperly," I mean either under the Marshall case, or if there was any other. I mean under the Marshall case where there was pay, or under the Trust case where there were certain improper statements made by the Messrs. Childs to certain members of Congress. The whole tenor and scope of these questions go to that: "Have you used any money improperly, illegally, and wrongfully to influence legislation?"

Mr. CARRY. That is an inference you draw from the questions. The questions are not framed in that way.

Mr. McKISICK. You will see that that is the whole tenor and scope of the questions. The exhibits to this petition show that, if I read them correctly. Congress did not, in my opinion, mean anything of the kind, because Congress certainly knew very well that money might be spent to influence legislation. Congress might have wanted to know whether the money thus spent had influenced legislation in the interests of the company, or had influenced legislation against their interests. But that is not the purpose of this Commission in asking these questions, as I think your honors will very

readily see; but the purpose was to fasten some stigma upon the witness. The purpose was to fasten some stigma upon certain persons whose names were mentioned on some of those vouchers. It is as dark as all. It is clear as noonday sun that that is the object and purpose of these questions, from the manner in which they were shaped and framed; and I say that the witness did perfectly right in declining to answer them, and I do not believe that your honors will make an order requiring him to answer them. I don't believe, in the first place, that the circuit court, or the district court, or that your honors as judges, have any jurisdiction whatever over this matter. I do believe that you will agree with me when you come to read the questions propounded to the witness, and the manner in which they were propounded to him, and there are two classes of them, as I say. To one class he answers just as fully as he would have been compelled to answer in any court of justice. The judge would have said, "The witness has gone far enough; he has told you all he knows." The other is, where it is apparent and transparent that the object and purpose was—

Mr. Justice FIELD. Did it involve the first question when he said he could not state what made up the items; do you take that in connection?

Mr. McKisick. They asked him the general question, what is his recollection about the voucher was. I won't give you the language of the question, but it is there. There was nothing wrong in that question at all.

Mr. Justice FIELD. His answer was what?

Mr. McKisick. His answer went very fully into an explanation of the voucher.

Mr. Justice FIELD. After that, notwithstanding he said he didn't know, they asked him whether any of that money had been used to influence legislation?

Mr. McKisick. Yes, sir.

Mr. Justice FIELD. Your argument is that the second ruling involved the first?

Mr. McKisick. The second ruling involved the first. And that, besides, the tone and manner of the question shows that they were not satisfied with his answer, and they wanted to show by him that some of the money which he had expended in that voucher, and in others, included sums of money that had been paid improperly and illegally to influence legislation; and I am perfectly willing to rest that branch of the case upon your honors' reading of the questions and his answer.

Now, one other question that I think is very proper to state, and I will only state it without argument. This particular voucher, or these particular vouchers, to be sure, came from the archives of the Central Pacific Railroad Company, but they have the name of this witness upon them; and as to that, of course, he is being examined about a paper or about affairs of which he himself was a party in making the paper. Now, I say that under the Boyd case, and under all of the cases under the Constitution, in fact, that when they came to that paper and asked him improper questions, or asked him questions that might have tended to degrade his character or to criminate him, he had a right to stop. And, furthermore, if your honors please, this act of Congress authorizes these Commissioners to report whether or not any dividends have been improperly declared; whether or not any of the net proceeds or the net earnings of the company had been improperly diverted. In other words, these questions would tend, if answered by the witness in the way which the Commission expected him or wanted him to answer, to

never had any interest in is of this character; and yet the Commission insists upon answers to questions respecting such disposition which can have no possible effect upon the relations between the company and the Government, and can only tend to cast suspicion upon parties whose names may be mentioned; and as the subjects in respect to which these questions are propounded are of an exclusively private character, in no way affecting the interests of the Government, neither the company nor its officers feel called upon to answer.

The respondent also makes this extraordinary statement, that he is constrained to this course "as the gentlemen of the Commission have distinctly and repeatedly avowed, in the course of their examination, that they do not regard themselves bound in such examination by the ordinary rules of evidence; that they would receive hearsay and *ex parte* statements, surmises, suspicions, and all character of information that might be called to their attention;" and that during the course of his examination it had more than once transpired that he was examined upon charges made in pleadings and proceedings instituted against the company based upon suspicion and surmises, and in many cases without actual foundation; that questions had been propounded and a line of examination pursued manifestly prompted by disaffected and hostile parties, whose aim was more the pursuit of personal enmity of a private character than the interests of the public at large or the ends of justice; that to answer any of the objectionable questions would necessarily give rise to the implication that all persons whose names may be mentioned in the questions to which answers are declined are guilty of the acts of commission which is implied in the bare asking of the questions; that in his testimony he had said in substance, and now repeats it, that he never corrupted or attempted to corrupt any member of the legislature or any member of Congress or any public official, and never authorized any agent to do so; that all the claims covered by the vouchers referred to have received not only the approval of the board of directors of the Central Pacific Railroad Company, but likewise the approval of the stockholders of that company; that all parties who could in any way legally or equitably be affected by the disbursements embraced in them were fully satisfied therewith and have ratified and approved of the same.

And in addition the respondent states that, in the conduct and management of a business of the magnitude of the Central Pacific Railroad Company and the various corporations consolidated and allied therewith, it is impossible not from time to time to have to do business involving disbursements which every dictate of business prudence will not admit of being made public; that arrangements of a private character, names of parties not publicly known, and the disclosures of which would only result in defeating the ends in view and exposing the persons so named to suspicion and obloquy would forbid making the same public, either upon the archives of the company or before a public commission; that this course of policy is not only sanctioned by ordinary experience in business life, but the Government of the United States and the government of the State of California, as well as the government of the city and county of San Francisco, severally, allow to their chief magistrates money the investment of which is committed exclusively to their judgment and discretion and for which detailed reports are never required.

The respondent further adds that the Commission deemed it to propound questions involving criminality on his part and on that of the persons whose names were mentioned in such questions.

Judge HOFFMAN. Must he not, in any court of justice, put his privilege upon that ground, and say, "Counsel advises me not to answer?"

Mr. McKISICK. In the first place he says, "I decline to answer." Then the party examining has a right to say, "Upon what ground do you decline?" But suppose the party does not say that; then when he is called upon to show cause why he did not answer, he, of course, may give a reason for it.

## OPINION OF COURT.

*The Courts of the United States can not be made mere aids to a commission of inquiry created by Congress.*

### IN THE MATTER OF THE

*Application of the Pacific Railway Commission for an order upon a witness before it to answer certain interrogatories propounded to him.*

**OPINIONS OF MR. JUSTICE FIELD, AND JUDGES SAWYER AND SABIN, DELIVERED IN THE U. S. CIRCUIT COURT AT SAN FRANCISCO, AUGUST 29, 1887.**

[T. I. Bergin, L. D. McKisick, for Leland Stanford. John T. Carey, U. S. District Attorney. Henry C. McPike, Asst. U. S. Dist. Attorney, for the Railway Commission.]

**IN THE CIRCUIT COURT OF THE UNITED STATES, NINTH CIRCUIT, NORTHERN DISTRICT OF CALIFORNIA.**

1. The Pacific Railway Commission is not a judicial body and possesses no judicial powers under the act of Congress of March 3, 1887, creating it, and can determine no rights of the Government or of the corporations whose affairs it is appointed to investigate.
2. Congress can not compel the production of private books and papers of citizens for its inspection, except in the course of judicial proceedings, or in suits instituted for that purpose, and then only upon averments that its rights in some way depend upon evidence therein contained.
3. The courts are open to the United States as to private parties to secure protection for their legal rights and interests, by regular proceedings.
4. Congress can not empower a commission to investigate the private affairs, books, and papers of the officers and employes of corporations indebted to the Government as to their relations to other companies with which such corporations have had dealings, except so far as such officers and employes are willing to submit the same for inspection; and the investigation of the Pacific Railway Commission into the affairs of officers and employes of the Pacific Railway Companies under the act of March 3, 1887, is limited to that extent.
5. The United States have no interest in expenditures of the Central Pacific Railway Company under vouchers which have not been charged against the Government in the accounts between them; and the Pacific Railway Commission under the act of Congress of March 3, 1887, has no power to investigate expenditures against the will of the company and its officers.
6. The judicial power of the United States is limited to "cases" and "controversies" enumerated in Article III, Section 1, of the Constitution by the eleventh amendment, and to petitions on habeas corpus be extended by Congress; and by such "cases" and "controversies" the claims of litigants brought for determination by regular proceedings established by law or custom.
7. The judicial department is independent of the legislative branch, and Congress can not make the courts its mere legislative investigations.

party otherwise than in the course of judicial proceedings or a direct suit for that purpose. It is the forcible intrusion into and compulsory exposure of one's private affairs and papers, without judicial process, or in the course of judicial proceedings, which is contrary to the principles of a free government, and is abhorrent to the instincts of Englishmen and Americans.

In his opinion in the celebrated case of *Entick vs. Carrington*, and three other King's messengers, reported at length in 19 Howell's State Trials, 1059, Lord Camden said:

Papers are the owner's goods and chattels; they are his dearest property, and are so far from enduring a seizure, that they will hardly bear an inspection; and though the eye can not, by the laws of England, be guilty of a trespass, yet, where papers are removed and carried away the secret nature of those goods will be an aggravation of the trespass and demand more considerable damages in that respect. Where is the written law that gives any magistrate such a power? I can safely answer, there is none; and, therefore, it is too much for us, without such authority, to pronounce a practice legal which would be subversive of all the comforts of society.

Compulsory process to produce such papers, not in a judicial proceeding, but before a commission of inquiry, is as subversive of "all the comforts of society" as their seizure under the general warrant condemned in that case. The principles laid down in the opinion of Lord Camden, said the Supreme Court of the United States, "affect the very essence of constitutional liberty and security. They reach further than the concrete form of the case then before the court with its adventitious circumstances; they apply to all invasions on the part of the Government and its employes of the sanctity of man's home and the privacies of life."

In *Kilbourn vs. Thompson* (113 U. S., 168), we have a decision of the Supreme Court of the United States that neither House of Congress has the power to make inquiries into the private affairs of the citizen; that is, to compel exposure of such affairs. That case was this: The firm of Jay Cooke & Co. were debtors of the United States, and it was alleged that they were interested in a "real-estate pool" in the city of Washington, and that the trustees of their estate and effects had made a settlement of their interests with the associates of the firm to the disadvantage and loss of numerous creditors, including the Government of the United States. The House of Representatives, by a resolution reciting these facts, authorized the Speaker to appoint a committee of five to inquire into the matter and history of said "real-estate pool" and the character of the settlement, with the amount of the property involved in which Jay Cooke & Co. were interested, and the amount paid, or to be paid, in said settlement, with power to send for persons and papers, and report to the House. The committee was appointed and organized, and proceeded to make the inquiry directed. A subpoena was issued to one Kilbourn, commanding him to appear before the committee to testify and be examined touching the matters to be inquired into, and to bring with him certain designated records, papers, and maps relating to the inquiry. Kilbourn appeared before the committee and was asked to state the names of the five members of the real-estate pool and where each resided, and he refused to answer the question or to produce the books which had been required. The committee reported the matter to the House, and it ordered the Speaker to issue his warrant, directed to the Sergeant at Arms, to arrest Kilbourn and bring him before the bar of the House to answer why he should not be punished for contempt. On being brought before the House, Kilbourn persisted in his refusal to answer the question and to produce the books and papers required. He was thereupon held to be in contempt, and committed to

the custody of the Sergeant-at-Arms until he should signify his willingness to appear before the committee and answer the question and obey the *subpoena duces tecum*; and it was ordered that in the mean time the Sergeant-at-Arms should cause him to be confined in the common jail of the District of Columbia. He was accordingly confined in that jail for forty-five days, when he was released on *habeas corpus* by the chief justice of the supreme court of the District of Columbia. Upon his release he sued the Speaker of the House, the members of the committee, and the Sergeant-at-Arms for his forcible arrest and confinement. The defendants pleaded the facts recited, to which plea the plaintiff demurred. The demurrer was overruled, and judgment ordered for the defendants. On a writ of error to the Supreme Court the judgment was affirmed as to all the defendants except the Sergeant-at-Arms. They, being members of the House, were held to be protected from prosecution for their action. But as to Thompson, the judgment was reversed and the cause remanded for further proceedings. In the Supreme Court the questions involved received great consideration; and it was held that the subject matter of the investigation was judicial and not legislative, and that there was no power in Congress, or in either House, on the allegation that an insolvent debtor of the United States was interested in a private business partnership, to investigate the affairs of that partnership, and, consequently, no authority to compel a witness to testify on the subject.

The House of Representatives [said the court] has the sole right to impeach officers of the Government and the Senate to try them. Were the question of such impeachment before either body acting in its appropriate sphere on that subject, we see no reason to doubt the right to compel the attendance of witnesses and their answer to proper questions in the same manner and by the use of the same means that courts of justice can in like cases. Whether the power of punishment in either House by fine or imprisonment goes beyond this or not, we are sure that no person can be punished for contumacy as a witness before either House unless his testimony is required in a matter into which that House has jurisdiction to inquire, and we feel equally sure that neither of these bodies possesses the general power of making inquiry into the private affairs of the citizen.

And again:

If the investigation which the committee was directed to make was judicial in its character, and could only be properly and successfully made by a court of justice, and if it related to a matter wherein relief or redress could be had only by a judicial proceeding, we do not, after what has been said, deem it necessary to discuss the proposition that the power attempted to be exercised was one confided by the Constitution to the judicial, and not to the legislative, department of the Government. We think it equally clear that the power asserted is judicial, and not legislative.

And again:

The resolution adopted as a sequence of the preamble contains no hint of any intention of final action by Congress on the subject. In all the argument on the case no suggestion has been made of what the House of Representatives or the Congress could have done in the way of remedying the wrong or securing the creditors of Jay Cooke & Co., or even the United States. Was it to be simply a fruitless investigation into the personal affairs of individuals? If so, the House of Representatives had no power or authority in the matter more than any other equal number of gentlemen interested for the Government of their country. By fruitless, we mean that it could result in no valid legislation on the subject to which the inquiry referred.

When the case went back to the supreme court of the District of Columbia and was tried, the plaintiff recovered a verdict for \$60,000 against the Sergeant-at-Arms. A new trial having been granted for excessive damages, the plaintiff recovered on the second trial a verdict for \$30,500. This amount was subsequently reduced to \$20,000, which was paid by order of Congress, with interest and costs of suit. (23 U p 167, McArthur and Mackey Rep., 116, 432.)

This case will stand for all time as a bulwark against the invasion of the right of the citizen to protection in his private affairs against the unlimited scrutiny of investigation by a Congressional committee. The courts are open to the United States as they are to the private citizen, and both can there secure, by regular proceedings, ample protection of all rights and interests which are entitled to protection under a government of a written constitution and laws.

The act of Congress not only authorizes a searching investigation into the methods, affairs, and business of the Central Pacific Railroad Company, but it makes it the duty of the Railway Commission to inquire into, ascertain, and report whether any of the directors, officers, or employes of that company have been, or are now, directly or indirectly, interested, and to what extent, in any railroad, steamship, telegraph, express, mining, construction, or other business company or corporation, and with which any agreements, undertakings, or leases have been made or entered into. There are over one hundred officers, principal and minor, of the Central Pacific Railroad Company, and nearly five thousand employes. It is not unreasonable to suppose that a large portion of these have some interest, as stockholders or otherwise, in some other company or corporation with which the railway company may have an agreement of some kind, and it would be difficult to state the extent to which the explorations of the Commission in to the private affairs of these persons may not go if the mandate of the act could be fully carried out. But in accordance with the principles declared in the case of *Kilbourn vs. Thompson*, and the equally important doctrines announced in *Boyd vs. The United States*, the Commission is limited in its inquiries as to the interest of these directors, officers, and employes in any other business, company, or corporation to such matters as these persons may choose to disclose. They can not be compelled to open their books and expose such other business to the inspection and examination of the Commission. They were not prohibited from engaging in any other lawful business because of their interest in and connection with the Central Pacific Railroad Company, and that other business might as well be the construction and management of other railroads as the planting of vines or the raising of fruit, in which some of those directors and officers and employes have been in fact engaged. And they are entitled to the same protection and exemption from inquisitorial investigation into such business as any other citizens engaged in like business.

With reference to the vouchers respecting which the principal interrogatories are propounded, and to which we are asked to compel answers from the witness, it is conceded by the Commission on this motion that the moneys covered by them were not charged against the United States in ascertaining the net earnings of the company. If such were the case, it is difficult to see what interest the United States can have in the disposition of those moneys. Be that as it may, the Federal courts can not, upon that concession, aid the Commission in ascertaining how the moneys were expended. Those courts can not become the instruments of the Commission in furthering its investigation. Their power, its nature and extent, is defined by the Constitution. The Government established by that instrument is one of delegated powers, supreme in its prescribed sphere, but without authority beyond it. No department of it can exercise any powers not specifically enumerated or necessarily implied in those enumerated. Such is the teaching of all of our great jurists, and the tenth amendment declares that "The powers not delegated to the United States by the Constitution, nor



prohibited by it to the States, are reserved to the States respectively or to the people." Any legislation of Congress beyond the limits of the powers delegated is an invasion of the rights reserved to the States or to the people, and is necessarily void. The first section of the third article of the Constitution declares that "The judicial power of the United States shall be vested in one Supreme Court and such inferior courts as Congress may, from time to time, ordain and establish." The second section of the same article declares that—

The judicial power shall extend to all cases in law and equity arising under this Constitution, the laws of the United States, and treaties made, or which shall be made, under their authority; to all cases affecting ambassadors, or other public ministers, and consuls; to all cases of admiralty and maritime jurisdiction; to controversies to which the United States shall be a party; to controversies between two or more States; between a State and citizens of another State; between citizens of different States; between citizens of the same State claiming lands under grants of different States, and between a State, or the citizens thereof, and foreign States, citizens or subjects.

This section was modified by the eleventh amendment, declaring that—

The judicial power shall not be construed to extend to any suit in law or equity commenced or prosecuted against one of the United States by citizens of another State, or by citizens or subjects of any foreign State.

As thus modified, the section states all the cases and controversies in which the judicial power of the United States can be exercised, except those arising on a petition for a writ of habeas corpus, which is regarded as a suit for one's personal freedom. The judicial power of the United States is, therefore, vested in the courts, and can only be exercised by them in the cases and controversies enumerated, and in petitions for writs of habeas corpus. In no other proceedings can that power be invoked, and it is not competent for Congress to require its exercise in any other way. Any act providing for such exercise would be a direct invasion of the rights reserved to the States or to the people; and it would be the duty of the court to declare it null and void. Story says, in his *Commentaries on the Constitution*, that—

The functions of the judges of the courts of the United States are strictly and exclusively judicial. They cannot, therefore, be called upon to advise the President in any executive measures or to give extrajudicial interpretations of law, or to act as commissioners in cases of pensions or other like proceedings. (Sec. 177.)

The judicial article of the Constitution mentions cases and controversies. The term controversies, if distinguishable at all from cases, is so in that it is less comprehensive than the latter and includes only suits of a civil nature. (*Chisholm vs. Georgia*, 2 Dull., 431, 432; 1st Tucker's *Commentaries*, App., 420, 421.) By cases and controversies are intended the claims of litigants brought before the courts for determination by such regular proceedings as are established by law or custom for the protection or enforcement of rights, or the prevention, redress, or punishment of wrongs. Whenever the claim of a party under the Constitution, laws, or treaties of the United States takes such a form that the judicial power is capable of acting upon it, then it has become a case. The term implies the existence of present or possible adverse parties whose contentions are submitted to the court for adjudication.

In *Osborn vs. United States* (9 Wheat., 819), the Supreme Court, speaking by Chief-Justice Marshall, after quoting the first section of the Constitution declaring the extent of the judicial power of the United States, said:

This clause enables the judicial department to receive and determine all cases arising under the Constitution, laws, and treaties of the United States.

cial, for it required examination of evidence and judgment thereon; it was not judicial in the sense of the Constitution, under which judicial power can be exercised only in the cases enumerated in that instrument. The judges forwarded their conclusions to President Washington, the act was subsequently repealed.

A suit being afterwards brought against one Yale Todd to pay back the amount of pension paid to him, the question of the validity of the act came before the Supreme Court, and judgment was rendered in favor of the United States for the money. This case will be stated at length by Chief Justice Taney in a note to the report of *States vs. Ferreira* (13 Howard, 52). "The decision," said that Chief Justice, "has ever since been regarded and followed by every department of the Government, by the legislative and executive, as the judiciary." (*Gordon vs. United States*, 117 U. S., 703.)

The conclusion we have thus reached disposes of the petition of the Railway Commissioners, and renders it unnecessary to consider whether the interrogatories propounded were proper in themselves or were sufficiently met by the answers given by Mr. Stanford, or whether they were open to objection for the assumptions they made or the imputations they implied. It is enough that the Federal courts are to be made the instruments to aid the Commissioners in their investigations. It also renders it unnecessary to make any comment upon the extraordinary position taken by them according to the statement respondent, in which we have referred, that they did not regard themselves bound in their examination by the ordinary rules of evidence but would receive hearsay and *ex parte* statements, surmises, and information of every character that might be called to their attention; not that the courts of the United States can be used in furtherance of investigations in which all rules of evidence may be disregarded.

The motion of the district attorney for a peremptory order upon witnesses to answer the interrogatories as set forth in the petition of the Railway Commission is therefore denied, and the order to show cause is discharged.

#### CONCURRING OPINION.

SAWYER, circuit judge, concurring:

I fully concur in the reasoning of the circuit justices and the conclusions reached, but I deem it proper to present some further in support of our decision.

It is necessary to understand the exact legal relation of the Central Pacific Railroad Company to the United States, in order to appreciate the constitutional powers of Congress, and of the Union acting under its authority, over it. The Central Pacific Railroad Company is a private corporation, created and existing under the laws of the State of California. It derived none of its corporate rights or franchises from the United States. It is in no way under the control or laws of the United States, except so far as it is brought into regulation as an instrument of foreign or interstate commerce; their authority to establish post-roads, or their war powers, in furtherance of the constitutional provisions on the subject, or such regulation as is authorized by the terms of the contract found in the act of Congress of 1862 and 1864, accepted by the railroad company as a condition. The Central Pacific Railroad Company is simply an artificial creature created with certain faculties by the State of California, and, in relation to the United States, within the scope of the Federal

the power of Congress further in that direction than any other case, and, as it seems to us, to the utmost admissible limit. In those cases the Chief Justice, who announced the opinion of the majority of the court, in speaking of the Union Pacific Company, which is a corporation created by Congress itself, said:

The United States occupy toward this corporation a twofold relation—that of sovereign and that of creditor. (U. S. v. Union Pacific Railroad Company, 96 U. S., 686.) Their rights as a sovereign are not crippled because they are creditors, and their privileges as creditors are not enlarged by the charter because of their sovereignty. They can not, as creditors, demand payment of what is due them before the time limited by the contract. Neither can they, as sovereign or creditors, require the company to pay the other debts it owes before they mature. (96 U. S., 721.)

As to the Central Pacific Railroad Company, the United States do not even occupy the relation of sovereign, except so far as its road extends through the Territories, and then only as to that part of the road within a Territory, which is now only that part in the Territory of Utah, and so far as its authority to regulate commerce with foreign nations and between the States is concerned, and these powers are merely police powers. The organization of the Central Pacific Railroad Company is under and by virtue of the laws of another sovereignty, and its habitat is in the State of California, beyond the jurisdiction of the United States, except so far as it is subject to the power of Congress under some special grant of power, or its control is necessary to carry out some power specially granted. We look in vain for any power to deal with it, except the power to regulate its acts, as an instrument of interstate or foreign commerce, or such power as Congress may have over it under its authority to establish post-roads, or under its war powers. The relation of debtor and creditor arising under a contract is but a private relation. It is not a sovereign or governmental relation. And the power reserved in the acts of Congress to repeal or amend the act as to the Central Pacific Railroad Company could only extend in amendment, so far as it operated as a law, and not as a contract, and then not to affect the terms of the contract after it had become executed and rights had vested under it.

If, as said by the Supreme Court, the "privileges" of the United States "as creditors are not enlarged by the charter, because of their sovereignty," then no greater powers can be conferred upon the Commission appointed by Congress in this case than Congress could lawfully confer upon them for the investigation of matters between debtor and creditors who are natural persons, citizens of and residing within States. Could a private creditor authorize or lawfully make a compulsory examination of the character provided for in this act into the private affairs of his debtor? Or could Congress, within a State, under its limited sovereign powers in a State, authorize a private creditor to make such an examination of his debtor's affairs and call upon the courts in like manner to compel answers? Can the Government do for itself as creditor within a State, what it cannot do for private creditors? If not, and "the privileges of the United States as creditors are not enlarged by the charter because of their sovereignty," upon what principle can the compulsory examination attempted to be authorized by this act be sustained? I can find none. This investigation, so far as the questions under consideration are concerned, is not for a sovereign governmental purpose, but for the purpose of further securing a private debt not yet matured, already secured by a contract, acceptable to and accepted by the creditor at the time it was made. And—

The United States can not any more than a State interfere with private rights except for legitimate governmental purposes. They are not included within them.

intentional prohibition which prevents States from passing laws impairing the obligation of contracts, but equally with the States they are prohibited from depriving persons or corporations of property without due process of law. They cannot legislate such to themselves, without making compensation, the lands they have given this corporation to aid in the construction of its railroad. Neither can they by legislation compel the corporation to discharge its obligations in respect to the subsidy bonds otherwise than according to the terms of the contract already made in that connection. The United States are as much bound by their contract as are individuals. If they repudiate their obligations it is as much repudiation, with all the wrong and reproach that term implies, as it would be if the repudiator had been a State, or a municipality, or a citizen. *No change can be made in the title created by the grant of the lands, or in the contract for the subsidy bonds, without the consent of the corporation. All this is indisputable.* (The Chief Justice in the *Sinking Fund Cases*, 90 U. S., 713, 719.)

Having ascertained the relation of the parties to each other to be that of contractors—that of debtor and creditor by contract simply, in the same sense as if both were natural persons and private citizens—the question arises as to what authority Congress has, within a State, through Commissioners appointed by it, to investigate the private affairs of a mere contract debtor, and ascertain what he has done with his own money, or what he proposes to do with it—whether he is making judicious investment of his money or not—as bearing upon his probable ability to pay his debt, some years in the future, when it shall have matured?

Mr. Justice Field well said, in the *Sinking Fund cases*:

When, therefore, the Government of the United States entered into the contract with the Central Pacific Railroad Company, it could no more than a private corporation or a private individual finally construe and determine the extent of the company's rights and liabilities. If it had cause of complaint against the company, it could not undertake itself, by legislative decree, to redress the grievance, but was compelled to seek redress, as all other civil corporations are compelled, through the judicial tribunals. If the company was wasting its property, of which no allegation was made, or impairing the security of the Government, the remedy by suit was ample. To declare that one of two contracting parties is entitled, under the contract between them, to the payment of a greater sum than is admitted to be payable, or to other or greater security than that given, is not a legislative function. It is judicial action; is the exercise of judicial power, and all such power, with respect to any transactions arising under the laws of the United States, is vested by the Constitution in the courts of the country. (99 U. S., 759, 760; see also authorities cited.)

I do not understand that this doctrine is questioned by the majority of the court. They only differed as to its applicability in that particular case. I do not understand that the Central Pacific Railroad Company is charged with a violation of any of the terms of its contract, unless it be claimed that it has failed to pay over the full amount of percentage required by the contract of the net earnings of the road. If it has failed in this matter, it is not a matter of any legal concern to the Government what the company has done with its own. If it has failed in this particular, and there is reason for sustaining an action, the proper mode of procedure for ascertaining the truth and enforcing the obligation, if violated, is to institute a suit, alleging the facts, and have an investigation in due course of judicial inquiry, and obtain a judgment for any amount withheld. If the full amount has not been paid over, it matters not to the Government how the balance has been expended. The company is liable like any other debtor upon a contract, and not otherwise. But if it be desirable to trace it, and subject the specific fund to the uses contemplated, and there be sufficient ground for so doing, the courts are the proper tribunals in which to effect the object. So, also, if there be a commission of waste upon the property upon which the debt is secured, the courts afford the proper remedy by a suit in equity to restrain the waste. These are the means authorized by the Constitution and laws to private parties for redress.

respecting them shall assume such a form that the judicial power is capable of acting on it. That power is capable of acting only when the subject is submitted to it by a party who asserts his rights in the form prescribed by law. It then becomes a case, and the Constitution declares that the judicial power shall extend to all cases arising under the Constitution, laws, and treaties of the United States.

In his Commentaries on the Constitution, Mr. Justice Story says:

It is clear that the judicial department is authorized to exercise jurisdiction to the full extent of the Constitution, laws, and treaties of the United States, whenever any question respecting them shall assume such a form that the judicial power is capable of acting upon it. When it has assumed such a form, it then becomes a case; and then, and not till then, the judicial power attaches to it. A case, then, in the sense of this clause of the Constitution, arises when some subject touching the Constitution, laws, or treaties of the United States is submitted to the courts by a party who asserts his rights in the form prescribed by law.

And Mr. Justice Story refers in a note to the speech of Marshall on the case of *Robbins*, in the House of Representatives, before he became Chief-Justice, which contains a clear statement of the conditions upon which the judicial power of the United States can be exercised. His language was:

By extending the judicial power to all cases in law and equity the Constitution has never been understood to confer on that department any political power whatever. To come within this description, a question must assume a legal form for forensic litigation and judicial decision. There must be parties to come into court, who can be reached by its process and bound by its power; whose rights admit of ultimate decision by a tribunal to which they are bound to submit.

The proceedings to obtain testimony upon letters rogatory to be used in the courts of foreign countries, is not, as suggested by counsel, an exception to this doctrine. There are certain powers inherent in all courts. The power to preserve order in their proceedings and to punish for contempt of their authority are instances of this kind. And by jurists and text writers the power of the courts of record of one country, as a matter of comity, to furnish assistance, so far as is consistent with their own jurisdiction, to the courts of another country, by taking the testimony of witnesses to be used in the foreign country, or by ordering it to be taken before a magistrate or commissioner, has also been classed among their inherent powers.

For by the law of nations [says Greenleaf] courts of justice of different countries are bound mutually to aid and assist each other, for the furtherance of justice; and hence when the testimony of a foreign witness is necessary, the court before which the action is pending may send to the court within whose jurisdiction the witness resides a writ, either patent or close, usually termed a letter rogatory, or a commission *sub autore civilitudinis obtenta ac in jure subsidium*, from those words contained in it. By this instrument the court abroad is informed of the pendency of the cause, and the names of the foreign witnesses, and is requested to cause their depositions to be taken in due course of law, for the furtherance of justice, with an offer on the part of the tribunal making the request to do the like for the other, in a similar case. (Treatise on evidence, vol. 1, section 325.)

The comity in behalf of which this power is exercised cannot, of course, be invoked by any mere investigating commission. And it would seem that by act of Congress the power of the Federal courts in this respect has been restricted to cases in which a foreign government is a party or has an interest. (R. S., sec. 4071.)

The act of Congress creating the Railway Commission in terms provides, as already stated, that it may invoke the aid of any circuit or district court to require the attendance of witnesses and the production of books, papers, and documents relating to the subject of inquiry; and empowers the court, in case of contumacy or refusal of persons to obey subpoenas to them, to issue orders requiring them to appear before the commissioners, or either of them, and produce the books and

papers ordered, and give evidence touching the matters in question and to punish disobedience to its orders; and does not appear to leave any discretion in the matter with the court. It would seem as though Congress intended that the court should make the orders sought upon the mere request of the Commissioners, without regard to the nature of the inquiry. It is difficult to believe that it could have intended that the court should thus be the mere executor of the Commissioners' will. And yet, if the Commissioners are not bound, as they have asserted, by any rules of evidence in their investigations, and may receive hearsay, *ex parte* statements, and information of every character that may be brought to their attention, and the court is to aid them in this manner of investigation, there can be no room for the exercise of judgment as to the propriety of the questions asked, and the court is left merely to direct that the pleasure of the Commissioners in the line of their inquiries be carried out. But if it was expected that the court, when its aid is invoked, should examine the subject of the inquiries to see their character, so as to be able to determine the propriety and pertinency of the questions, and the propriety and necessity of producing the books, papers, and documents asked for before the Commission, then it would be called upon to exercise advisory functions in an administrative or political proceeding, or to exercise judicial power; if the former, they can not be invested in the court; if the latter, the power can only be exercised in the cases or controversies enumerated in the Constitution, or in cases of *habeas corpus*.

The provision of the act authorizing the courts to aid in the investigation in the manner indicated must, therefore, be adjudged void. The Federal courts under the Constitution can not be made the aids to any investigation by a commission or a committee into the affairs of any one. If rights are to be protected or wrongs redressed by any investigation, it must be conducted by regular proceedings in the courts of justice in cases authorized by the Constitution.

The inability of the courts of the United States to exercise power in any other than regular judicial proceedings was decided in *Hayburn's case* as early as 1792 (3 Dall., 409). In March of that year Congress passed an act providing that invalid officers, soldiers, and seamen of the Revolution should be entitled to certain pensions proportionate to the extent of their disability, and devolved upon the circuit court of the United States of the district where the invalids resided the duty of examining the proofs presented of the nature and extent of the disability, and of determining what amount of their monthly pay would be equivalent to the disability ascertained and to certify the same to the Secretary of War, who was to place the names of the applicants returned on the pension list of the United States in conformity thereto, unless where he had cause to suspect imposition or mistake, in which case he was authorized to withhold the name of the applicant from the list and report the same to Congress at its next session (1 *Stats.* at Large, 244, secs. 2 and 4). Every circuit judge, except one, who did not have the question before him, was of opinion that the law was constitutional and void. From a statement of Mr. Justice Curtis note appended to the report of the case, it would seem that ~~it~~ <sup>they</sup> were of opinion that the power devolved upon them by judicial in the sense of the Constitution, and if judicial actions could not be subject to the revision of the Senate of the Congress of the United States. Plainly, ~~the~~ <sup>they</sup> in determining the extent to which the invalid the pensions provided upon the proof produced was

tion by contract covers them. There is no element of a trust, public or otherwise, in the case, as sometimes claimed, except in such sense as any common carrier, whether by ox team, mule team, horse team, railway or steam ship, exercises a public trust, which is only subject to regulation under the police powers of the Government, State or national, as the case may require. That there is no element of trust in the case is ably shown by Mr. Justice Hunt, in *U. S. ex. Union Pacific Railroad Company* (11 Blatch., 403), and his ruling on this point was affirmed on appeal in 98 U. S., 570. But if there were a trust as claimed, the administration of the laws relating to trusts is the peculiar province of courts of equity. It is no part of the functions of Congress under the Constitution.

It is further urged that the judgment of imprisonment only was held to be beyond the jurisdiction of the House—that the House, or Congress, may investigate and call upon the courts when so authorized, as in the present act, to perform the judicial part of the work by enforcing the requirement of the Commissioners. But there is no such limitation in the language of the court, as will be seen by re-examining the passages quoted. On the contrary, the want of power in the House to punish is grounded on the want of power to investigate at all. It is directly said in the case cited that the House may punish for contempt in certain specified cases wherein the power is conferred by the Constitution, or when necessary to the proper execution of powers expressly conferred. And the court with reference to these instances, as we have seen, says in terms:

*Whether the power of punishment in either house by fine and imprisonment goes beyond this or not, we are sure that no person can be punished for contumacy as a witness before either house unless his testimony is required in a matter into which that house has jurisdiction to inquire, and we feel equally sure that neither of those bodies possesses a general power of making inquiry into the private affairs of the citizens. (Kilbourne v. Thompson, 105 U. S., 196.)*

That was a case like this, wherein the House was seeking to inquire into the private affairs of the debtor—seeking to ascertain what the debtor had done with his money, some of which he held as a depository of the United States.

The decision was not put upon the ground that the House could not in any case punish for contempt, but on the ground that the House, in cases like this, had no authority to make the inquiry at all, and consequently there could be no punishment for contempt, either by the House or any other body or tribunal. Under the act now in question, Congress has undertaken to authorize a commission to make inquiry into the private affairs of its creditors—into the purpose, for which the debtor appropriated its own funds—which the Supreme Court, in the case cited, says it has no power to do, and the Commission is authorized to call upon the courts to aid it in its unlawful inquiry. The court is not called upon to act in any judicial proceeding, or investigation pending before it, or before any other court, in the discharge of its judicial functions, or any matter ancillary to the exercise of its judicial functions. There is no case or controversy at all pending before it of which the proceeding attempted to be authorized is a part, or to which it is ancillary or in any way pertinent. It does not appear to us that it is contemplated by the act that the court, in the investigation provided for, when called upon to aid the Commission shall inquire beyond the point whether the question asked is within the scope of the broad field of inquiry prescribed. And so the Commissioners claim, for they have conducted their investigation on that theory; and they based their

they are not bound by any rules of evidence or other principles of law observed by courts of justice, and by which the latter are guided and controlled, in the ascertainment of facts in the course of ordinary judicial proceedings. If this be the correct view, the court is expected to compel an answer irrespective of any other considerations. Even questions criminating the witness are to be answered, the only protection to the party being that his answer shall not be used against him in a criminal prosecution—a protection of little avail to any party who should disclose criminal acts upon which an indictment could be found, and should upon compulsion indicate other sources of evidence by means of which the acts disclosed can be proved; and such acts may also constitute offenses under the laws of the State, against which Congress can afford no immunity.

As bearing upon the power of Congress to compel an answer to criminating questions, or compel the production of private papers, see *U. S. vs. Boyd* (116 U. S., 616). The principles therein established are equally applicable to the matter now under consideration. The court seems, therefore, to be called upon to compel, under process for contempt, an answer to any question which the Commission sees fit to ask within the scope of the inquiry attempted to be authorized by the act. If this be so, the court is, simply, made an instrument by this act, in the hands of the Commission, to execute its unregulated and unrestricted will. The court is made the ministerial agent of the Commission to perform its behests, whenever a witness refuses to respond to a question or produce papers within the range of the authority attempted to be given by the statute. The judicial department of the Government is, simply, made, by this act, an adjunct to the legislative department in the exercise of its political and legislative functions and powers to execute its commands, and that, too, in a matter into which Congress, under the decision cited, has no jurisdiction whatever to inquire. I know of no power in Congress to thus render the judicial department subordinate or ancillary to the legislative and executive departments of the Government, or to either of them. If there is any one proposition immutably established, I had supposed it to be that the judiciary department is absolutely independent of the other departments of the Government; that it cannot be called upon to act a part subordinate to any other department of the Government, or to a commission armed with exasperating inquisitorial powers over private affairs, unlimited by any consideration other than its own unregulated discretion. And so I understand the authorities to be.

The functions of the judges of the courts of the United States are strictly and exclusively judicial. They cannot therefore be called upon to advise the President in any interpretation of law, or to act as commissioners in cases of pensions or other like proceedings. (4 Sto. Con., sec. 1777, and cases cited.)

The courts in this instance are called upon not to exercise their ordinary powers in the administration of justice, but to assist the exercise of its deliberative, legislative, and political by irregular and extraordinary, not to say improper act as its agent in matters wholly foreign to judiciary.

In my judgment, therefore, reason and truth beyond reasonable ground for contravention there is no lawful authority in the Commission the various questions propounded and set them, which the respondent refused to a lawfully required to compel answers there.

I concur in the order made discharging



## CONCURRING OPINION.

SARIN, J., Concurring.

In announcing my concurrence in the opinions of the circuit justice and the circuit judge in this matter, I do not deem it necessary to review at any length the questions by them so ably and satisfactorily discussed and decided. In this application to this court to issue its subpoena and compel answers to be made to the various questions propounded, the court is called upon to exercise no judicial function or power, unless it be the very slight duty of determining whether or not the questions propounded are within the scope of the inquiry authorized by the act of Congress creating the Commission.

The act itself is most broad and comprehensive in its terms and imposes little, if any, restraint upon the Commission in the field of its inquiry. It scarcely needs the ruling of a court to determine whether the questions propounded, or any questions which may be propounded, by this Commission, are within the scope and purview of the act creating the Commission. But, aside from this most simple and limited duty, if duty it may be, the court has no judicial function to perform in this matter. It is simply called upon by the Commission to execute its will; to compel the attendance and obedience of witnesses—a purely ministerial duty—to serve as a convenient adjunct to the Commission. I cannot think that the courts were organized for any such purpose, or that they can be called upon to perform any such duty.

I need not advert to the nature and character of many of the questions propounded by the Commission, as appears from the record of this proceeding, answers to which the court is asked to compel. They seem to be quite in keeping with some of the extraordinary powers claimed and exercised by the Commission, and to fully confirm their assumed right to disregard the usual and established rules of evidence and principles of law in conducting their investigations. And this court is seriously asked to lend its aid in furtherance of such purpose. Many of the questions propounded would seem, from the record, to have been answered as fully as it was possible for the witness to answer them. I do not, however, press this consideration, as I think this decision should rest, not upon the simple fact as to whether or not the questions have been fully answered, but upon the broader and more important principles which underlie this whole subject, to wit: Has this Commission lawful right to hold this investigation; to propound those questions and compel answers thereto; to inquire into the private affairs of this respondent, or of the Central Pacific Railroad Company, or of any individual, and invoke the powers of this court to carry out such purpose? These questions are so fully and ably discussed in the opinions rendered that further comment thereon seems unnecessary.

It is not claimed that this is a "case" or a "controversy" between any parties to which the judicial power extends and over which it has proper jurisdiction. Neither the United States nor any other person is making complaint against this respondent or against said railroad company, in any form or manner known to judicial proceedings. No charges are made against the one or the other, by any one, of duties neglected or obligations unfulfilled. In regard to the very account immediately under consideration by the Commission, and in reference to which many of the questions were propounded to which we are asked to compel answers, it is shown that this account was fully settled and adjusted by and between the United States and said company long ago. Upon the

of the argument of the United States attorney, submitted in support of this motion, it is stated:

Some question was made as to whether, as a matter of fact, the moneys covered by a. Stanford's vouchers had been included in the account rendered to the Government for the purpose of ascertaining the net earnings of the company. The Commissioners do not desire a decision based upon this question, and therefore concede, for the purpose of this motion, that the amounts in question have not been charged as against the United States, so the end that this matter may be disposed of entirely on its merits.

If this be true, what interest then is it to the United States, even if it had a right so to do, to inquire how or in what manner this account earned or was paid? It concerns the United States in no manner—effects no pecuniary right or interest claimed by it, due or not matured. What interest then has the United States in this inquiry beyond that of any third party whose curiosity might prompt him to inquire into that concerning which he has no right or interest?

Is not this, then, a mere idle inquiry, not made in the interest of, or to preserve or establish the rights of, the Government or any person? Is not any third person, to gratify an idle curiosity, the same right to institute these inquiries and invoke the aid of the courts in support hereof?

Courts do not entertain such investigations or inquiries, or lend their aid thereto. If this power of unlimited, inquisitorial investigation into the affairs of private corporations or companies, or of individuals—and concerns all alike—shall be once established, who can say where it will end or what will be its limit of injustice at all times, but more especially when called into exercise in times of political excitement, or under the influence of partisan zeal or passion?

In the close adherence to well-settled principles of law, founded upon the just observance of the rights of all parties, will we not find the greatest safety alike to public and private rights?

Without further discussion of the subject, I fully concur in the opinion read and in the order made.

(Indorsed :) Read in open court August 29, 1887.

L. S. B. SAWYER, Clerk.

I, L. S. B. Sawyer, clerk of the circuit court of the United States for the northern district of California, do hereby certify the foregoing to be a full, true, and correct copy of the opinions read in open court August 29, 1887, in the therein entitled matter.

Attest my hand and the seal of said circuit court this 26th day of September, 1887.

[SEAL.]

L. S. B. SAWYER, Clerk.

## JUDGE OGDEN HOFFMAN'S DISSENTING OPINION.

### IN THE MATTER OF THE

*Application of the Pacific Railway Commission for an order upon a witness before it to answer certain interrogatories propounded to him.*

### OPINION OF HOFFMAN, JUDGE.

I am unable to concur in the decision of the court refusing to grant the order applied for by the Commissioners.

The application was made in precise conformity to the third section of the act of March 3, 1887.

That section, after conferring power on the Commissioners to require the attendance of witnesses and the production of books, etc., provides that "to that end they may invoke the aid of the courts," and power is given to the courts, in cases of contumacy or refusal of a witness to appear and testify or produce books, etc., before the Commissioners, to issue an order requiring him to do so. And any refusal to obey such order may be punished by such court as a contempt.

Similar and almost identical provisions are contained in the act to regulate commerce, commonly known as the interstate commerce act.

Section 12 of that act, after conferring upon the Commission power to require the attendance and testimony of witnesses and the production of books, papers, etc., provides that "to that end it may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of books," etc.

And the courts of the United States are empowered, "in case of contumacy or refusal to obey a subpoena issued to a witness," to order him to appear before the Commission and produce the books or other evidence touching the matter in question, "and any failure to obey such order of the court may be punished by such court as a contempt thereof."

Section 6 of the same act confers upon the courts extensive power to enforce the orders of the Commission by writs of mandamus and injunction, disobedience to which is made punishable as for a contempt.

If the grounds on which the decision of the court in the present case are in great part based be correct its aid must be refused not only to these two Commissions but also to all commissions of inquiry created by Congress to obtain information, however necessary to enlighten legislation.

It is not suggested that Congress could constitutionally confer upon any such Commission the judicial power of adjudging a recalcitrant witness guilty of and punishing him for contempt.

If the courts can afford no aid, the only source of information is testimony voluntarily furnished.

The great importance of the questions thus presented will be at once recognized.

It may be suggested that all requisite information will usually be offered to commissions of inquiry voluntarily, and therefore that compulsory process is unnecessary.

But the question is, Does the right exist, to be exercised when found to be necessary?

I think it clear, that the right to require information in aid of legislation is an appropriate and necessary means of enabling Congress to exercise its great and principal, if not sole, function. That it is, therefore, a power conferred upon it by the Constitution by necessary implication; and that as it can only be effectually exerted through and by the aid of the courts, it is the duty and right of the courts to furnish that aid, when required by law, upon notice to the witness, and after full and careful consideration whether the proposed inquiry invades any constitutional right, immunity, or privilege which the witness may claim.

If such a question should be presented I should go as far as either I or my associates in maintaining the constitutional rights of the citizen against encroachment by the Commission, whether by its own volition or by direction of Congress.

The application of the Commission, "invoking the aid of the court," has been denied on the grounds:

1. That the duty imposed before the court is merely to enforce by its process the order of the Commission requiring the attendance or evidence of the witness, or the production of books, papers, etc., "relating to the matter under investigation." That the court is clothed with no judicial function whatever; that it is, in fact, degraded into the mere executive officer of the Commission, to be used as the blind instrument for the enforcement of its mandates.

If this be the true construction of the act, I should, without hesitation, unite with my associates in declining to perform so unconstitutional and degrading a function.

That the act will bear this construction, I admit.

That it is the necessary and reasonable construction, I deny.

It is a well-settled rule that when an act of Congress or of a legislature is susceptible of two constructions, one violative of the Constitution and of the private rights of citizens and the other obnoxious to no such objections, the latter interpretation shall be preferred, if for no other reason than a decent respect for the motives and intentions of the legislature.

It will be noted that the language of the act is not mandatory upon the courts, but permissive; it does not impose a duty; it merely confers a right. It is, that the court may, when its aid is invoked, issue an order, and the failure to obey such order may be punished as a contempt. The words *must* or *shall* are not employed.

The aid here invoked is that of a court.

Congress could not have been unaware or unmindful of the facts that the courts of the United States can not be converted into mere instruments or executive officers of a commission of inquiry.

It seems to me more reasonable and more respectful to Congress to construe these provisions as conferring upon the courts the right to lend their aid only after full consideration and judicial determination of every question raised or objection made by the witness.

That it is its right and duty to consider and adjudge whether the ques-

tion put to the witness is, in the words of the act, "relative to the matter under investigation; whether it violates his right to be protected from inquisitions into his private affairs or into his private papers; whether he has any personal privilege to refuse to answer, and, possibly, whether the question put or the papers required are only colorably in aid of contemplated legislation, but really an essentially inquisitorial investigation to subserve political or personal ends.

Every constitutional right of the citizen would thus be fully protected. And he would receive that protection where, as in all cases, he must ultimately look for it, in the courts of the country.

If I am right in this construction of the statute, the objection fails.

2. The second ground upon which the court has declined to lend its aid raises by far the most important question presented in this case.

It is held by the court that no jurisdiction has been given to it under the Constitution, nor can it be conferred by Congress, to entertain an application of this nature, because there is no "case" or "controversy" before it, such as is contemplated in the provisions which define the extent of the judicial power of the United States.

It will be noted that this ruling does not rest upon the alleged inquisitorial or other objectionable character of the investigation which the railway commission is directed to make.

It applies to all commissions of inquiry which Congress may create, and, in effect, denies to Congress the right to obtain information through the instrumentality of such commissions, except from witnesses who voluntarily appear and testify.

I am deeply impressed with the importance of this question, and that in differing from my associates I am liable to error. But it arises in this case and must be considered.

I do not for a moment question that, in the language of Judge Story—

The functions of the judges of the courts of the United States are strictly and exclusively judicial. They can not, therefore, be called upon to advise the President in any executive measures, or to give extra-judicial interpretations of law, or to act as commissioners in cases of pensions or other like proceedings. (Story's Comm. on the Const., sec. 1777.)

I of course am aware that, by the second section of the third article of the Constitution, the judicial power of the United States is declared to extend to the "*cases and controversies*" therein specified.

In the great case of *Osborn vs. United States*, the Supreme Court, speaking through Chief Justice Marshall, said of this article of the Constitution:

This clause enables the judicial department to receive jurisdiction to the full extent of the constitutional laws and treaties of the United States, where any question respecting them shall assume such a form that the judicial power is capable of acting upon it. That power is capable of acting only when the subject is submitted to it by a party who asserts his rights in the form prescribed by law.

It then becomes *a case*, and the Constitution declares that the judicial power shall extend to all cases arising under the Constitution, treaties, and laws of the United States.

That the questions presented, or which might be presented, in this or other similar proceedings are eminently judicial in their character can not be doubted.

They have involved a judicial inquiry into the constitutional right of Congress to direct an alleged inquisitorial investigation into the private affairs of a citizen, or to compel the production of his private books and papers.

They might also have required the judicial determination of his right to refuse to incriminate himself, or to betray the secrets of the confidential or of professional confidence.

They have also, involved an inquiry into the relations of the Government to the aided railways, and especially the Central Pacific, and the limits of its legislative power with regard to them.

They are, therefore, in the highest sense judicial in their nature.

Have they assumed such a form that the judicial power is capable of acting upon them?

In a certain sense the "subject has," in the language of Chief Justice Marshall, "been submitted to the court by a party who asserts his rights in a form prescribed by law."

The Commission asserts its right to obtain an answer to the questions put to the witness.

Whether that right exists, they submit to the decision of the court as directed by law, and in the form of a petition asking its aid. That the court is authorized by law to afford it in its opinion the Commission has a right to put the questions and obtain an answer to them.

But it seems to be considered that to call the judicial power into activity, and especially its power to issue and enforce compulsory process to a witness, there must be a "case" where there are parties plaintiff and defendant before the court in the usual form of litigation.

Such does not seem to have hitherto been the understanding of either the legislative or judicial branches of the Government. No decision is cited in support of this construction of the Constitution.

The courts are empowered by law to issue upon the request or letters rogatory of a foreign tribunal compulsory process to obtain the testimony of a witness.

The power to assist each other in the administration of justice is said to be inherent in all courts, and it is their duty to do so under the comity of nations.

But if the judicial power of the United States extends only to cases before the courts, between parties plaintiff and defendant, and if no power exists to issue compulsory process in aid of an inquiry, directed to be made by a statute of the United States, I have been unable to see how that power can be invoked in aid of judicial investigations in a foreign country. Certainly the courts can possess no inherent power except as conferred directly or indirectly by the Constitution, and it is equally certain they can derive none from the comity of nations.

The laws of Congress also provide that compulsory process may issue to obtain the testimony of a witness in *perpetuum rei memoriam*.

The exercise of this power is not limited to cases actually pending in court between parties plaintiff and defendant. It extends to cases where litigation is expected or merely apprehended.

In all or many of the States extensive powers of investigation and inquiry have been confided to grand juries. In aid of these inquiries compulsory process is freely awarded and enforced by the courts.

If Congress should see fit to confer similar powers on grand juries of the United States and authorize them to invoke the aid of the courts in issuing compulsory process, would the law be deemed unconstitutional except in cases where a prosecution had actually been commenced against a party accused and held to answer by the committing magistrate?

The fact that grand jurors are officers of the court is immaterial. The question is, can the court issue compulsory process in aid of investigation where there is no case between parties litigant before the court? If, as I believe, Congress could constitutionally authorize investigations to be made and empower the courts to afford which would alone render them possible, I fail to perceive how it could afford the same aid to a commission of inquiry created

If the law had authorized the district attorney, on the report of the commissioners that a witness had refused to attend and testify, to file a petition in the name of the United States on the relation of the commissioners praying that the witness be cited to appear and show cause why compulsory process should not issue against him, a "case" would be made which would fully satisfy the conditions contended for, as necessary to the exercise of judicial power.

But surely the constitutionality of the exercise by the courts of the powers invoked by the Commission must be a matter of substance and not of form, and can not depend upon a slight change in the method of procedure.

The aid which the court is asked to furnish is not merely the expression of its opinion that the witness ought to answer, and a recommendation or even an order to him to do so.

It is to punish him by attachment if he fails to obey the order.

But in all proceedings against defaulting witnesses, the papers, though in the beginning entitled in the name of the parties litigant, are, when the attachment issues, entitled in the name of the State or the people thereof, or of the United States. (*People vs. Ferris, 9 Johns, 160.*)

Whenever, therefore, the court issues its process against the person of the witness, which alone renders its interposition effectual, a case is presented in which the United States is formally the prosecutor and the witness the accused or defendant.

But without insisting strenuously on the force of these observations, which relate to matters of form rather than of substance, and are intended to meet an objection essentially verbal in its nature, it is sufficient to say that in this case a controversy has arisen between commissioners, in the attempted discharge of duties imposed upon them by law, and a witness, as to their right to make and his obligation to answer certain inquiries.

That controversy has, as by law directed, been referred to the court for its decision.

The questions raised are not only judicial in their nature, but require a decision by the court upon the validity under the Constitution of a statute of the United States, and the court is asked to give effect to its decision by declaring the witness to be under no obligation to answer, or by ordering him to do so, and enforcing obedience by means peculiarly judicial in their character.

It appears to me that a "case" has been presented to the court within the judicial grant of the Constitution.

The reasons assigned by the circuit judge in his concurring opinion for refusing to make the order prayed for refer more particularly to the railroads whose affairs the Commissioners are directed to investigate, and especially to the Central Pacific.

It is held by him, in substance, that the Central Pacific Railroad Company is a State corporation, not subject to Federal control any further than a natural person similarly situated would be.

2. That, having complied with the conditions of the grant, it holds its bonds and lands subject to the lien of the Government, in the same way and to the same extent as a natural person would do.

3. That the relation of creditor and debtor exists between the United States and the company with like force and effect as if both were natural persons; the relation being private, and having nothing to do with the power of the Government as sovereign.

4. The United States can not institute a compulsory investigation

the private affairs of the company, or require it to produce its books, etc., in any other way or to any greater extent than would be lawful in the case of private creditors and debtors.

The United States have the same remedy as a private creditor, or other, to compel payment of moneys due or prevent waste of the same before the debt matures, and that remedy must be by a regular legal proceeding in due course of law. And Congress has no power to institute a roving legislative inquisition into the affairs of the company to ascertain what it has done or is doing with its money.

*Syllabus of concurring opinion of Sawyer, circuit judge.*

Power of Congress to institute any compulsory inquiry whatever into the affairs of aided railroads, even for the purpose of obtaining information necessary to the or enlightened exercise of its legislative functions, is thus wholly denied. The case of *Kilbourne vs. Thompson* (103 U. S., p. 164) is much relied on in the opinion of both the judges of the court, a careful examination of that case, and of the facts actually decided by it, becomes necessary.

Principal point decided in that case related to the judicial powers of either of two branches of Congress.

It held that neither House of Congress possesses any general power to punish for contempt.

Neither House, in deciding on the election and qualifications of its members, has undoubted right to examine witnesses and inspect papers, subject to the usual rights of witnesses in such cases; and it may be that a witness would be subject to punishment at the hands of a body engaged in trying a contested election, refusing to testify, that he would if the case were pending before a court of competent jurisdiction.

However, the court held, could not be exercised where the inquiry related to the internal affairs of a citizen, as neither of the Houses possesses the "general power" of instituting such inquiries.

In *Kilbourne* was a real-estate dealer in Washington, "and he was required to make statements in regard to his dealings with various persons who had had dealings with him, and to produce his books for the general inspection of the committee."

Statement of the case by Mr. Justice Miller, in his address to the alumni of the law department of the University of Michigan, June 29, 1887.

The nature of such an inquiry could not be mistaken or disputed.

The difference between it and the inquiry addressed to the respondent in this case is obvious.

As to the existence or non-existence of the power (to punish for contempt) in "aid of the legislative functions," the court expressly declines to decide (p. 189).

It points out, with much emphasis, that no legislation was contemplated or was even possible on the subject-matter of the investigation ordered.

The resolution [it says] adopted, as a sequence of this preamble, contains no hint of intention of final action by Congress on the subject. In all the argument of the case, nothing has been made of what the House of Representatives or the Congress could have done by the way of remedying the wrong or securing the creditors of Jay Cooke & Co., or even the State. Was it simply a fruitless investigation into the personal affairs of individuals? If so, the House of Representatives had no power or authority in the matter more than any other equal number of gentlemen interested in the government of their country. By this it means that it could result in no valid legislation on the subject to which the case referred. (P. 195.)

The difference in this particular, also, between the investigation ordered by law to be made in this case and that ordered by the House of Representatives in *Kilbourne's* case is apparent.

The court further adverts to the fact that the matter was pending in a court of justice, which had no



redress to the creditors of Jay Cooke & Co., by setting aside the settlement made by the trustee, if for any reason it could or ought to be set aside. This was a purely judicial function, which could not be exercised by Congress nor conferred by resolution on a committee of one of the two houses.

I have mentioned these particulars to show how widely the case of Kilbourn differs in every essential particular from the case at bar.

The judgment contains no intimation that Congress might not, by statute passed under the ordinary forms of legislation, confer upon a committee of investigation appointed by either or both houses the right to issue or obtain compulsory process for the attendance of witnesses. Still less does it determine the principal question mooted in this case, viz, whether Congress can authorize a commission of inquiry, in aid of legislation, to invoke the aid of the courts to compel the attendance of witnesses, and can constitutionally empower and require the court to afford that aid after it shall have judicially determined that the witness has no valid excuse for refusing to attend or to answer.

As to the nature and the limits of the legislative power of Congress over the aided railroads, the case of course throws no light whatever.

It must be conceded that the United States occupy towards the aided railroads (or at least towards the Union Pacific) a twofold relation—that of sovereign and that of creditor.

Their rights as a sovereign are not crippled because they are creditors, and their privileges as creditors are not enlarged by the charter because of their sovereignty. (U. S. vs. Union Pacific Co., 93 U. S., 549.)

In other words, it is decided in this case that the United States, like private persons, are bound by their contracts, and that they can not by legislation impair the rights of parties with whom they have contracted, or enhance their own in violation of the stipulations of their contract.

But that the United States retain extensive powers of legislation has been recognized by the Supreme Court in two important cases.

By the act of March 3, 1873 (17 Statutes, 549), the Attorney-General was peremptorily ordered to bring a suit in the name of the United States against the Union Pacific Railroad Company. The nature of this suit is thus described by Mr. Justice Miller (page 608):

For the purpose of this suit the court wherein it is brought was vested with power and aided by modes of procedure which it could apply to no other. Parties are subjected to a jurisdiction to which the same court could not subject them in any other suit, and they are required to litigate their rights in a suit common to them and others, with whom they could not be joined under the rules governing such matters in any other case.

These provisions were held to be a valid and constitutional exercise of legislative power.

It must be admitted, therefore, that with regard to the Union Pacific Railroad Company, at least, the United States possesses something more than the powers and rights of a private creditor, and that, though bound by their contracts, they can aid their enforcement by special and exceptional legislation.

It may be observed in addition that the same act conferred jurisdiction "on the proper circuit court of the United States to hear and determine all cases of mandamus to compel said Union Pacific Railroad Company to operate its road as required by law."

The validity of this provision was not passed upon by the Supreme Court, but it is referred to by Mr. Justice Miller without any intimation that it was unconstitutional.

By the act of May 7, 1878, known as the "Thurman act," it was pro-

vided in substance that the percentage of net earnings to be paid by both the Union Pacific and the Central Pacific Railroad Companies should thereafter be 25 per cent. of the same instead of 5 per cent., and that the one-half of the earnings for services rendered to the Government by the respective companies, which, by the act of July 2, 1864, was to be paid to the companies, should be retained by the Government to constitute a sinking fund for the ultimate discharge of the indebtedness due to the United States.

This legislation was held by the Supreme Court as valid and constitutional.

The relations of the Central Pacific Company, as a corporation created under the laws of California, to the United States, were elaborately considered by the court, and the validity of the legislation with regard to it, as well as the Union Pacific Company, was affirmed.

In regard to the former company the court observes:

The California corporation was organized under a State law, with an authorized capital of \$3,000,000, to build a road from the city of Sacramento to the eastern boundary of the State, a distance of about 115 miles. " " " No power was granted to build any road outside the State or in the State except between the termini named.

By the act of 1863 Congress granted this corporation the right to build a road from San Francisco or the navigable waters of the Sacramento River to the eastern boundary of the State, and from there through the Territories of the United States, until it met the road of the Union Pacific Company.

For this purpose all the rights, privileges, and franchises were given this company that were granted the Union Pacific Company, except the franchise of being a corporation, and such others as were merely incident to the organization of the company.

The land grants and subsidy bonds to this company were the same in character and quantity as those to the Union Pacific, and the same right of amendment was reserved. Each of the companies was required to file in the Department of the Interior its acceptance of the conditions imposed before it could become entitled to the benefits conferred by the act.

This was promptly done by the Central Pacific Company, and in this way that corporation voluntarily submitted itself to such legislative control by Congress as was reserved under the power of amendment.

I am unable to perceive how, while this decision remains the law, the right of Congress to investigate its affairs for the purpose of obtaining information in aid of legislation can be questioned.

The investigation ordered by Congress has been characterized as an inquisitorial and an unwarrantable inquiry into the private affairs of the citizen.

That some of the inquiries directed to be made of the officers, stockholders, and employes of the companies are obnoxious to this objection may be conceded. If so, the court would not compel the witnesses to answer them.

The questions which the witness declined to answer in no way referred to his private and individual affairs.

They referred to the disposition made of its earnings by the company of which he is the head. In these earnings the United States is interested to the extent of 25 per cent. of their net amount.

But, if I understand correctly the arguments of counsel and the opinions of the judges, the whole investigation seems to be regarded as inquisitorial and unwarranted.

It seems to have been overlooked that many of the inquiries directed to be made are in the interest of the companies, and presumably included in the subjects of investigation at their instance.

The Commissioners are required—

To ascertain the average cost per annum of Government transportation along and traversed by the Pacific railroads between the year 1860 and 1870.

tion of said roads; also, the average cost per annum since such completion, and what additional facilities have been furnished to the Government and people by said roads; also, to inquire what discount the Pacific Railroad and its several branches was forced to make in disposing of the bonds to obtain the gold coin which was the currency of the country through which the greater part of said roads pass. Also, to ascertain the comparative cost of construction of said roads as compared with what they would have cost with the prices of labor and commodities prevailing five years preceding, or five years subsequent to the completion of said roads. Also, to inquire whether or not the Pacific Railroad was completed in less time than was allowed by law; and if so, by how much less time, and if the United States was benefited thereby. Also, to inquire if either of the Pacific railroads have been embarrassed and their earning capacity impaired by antagonistic local or State legislation. Also, to inquire whether the United States, since the Union and Pacific Railroad Companies accepted the terms proposed by Congress for the construction of the Pacific Railroad, has granted aid in lands for building competing parallel railroads to said Pacific railroads; and if so, how many such roads and in what extent such competing lines have impaired the earning capacity of the Pacific Railroad. Also, if the United States have contracts with branch roads controlled by either of said Pacific roads for carrying United States mails; and if so, what service has been performed by them, and what money, if any, has been paid for such service, and what remains due and unpaid; and if the United States, by failing to pay for such mail service, has embarrassed said railroad companies, or either of them, in paying their indebtedness to the United States. Also, to inquire if the several Pacific Railroad Companies have complied with the provisions of an act to alter, etc., commonly known as the "Thornton act;" and if not, in what particulars they have failed to comply. Also, to inquire what claims the Pacific railroads and their branches can severally present annually on account of their indebtedness to the United States without imposing burdens upon the people, and particularly upon the localities through which the roads pass, as to retard the development of the country.

The Commissioners are also directed to consider and report whether the interests of the United States require any extension of the time "for the performance of the obligations to the United States of said companies, or any of them."

"And if in their opinion such extension shall be required by the interests of the United States, they shall submit a scheme for such extension which shall secure to the United States full payment of all debts due them from said companies, with a reasonable rate of interest, in such time as the Commissioners shall propose, *having due regard to the financial ability of said companies, and the proper conduct of their business in such manner as shall afford efficient service to the public.*"

It will not be contended by any one, least of all by the respondent, that the investigation of the matters mentioned in the foregoing extracts from the statute is inquisitorial or offensive, or that it violates the rights of corporations or of their members as individuals.

On the contrary, that distinguished gentleman expressed in his communication to the Commissioners, in reply to their written interrogatories of May 12, 1887, the opinion that—

The creation of the Commission charged by Congress with the duty of examining into the workings and financial management of all railroads that have received aid in bonds from the Government, . . . was an honest and candid admission by Congress that there were equities existing in favor of the railroads in question, which should be inquired into, and to the full benefit of which they are entitled.

And he adds:

I know that such equities exist in favor of the roads I represent, and I am pleased that an opportunity has at length been offered us by Congress to present them in such form as to insure their full and impartial consideration both by it and the people at large.

When all the provisions of the act directing the investigations are considered, it does not seem wholly unworthy of the encomium bestowed upon it by the respondent.

Nor can I perceive with what justice the investigations, so far as the questions under consideration are concerned, can be described as instituted for the purpose of securing "a private debt not yet matured."

The labors of the Commission can give no additional security to the United States for the collection of its debt.

The Commissioners have no judicial powers. Neither the evidence taken by them nor their report would be admissible in a judicial proceeding. Congress may not adopt their conclusions of fact.

Their functions are limited to an inquiry into and ascertainment of facts to be laid before Congress, in view of legislation, possibly, and, as seems to have been expected, favorable to the companies.

But if my convictions had been less strong on the points I have discussed I should still have felt obliged to dissent from the action of the court, refusing the order prayed for.

It has been shown that the questions decided by the court are constitutional questions of grave, I might say transcendent, importance.

The doctrine enunciated in effect denies to Congress the right to invoke the aid of the courts to secure by compulsory process the attendance of any witness before any commission of inquiry, and to the court the right of affording that aid, if invoked.

The immediate effect of this decision, if followed, is to cripple, if not paralyze, the Commissioners in the discharge of a large part of their duties imposed upon them by law.

Much of the information sought for can only be obtained from the officers and employes of the railroads.

So long as those persons supposed they could be compelled to attend and give evidence, they freely responded to the summons of the Commissioners. But now, that they are advised that no power exists to compel them to do so, they will naturally decline to assume the odious attitude of voluntary informers against their employers, and will refuse to produce any papers or disclose any fact which might injuriously affect them.

If the witness had been ordered to answer and had refused, he would have been attached for contempt and committed to the custody of the marshal. From this custody he could have been at once released on habeas corpus, and held to bail in a nominal amount. The important questions raised could thus have been speedily submitted to the Supreme Court for final decision, without the slightest oppression or even inconvenience to the witness.

I know of no way in which the decision now made can be reviewed by that high tribunal.

It is declared by the Supreme Court in the Sinking Fund cases "that every possible presumption is in favor of the validity of a statute, and this continues until the contrary is shown beyond a reasonable doubt." (99 U. S., 718.)

Whatever may be thought of the validity of the reasoning by which I have attempted to maintain the constitutionality of this statute, it must, I think, be conceded, that the questions are novel and hitherto undecided, and that its unconstitutionality is at least doubtful.

In view of this fact, and of the far-reaching consequences of the decision, I considered it to be the duty of an inferior court not to pronounce against its unconstitutionality by a judgment which could not be reviewed or corrected by the Supreme Court, but, rather, to remit the question to that court for final solution; especially when the mode of doing so were simple and speedy, and attended by no injury or inconvenience to any one.

[Order.]

at a stated term, to wit: the July term A. D. 1887, of the circuit court of the United States of America, of the ninth judicial circuit, in and for the northern district of California, held at the court-room, in the city and county of San Francisco, on Monday, the 29th day of August, in the year of our Lord one thousand eight hundred and eighty-seven.

Present: The Hon. Stephen J. Field, associate justice of the Supreme Court of the United States; the Hon. Lorenzo Sawyer, circuit judge; the Hon. George M. Babin, United States district judge of Nevada.

In the matter of the application of the United States Pacific Railway Commission for an order to compel Hon. Leland Stanford to answer certain questions.—No. 5100.

This matter having been heretofore heard and submitted to the court for consideration and decision, and the same having been duly considered, Justice Field reads an opinion and Judges Sawyer and Babin concurring opinions, and thereupon it is ordered that the motion of the United States attorney, for a peremptory order upon the witness to answer the interrogatories propounded as set forth in the petition of the Railway Commission and the same hereby is, denied, and the order to show cause herein discharged.

[Indorsed.]

No. 5100. United States circuit court, ninth circuit, northern district of California. In the matter of the application of the United States Pacific Railway Commission for an order to compel Leland Stanford to answer certain questions. Certified copy of order.

I hereby certify that the foregoing is a full, true, and correct copy of an original judgment entered in the above entitled cause.

Attest my hand and the seal of said circuit court this 5th day of October, A. D. 1887.

[SEAL.]

L. K. B. SAWYER, Clerk.

DEPARTMENT OF THE INTERIOR,  
GENERAL LAND OFFICE, Washington, D. C., May 31, 1887.

Hon. L. Q. C. LAMAR,

*Secretary of the Interior:*

SIR: I am in receipt, through reference by the Assistant Secretary, on the 21st ultimo, for report, of a letter of the same date from the Pacific Railway Commission, requesting the following information, viz:

(1) A statement of all patents for lands issued to the Union Pacific Railway Company, the Central Pacific Railway Company, the Kansas Pacific Railway Company, the Great Branch of the Union Pacific Railway Company, the Western Pacific Railway Company, and the Sioux City and Pacific Railway Company, showing the total acreage of public lands donated to each company, and the date of the issue of such patents.

(2) The dates of the certificates of construction entitling the respective railway companies to the issue of patents.

(3) The amount of lands for which, under the several acts, patents may hereafter be issued, and which are as yet unpatented.

(4) Copies of the lists of selections of lands filed in this Department by the respective companies.

In reply, I have the honor to report that the following statement shows the number acres patented to each of the companies mentioned, and the date of and the number acres embraced in each patent.

*Union Pacific Railway Company.*

## NEBRASKA.

No. of	Number of	Date of patent.	No. of	Kind
	acres		patent.	of

## Union Pacific Railway Company—Continued.

## NEBRASKA—Continued.

(Joint with Sioux City and Pacific Railroad Company.)

Date of patent.	No. of patent.	Whole number of acres.	For Union Pacific.
Mar. 28, 1872	1	20,790.40	15,285.20
Oct. 15, 1872	2	20,404.61	15,452.25
Total		41,195.01	30,737.45

Right clear title	Acres.
do with Sioux City and Pacific, (2)	2,467,304.28
Total	2,467,304.28

(Under act of June 22, 1864. (18 Stat., 194))

Even numbered sections selected by the railway company in lieu of lands in odd numbered sections relinquished by it in favor of actual settlers whose entries or filings were allowed under the pre-emption or homestead laws subsequent to the time at which, by decision of the Land Office, the right of said road was declared to have attached to such lands:

Date of patent.	No. of patent.	No. of acres.
May 7, 1876	13	1,094.61
June 27, 1876	23	1,173.23
Total		2,267.84

## WYOMING.

Date of patent.	No. of patent.	No. of acres.	Date of patent.	No. of patent.	No. of acres.
Apr. 17, 1874	2	4,745.76	July 7, 1896	13	2,582.68
May 20, 1874	3	18,815.73	Feb. 24, 1897	19	461.16
Oct. 5, 1875	5	11,227.80	Total		30,704.27
Nov. 11, 1875	6	20,825.64			

(Act June 22, 1864. Even sections).

Apr. 12, 1876	8	473.92	Apr. 7, 1893	25	640
Oct. 24, 1876	10	5,423.45	Total		9,875.74
Nov. 24, 1877	17	435.80			

## COLORADO.

(Act June 22, 1864. Even sections).

Date of patent.	No. of patent.	No. of acres.
Apr. 26, 1890	23	640

## UTAH.

Apr. 24, 1897	1	
Apr. 14, 1898	1	
Total		

## Union Pacific Railway Company—Continued.

## UTAH—Continued.

[Act June 22, 1874. Even sections.]

Aug. 1, 1873

14 1,812

## RECAPITULATION.

State.	Under existing act.	Under act of June 22, 1874.	Total number of acres.
	Acres.	Acres.	
Nebraska	3,468,051.72	2,607.34	2,607.34
Wyoming	68,704.27	9,977.35	9,977.35
Colorado	38,051.39	1,141.50	1,141.50
Total	3,601,997.38	14,726.19	3,601,997.38

## Central Pacific Railroad Company.

## CALIFORNIA.

Date of patent.	No. of patent.	No. of acres.	Date of patent.	No. of patent.	No. of acres.
Jan. 4, 1866	1	45,430.54	July 15, 1876	21	1,821.00
Dec. 22, 1866	2	42,085.43	May 22, 1877	26	207.60
June 27, 1867	3	25,471.07	Apr. 19, 1880	30	12,872.00
Oct. 12, 1867	4	31,678.03	June 23, 1880	36	69,000.75
Apr. 18, 1870	5	177,184.20	Apr. 20, 1880	37	10,000.00
May 19, 1871	6	9,485.02	Apr. 30, 1880	38	10,000.00
Aug. 22, 1871	12	180.00	Jan. 31, 1885	42	3,000.00
Feb. 18, 1875	15	4,717.14	Apr. 30, 1885	43	10,000.00
Feb. 19, 1875	16	54,174.72	July 24, 1886	45	17,472.00
Feb. 20, 1875	17	7,204.17	Total		200,000.00
Dec. 20, 1875	20	102.70			

## NEVADA.

Dec. 8, 1876	31	182,740.72	July 31, 1880	49	17,000.00
Feb. 14, 1877	32	104,807.24	Total		200,000.00
June 7, 1878	33	11,543.18			
June 15, 1880	44	41,824.81			

[Act June 22, 1874. Even sections.]

Date of patent.	No. of patent.	No. of acres.
May 2, 1878	28	10

## UTAH.

Date of patent.	No. of patent.	No. of acres.	Date of patent.	No. of patent.	No. of acres.
Sept. 16, 1884	35	78,161.81	July 17, 1889	47	0.00
June 27, 1885	44	842.71	Total		78,161.81
Dec. 17, 1889	45	11,705.00			

Central Pacific Railway Company—Continued.

RECAPITULATION.

State.	Under granting act.	Under act of June 23, 1874.	Total number of acres.
	<i>Acres.</i> 899, 862.78 429, 232.92 120, 652.80	<i>Acres.</i> 100 100 100	429, 042.78 429, 042.92 120, 652.80
	1,040, 050.50	300	1,040, 350.50

Kansas Pacific Railway Company.

Date of patent.	Number of patents.	Kansas.	Colorado.
		<i>Acres.</i>	<i>Acres.</i>
1	1	25, 900.00	
2	2	26, 944.03	
3	3	54, 612.82	
4	4	208, 474.27	
5	5	18, 904.04	
6	6		10, 943.23
7	7	49, 444.74	
8	8	14, 234.10	
9	9	22, 394.87	
10	10	2, 876.83	
11	11	222, 490.23	
12	12	13, 404.08	
13	13	43, 740.37	
14	14		12, 980.43
15	15	78, 235.06	
16	16		2, 319.93
17	17		
18	18	26, 483.55	
19	19		
20	20		29, 704.78
		917, 795.97	45, 918.34
		963, 714.32	

RECAPITULATION.

	<i>Acres.</i>
	917, 795.97
	45, 918.34
	963, 714.32

Central Branch Union Pacific Railroad Company.

KANSAS.

No. of patent.	No. of patent.	No. of acres.	Date of patent.	No. of pages.
2	1	182, 783.35	Apr. 10, 1886.	
3	2	2, 500.08	Aug. 17, 1888.	
4	3			
5	4	1, 134.71	Total.	



# S. PACIFIC RAILWAY COMMISSION.

Western Pacific Railroad Company.

## CALIFORNIA.

Date of patent.	No. of patent.	No. of acres.	Date of patent.	No. of patent.	No. of acres.
June 25, 1867	1	12,501.67	July 25, 1870	18	2,301.34
Mar. 25, 1868	2	4,943.16	Nov. 25, 1870	19	2,121.01
Mar. 6, 1870	3	32,960.14	Sept. 8, 1870	20	2,101.00
Apr. 9, 1870	4	98,322.26	May 23, 1877	27	101.00
May 31, 1870	5	111,194.36	June 8, 1878	28	721.00
Oct. 18, 1873	6	7,017.33	June 8, 1879	31	2,001.00
Nov. 25, 1871	7	12,723.21	July 15, 1880	32	2,504.29
Apr. 8, 1872	8	35,876.15	July 21, 1880	34	2,004.00
Dec. 24, 1872	9	41,014.42	June 28, 1882	35	24,072.75
Feb. 28, 1874	10	31,022.00	Oct. 8, 1881	40	1,201.00
May 7, 1874	11	1,657.20	Nov. 25, 1883	41	101.00
Aug. 28, 1874	12	650.10			
Nov. 25, 1874	14	10,200.00	Total		47,761.00

For the patents bearing the following numbers, see statements of patents issued to the Central Pacific Railroad Company, the two series of numbers having been consolidated after the consolidation of the Western Pacific with that company in 1870.

(Bionx City and Pacific Railroad Company.)

Date of patent.	Number of patent.	Nebraska.	Iowa.
Feb. 11, 1873	1		2,141.00
Nov. 15, 1873	2	11,307.67	101.00
Apr. 22, 1874	3		101.00
Total		11,307.67	4,143.00

(Joina with Union Pacific Railway Company.) \*

## NEBRASKA.

Date of patent.	Number of patent.	Whole number of acres.	For Missouri and Pacific.
May 29, 1873	1	30,790.10	14,201.00
Dec. 12, 1873	2	30,914.51	10,612.50
Total		61,704.61	24,813.50

Within char limits—Nebraska 11,307.67  
 Joina with Union Pacific—Nebraska (3) 24,813.50  
 Total in Nebraska 37,621.17

(Act of June 22, 1871. Even sections.)

Date of patent.	Number of patent.	State.	Number of acres.
Apr. 9, 1877	4	Iowa.	

## Western Pacific Railroad Company—Continued.

## RECAPITULATION.

	Under granting act.	Under act of June 22, 1874.	Total number of acres.
STATE.	Acres.	Acres.	
	\$7,058.13		\$7,058.13
	4,181.51	761.66	4,943.17
1.	41,386.63	761.66	41,386.63
NAME OF ROAD.			
dis.	2,021,887.00	14,379.10	2,036,266.10
ville	1,000,000.00	150.00	1,000,150.00
ville	263,714.00		263,714.00
with Union Pacific	218,350.00		218,350.00
ville	447,700.00		447,700.00
and Pacific	41,386.63	761.66	41,386.63
1.	5,012,637.64	14,491.76	5,027,129.40

Completed sections of the roads in question were accepted by the President,  
2:

## Union Pacific Railway.

	No. of miles.	Date of ac- ceptance.		No. of miles.	Date of ac- ceptance.
4th mile post	40	Jan. 24, 1866	580th to 600th mile post	20	June 12, 1869
5th mile post	20	May 1, 1866	600th to 620th mile post	20	June 10, 1869
6th mile post	20	June 25, 1866	620th to 640th mile post	20	July 21, 1869
7th mile post	20	July 12, 1866	640th to 660th mile post	20	July 23, 1869
8th mile post	20	Aug. 8, 1866	660th to 700th mile post	40	Aug. 8, 1869
9th mile post	40	Sept. 8, 1866	700th to 720th mile post	20	Aug. 27, 1869
10th mile post	20	Oct. 12, 1866	720th to 740th mile post	20	Sept. 8, 1869
11th mile post	20	Nov. 5, 1866	740th to 760th mile post	20	Sept. 26, 1869
12th mile post	20	Jan. 2, 1867	760th to 780th mile post	20	Oct. 21, 1869
13th mile post	20	June 10, 1867	780th to 800th mile post	20	Nov. 10, 1869
14th mile post	20	July 8, 1867	800th to 820th mile post	20	Dec. 5, 1869
15th mile post	20	Aug. 27, 1867	820th to 840th mile post	20	Dec. 12, 1869
16th mile post	20	Oct. 1, 1867	840th to 860th mile post	20	Dec. 14, 1869
17th mile post	20	Nov. 4, 1867	860th to 880th mile post	20	Dec. 23, 1869
18th mile post	20	Dec. 14, 1867	880th to 900th mile post	20	Jan. 29, 1870
19th mile post	20	Jan. 29, 1868	900th to 1000th mile post	100	Feb. 9, 1870
20th mile post	20	May 25, 1868			
21st mile post	20	May 16, 1869	1000th to 1038.60th mile post	38.60	July 15, 1869

Common terminus and point of junction of the Union Pacific Railway and the  
Pacific Railroad as fixed and established under the provisions of the act of Con-  
gress May 6, 1870 (16 Stats., 121), is situated in the NW.  $\frac{1}{4}$  of the NE.  $\frac{1}{4}$  of  
township 6 north, range 2 west, Utah Territory, 1,038.60 miles west of Omaha,  
and 737  $\frac{1}{2}$  miles east of Sacramento, Cal.

## Central Pacific Railroad.

	No. of miles.	Date of acceptance.		No. of miles.	Date of acceptance.
*Sacramento to 31st mile-post.....	31		320th to 375th mile-post.....	75	Nov. 1, 1868
31st to 74th mile-post.....	43	Dec. 14, 1868	375th to 390th mile-post.....	15	Nov. 1, 1868
74th to 84th mile-post.....	10	Oct. 21, 1867	390th to 410th mile-post.....	20	Dec. 1, 1868
84th to 114th mile-post.....	30	July 19, 1868	410th to 430th mile-post.....	20	Dec. 1, 1868
114th to 125th mile-post.....	11	Dec. 10, 1867	430th to 450th mile-post.....	20	Dec. 1, 1868
125th to 139th mile-post.....	14	June 8, 1869	450th to 470th mile-post.....	20	Jan. 1, 1869
139th to 175th mile-post.....	36	Aug. 8, 1868	470th to 490th mile-post.....	20	Jan. 1, 1869
175th to 215th mile-post.....	40	Aug. 12, 1868	490th to 510th mile-post.....	20	Feb. 1, 1869
215th to 235th mile-post.....	20	Sept. 7, 1868	510th to 570th mile-post.....	60	May 1, 1869
235th to 240th mile-post.....	5	Sept. 18, 1868	570th to 590th mile-post.....	20	July 1, 1869
240th to 250th mile-post.....	10	Oct. 10, 1868	590th to 737.5th mile-post.....	147.5	July 1, 1869
250th to 260th mile-post.....	10	Oct. 24, 1868			

\* Written acceptance can not be found. Said to have been accepted verbally by President Lincoln.

That portion of the Central Pacific Railroad which lies between the 590.5th mile-post (Promontory) and the junction with the Union Pacific Railway, 737.5 miles east of Sacramento, was constructed by the Union Pacific Railway Company and purchased by the Central Pacific Railroad Company, under the provisions of the joint resolution of April 1, 1869 (16 Stat., 50).

## Kansas Pacific Railway.

	No. of miles.	Date of acceptance.		No. of miles.	Date of acceptance.
From State line (Kansas City) to 40th mile-post.....	40	Oct. 25, 1865	290th to 300th mile-post.....	10	Sept. 15, 1867
40th to 52d mile-post.....	12	Dec. 30, 1865	300th to 310th mile-post.....	10	Oct. 25, 1867
52d to 59th mile-post.....	7	May 8, 1866	310th to 320th mile-post.....	10	Dec. 1, 1867
59th to 105th mile-post.....	46	July 7, 1866	320th to 330th mile-post.....	10	Apr. 27, 1868
105th to 130th mile-post.....	25	Oct. 15, 1866	330th to 340th mile-post.....	10	May 20, 1868
130th to 135th mile-post.....	5	Jan. 22, 1867	340th to 350th mile-post.....	10	Oct. 21, 1868
135th to 150th mile-post.....	15	May 4, 1867	350th to 360th mile-post.....	10	
150th to 210th mile-post.....	60	June 10, 1867	360th to 370th mile-post.....	10	
210th to 224th mile-post.....	14	Aug. 12, 1867	370th to 380th mile-post.....	10	
			380th to 390th mile-post.....	10	
			390th to 400th mile-post.....	10	
			400th to 410th mile-post.....	10	
			410th to 420th mile-post.....	10	
			420th to 430th mile-post.....	10	
			430th to 440th mile-post.....	10	
			440th to 450th mile-post.....	10	
			450th to 460th mile-post.....	10	
			460th to 470th mile-post.....	10	
			470th to 480th mile-post.....	10	
			480th to 490th mile-post.....	10	
			490th to 500th mile-post.....	10	
			500th to 510th mile-post.....	10	
			510th to 520th mile-post.....	10	
			520th to 530th mile-post.....	10	
			530th to 540th mile-post.....	10	
			540th to 550th mile-post.....	10	
			550th to 560th mile-post.....	10	
			560th to 570th mile-post.....	10	
			570th to 580th mile-post.....	10	
			580th to 590th mile-post.....	10	
			590th to 600th mile-post.....	10	
			600th to 610th mile-post.....	10	
			610th to 620th mile-post.....	10	
			620th to 630th mile-post.....	10	
			630th to 640th mile-post.....	10	
			640th to 650th mile-post.....	10	
			650th to 660th mile-post.....	10	
			660th to 670th mile-post.....	10	
			670th to 680th mile-post.....	10	
			680th to 690th mile-post.....	10	
			690th to 700th mile-post.....	10	
			700th to 710th mile-post.....	10	
			710th to 720th mile-post.....	10	
			720th to 730th mile-post.....	10	
			730th to 740th mile-post.....	10	
			740th to 750th mile-post.....	10	
			750th to 760th mile-post.....	10	
			760th to 770th mile-post.....	10	
			770th to 780th mile-post.....	10	
			780th to 790th mile-post.....	10	
			790th to 800th mile-post.....	10	
			800th to 810th mile-post.....	10	
			810th to 820th mile-post.....	10	
			820th to 830th mile-post.....	10	
			830th to 840th mile-post.....	10	
			840th to 850th mile-post.....	10	
			850th to 860th mile-post.....	10	
			860th to 870th mile-post.....	10	
			870th to 880th mile-post.....	10	
			880th to 890th mile-post.....	10	
			890th to 900th mile-post.....	10	
			900th to 910th mile-post.....	10	
			910th to 920th mile-post.....	10	
			920th to 930th mile-post.....	10	
			930th to 940th mile-post.....	10	
			940th to 950th mile-post.....	10	
			950th to 960th mile-post.....	10	
			960th to 970th mile-post.....	10	
			970th to 980th mile-post.....	10	
			980th to 990th mile-post.....	10	
			990th to 1000th mile-post.....	10	

## Central Branch Union Pacific Railroad.

Atchison, Kans., to 20th mile-post.....	20	July 12, 1866	40th to 50th mile-post.....	10	Apr. 25, 1867
20th to 30th mile-post.....	10	Dec. 5, 1866	50th to 60th mile-post.....	10	Dec. 1, 1867
			60th to 70th mile-post.....	10	Jan. 20, 1868

## Western Pacific Railroad.

San José, Cal., to 20th mile north.....	20	Dec. 14, 1869	23d to 103.10th mile west of Sacramento, or to the 20th mile-post north of San José.....	20.16	Jan. 20, 1870
Sacramento to 20th mile west.....	20	Sept. 1, 1869			
20th to 63d mile west of Sacramento.....	63	Oct. 27, 1869	Total.....	123.16	

## Sioux City and Pacific Railroad.

Sioux City, Iowa, to 20th mile-post.....	20	Mar. 27, 1869	Cal. Junction, Iowa, to Fremont, Neb.....	21.77	Mar. 2, 1870
20th mile-post to Cal. Junction.....	42.3	Mar. 9, 1869	Total.....	61.77	

(3) With respect to the quantity of land which is as yet unpatented to the companies mentioned I have to state that such quantities can not be given with accuracy, as most of the lands are, as yet, unsurveyed, and no complete adjustment, for the purpose of

retaining the losses sustained by the several grants, by reason of settlements, entries, surrenders, etc., has been made.

The number of acres granted to the companies in question is, however, estimated as follows:

To the Union Pacific Railway Company, 11,000,844 acres, of which 4,853,844 acres are in the State of Nebraska, 590,000 acres in Colorado, 5,015,000 acres in Wyoming, and 542,000 acres in Utah.

The grant to the Central Pacific Railroad Company is estimated at 8,000,000 acres, of which 1,600,000 acres are in the State of California, 5,100,000 acres in Nevada, and 1,300,000 acres in Utah.

The grant to the Kansas Pacific Railway Company is estimated at 6,000,000 acres, of which 4,000,000 acres are in Kansas and 2,000,000 acres in Colorado.

The Western Pacific Railroad Company, the Central Branch Union Pacific Railroad Company, and the Sioux City and Pacific Railroad Company have selected practically all the lands within the limits of their respective grants which were subject thereto, except, perhaps, isolated tracts, the greater portion of which have been patented, for which reason no estimate of the number of acres granted to said companies is submitted.

(4) Copies of the lists of selections of lands filed in this Department by the companies named are also requested.

As there are, including the patented lists, 290 lists of such selections, embracing 1,210,000 acres, to prepare copies of which would, with the force which could be assigned to such duty, require at least three months, such copies have not been prepared. If, however, the commissioners still desire said copies, and will so advise this office, they will be furnished as soon as possible.

The following statement shows the number of acres selected by the respective companies which have not been patented, and are now awaiting examination by this office:

Union Pacific:		Acres.
Nebraska	.....	523,785.20
Colorado	.....	
Wyoming	.....	555.11
Utah	.....	2,162.70
Total	.....	531,504.17
Central Pacific:		
California	.....	330,725.50
Nevada	.....	51,807.10
Utah	.....	154,453.47
Total	.....	546,986.07
Kansas Pacific:		
Kansas	.....	798,870.23
Colorado	.....	25,002.67
Total	.....	824,872.90
Central Branch Union Pacific:		
Kansas	.....	4,310.17
Western Pacific:		
California	.....	6,028.95
Sioux City and Pacific:		
Nebraska	.....	1,937.79

The following statement shows the number of acres patented to and selected by each of the several companies, which selections are now pending in this office:

Railroad.	Acres patented.	Acres of selections pending.	Total patented and selected.
Union Pacific	2,816,175.00	500	2,816,675.00
Central Pacific	1,040,210.00	600	1,040,810.00
Kansas Pacific	603,714.00	500	604,214.00
Central Branch Union Pacific	818,290.00	4	818,294.00
Western Pacific	447,300.00	0	447,300.00
Sioux City and Pacific	41,300.25	0	41,300.25
Total	5,727,689.25	1,104	5,728,793.25

The following statement shows the number of acres selected by each of the several companies (including patented selections), the estimated number of acres granted to each, and the estimated number of acres remaining unselected:

Railroad.	Acres selected.	Estimated number of acres granted.	Estimated number of acres unselected.
Union Pacific.....	8,147,482.17	11,308,844	8,112,52.7
Central Pacific.....	1,888,247.34	8,088,108	4,811,78.7
Kansas Pacific.....	1,788,268.42	8,901,060	
Central Branch Union Pacific.....	222,800.25		
Western Pacific.....	452,794.28		
St. Louis City and Pacific.....	45,826.42		

The commissions' letter is herewith returned.

Very respectfully, your obedient servant,

WM. A. J. SPANER,  
Commissioner.

*Agreement of the Transcontinental Association.*

*Resolved:* (1) San Francisco and Portland shall be regarded as common points in the matter of rates to and from Eastern common or competitive points.

(2) The through rates via all routes to and from Portland, via San Francisco, and to and from San Francisco, via Portland, shall be the same upon business exchanged with Eastern common or competitive points in the United States or Canada.

(3) All business passing through San Francisco to or from points north of the Oregon-California State line shall be delivered to the line of the Oregon Railway and Navigation Company, Pacific Coast Steamship Company, or Oregon Improvement Company, in consideration of which the companies named will give to the Southern routes a rebate of 20 per cent. from the tariff rate—which shall not be increased—between San Francisco or Portland and points north. It is further agreed that in the event of ocean competition between San Francisco and said Northern points, the steamship lines of the above-named companies will guarantee protection against rates made by other steamships not controlled, subsidized, or chartered by any of the lines parties to this agreement.

Rates on business to and from points north of the Oregon and California State line, when carried via San Francisco, except the business of Portland, and the canned-salmon business of Astoria, shall be made by adding to the Portland or San Francisco rates a charge which shall not be less than the local charge of the Northern Pacific Railroad, between Portland and such points, nor more than the present established rates between San Francisco and such points, less the 20 per cent. rebate hereinbefore guaranteed.

(4) The through rates between eastern through or competitive points and points in California, other than San Francisco, for business forwarded via Portland, shall be made by adding to the through rates between said eastern points and San Francisco the current local rates of the regular established transportation lines, which may carry the business between said California points and San Francisco.

(5) All lines here represented solemnly agree to maintain the rates now in force, or which may hereafter be mutually agreed upon, between San Francisco and Portland, on the one hand, and eastern through or competitive points in the United States or Canada on the other hand, without cut, rebate, or deviation in any manner, it being the understanding that the giving of passes or reduced fares to, or upon request of, or for account of shippers or consignees or their families, or to any person, for the purpose of influencing business, or the payment of any ticket commissions, shall be regarded as a violation of this agreement, subjecting the offender to the penalties hereinafter provided.

(6) From and after the date of this agreement no street commission or ticket rebate on east-bound overland tickets will be paid by the companies parties hereto; and connecting eastern lines shall be requested by the commission hereafter to be appointed to discontinue the payment of street commissions and rebates to passengers, and the making of any cuts whatever from established through rates; and should any such railroad company fail or refuse to comply with such requests, it shall be the duty of the commission to notify the Pacific coast terminal companies, which shall then suspend the sale of all tickets over the lines so failing or refusing for so long a time as the commissioner may direct.

And further, the Pacific coast terminal companies shall, through the commission, redeem (within five days from date of issue), at the full amount received by them therefor, any and all through tickets of their respective issues, purchased by or for passengers at such times and under such circumstances as may be deemed best by the commission.

(7) All special contracts binding shippers to one or more of the parties herein shall

Immediately thrown open to each and every other party to this agreement, and consign shippers shall be notified to that effect.

A commissioner shall be appointed whose salary and expenses shall be paid by the parties hereto in proportion as the earnings from the business subject to treatment are shared by each.

Said commissioner shall arbitrate all disputes arising under this agreement between the parties thereto, and his decision shall be final and binding upon all. Complaints by one or more parties against other parties hereto shall be made in writing to the commissioner, who shall promptly investigate and give judgment according to the within thirty days, unless more time shall seem to be necessary for full inquiry and consideration upon the part of the commissioner.

If any party hereto is adjudged by the commissioner to have deviated from the established rates, said party shall be fined for each offense three times the amount of gain which would have accrued from the business had it been taken at the regulated rates, but not less in any case than \$500.

Each party hereto shall deposit with some solvent bank, to the order of the commissioner, the sum of \$5,000, and shall keep that sum so deposited. From said funds shall be collected by the commissioner.

The funds collected by the commissioner shall be distributed among the non-offending parties hereto in proportion to their earnings from the business, subject to this rule.

The commissioner shall have access to all books and papers of the parties hereto having a bearing upon the Pacific coast traffic, which is the subject of this agreement.

It is also agreed that, so far as practicable, the parties to this agreement will promulgate through rates and carry out all instructions that may be issued by the commissioner in order to protect the through rates, so that one line may not have any advantage over another.

Said commissioner shall be promptly supplied at the close of each day's business with a legible impression copy of the way-bills for all freight covered by this agreement. It is supplied by each of the parties hereto with such other statistics and statements as he may desire, as to the business done by them and covered by this agreement. It is agreed that a new passenger tariff will be issued as soon as practicable, and that the lines can not agree on rates the commissioner will settle all the differences that come up, such as giving side rides and other matters. His action will be final.

It is agreed that the subsidy now paid the Pacific Mail Steamship Company for routes between San Francisco and New York shall be borne by the several companies represented in the proportions of their revenue from the San Francisco business by this agreement.

It is understood and agreed that the Pacific mail business between New York and San Francisco shall be managed fairly and impartially in the interests of all lines concerned and shall not be used as a means of securing business for any one or more of these lines against others, and that any complaints upon this subject shall be referred to and decided by the commissioner, subject to the same fine that is provided for the cutting of rates. It is being understood that the commissioner's relations to the Pacific mail business between New York and San Francisco shall be the same as his relations to the other business which is the subject of this agreement.

This agreement shall take effect October 1, 1883, and continue in force until December 31, 1884, or until sixty days' written notice shall have been given to the commissioner, by one or more parties hereto, of a desire or intention to withdraw therefrom.

Witness the HANDS OF THE SIGNERS, at San Francisco, California, this 28th day of September, 1883.

For the ATCHAFALAYA, TOWNE and SANTA FE RAILROAD COMPANY,

J. F. GODDARD, *Traffic Manager*.

BURLINGTON AND MISSOURI RIVER RAILROAD,

By T. J. POTTER, *Vice-President*.

CENTRAL PACIFIC RAILROAD COMPANY,

By A. N. TOWNE, *General Manager*.

DENVER AND RIO GRANDE RAILWAY,

By H. C. DODGE, *Vice-President and General Manager*.

GALVESTON, HARRISBURG AND SAN ANTONIO RAILWAY COMPANY,

By A. N. TOWNE, *General Manager*.

NORTHERN PACIFIC RAILROAD COMPANY,

By JOHN MUIR, *Superintendent of Traffic*.

SOUTHERN PACIFIC RAILWAY COMPANY,

By A. N. TOWNE, *General Manager*.

THE TEXAS AND PACIFIC RAILWAY,

By H. M. HOXIE, *Third Vice-President*.

UNION PACIFIC RAILWAY COMPANY,

By S. H. H. CLARK, *General Manager*.

*Agreement of the Trans-Continental Association.*

TOPEKA, KANS., November 8, 1881.

The agreement of the Trans-Continental Association, dated September 26, 1881, is hereby altered and amended to read as follows:

Section 4 is amended by substituting the word "Portland" for the word San Francisco in the last two places in said section in which the word San Francisco occurs.

Sections 1, 2, and 3 are canceled, and the following clauses substituted therefor:

Rates between San Francisco, on the one hand, and Galveston, Council Bluffs, Omaha, Kansas City, and intermediate points on the Missouri River and points common therewith, on the other, shall be the same as the rates between Portland, on the one hand, and Saint Paul, Minneapolis, Minnesota Transfer, Duluth, and Superior, and points common therewith, on the other.

Rates between San Francisco and the Northern Pacific Railroad's eastern terminals, and points east thereof via Portland, shall be made by adding to the agreed Portland rates, as herein provided for, the established ocean tariff.

Rates between points north of the Oregon and California State line and eastern points via San Francisco, shall be made by adding to the agreed San Francisco rates, herein provided for, the established ocean tariff.

In consideration of the foregoing, the Northern Pacific and the Oregon Railroad and Navigation Company shall be paid by the other lines, parties hereto, in the manner hereinafter provided, 6 per cent. of the gross earnings accruing to the said other lines on business between, or passing through eastern points herein named and San Francisco, except business received from or delivered to the Occidental and Oriental Steamship Company, or the Pacific Mail Steamship Company, it being understood that the Northern Pacific Railroad and the Oregon Railroad and Navigation Company share in the subsidy to be paid the Pacific Mail Steamship Company in accordance with section seventeenth.

Settlements to be made monthly, on receipt of the Commissioner's statement of the net balance.

It being understood that the Trans-Continental agreement, as now modified, shall not in any way affect the rights of the Oregon Short Line Railway Company, or the Utah and Northern Railway Company, under their contracts with the Northern Pacific Railroad Company and the Oregon Railway and Navigation Company.

Provided, That the Utah and Northern Railway shall not make lower rates to or from San Francisco via Portland, than the rates made to and from San Francisco direct by the parties hereto.

Part 1. That whenever the percentages of any of the members of this association hereinafter changed, or whenever any new members are admitted to this association, the percentages of all the members shall be re-adjusted in line to the rules of this association.

2. The through rates between eastern points and competitive points and points in California other than Portland, as herein provided via Portland, shall be made by adding to the agreed rates between said eastern points and Portland, the current local rates of the line or lines, or combination of lines, which may carry the business between said eastern points and said competitive points.

3. A line which carries business between any of the points when the rates now in force, or which may be in force, on the line between San Francisco and Portland, on the one hand, and any of the points in the United States or Canada, on the other, shall be deemed to be a competitive line, in any manner it being the understanding that such line shall not be required to meet off, or for the account of, such business, or to make any provision for the purpose of increasing its business, or to make any other provision, which shall be regarded as violating the provisions of this agreement, except in the manner provided.

4. The parties hereto shall appoint a committee on ticket relations, or ticket relations committee, to be composed of representatives of the parties hereto, and connected with the business of the parties hereto, to be appointed to be the duty of the committee to make such investigations as may be required, and any such railroad company or companies, or other parties, shall then spend the same time as the Committee on Ticket Relations.

5. The parties hereto shall appoint a committee on the part of the parties hereto, to be composed of representatives of the parties hereto, and connected with the business of the parties hereto, to be appointed to be the duty of the committee to make such investigations as may be required, and any such railroad company or companies, or other parties, shall then spend the same time as the Committee on Ticket Relations.

6. The parties hereto shall appoint a committee on the part of the parties hereto, to be composed of representatives of the parties hereto, and connected with the business of the parties hereto, to be appointed to be the duty of the committee to make such investigations as may be required, and any such railroad company or companies, or other parties, shall then spend the same time as the Committee on Ticket Relations.

8. A commissioner shall be appointed, whose salary and expenses shall be paid jointly by the parties hereto in proportion as the earnings from the business subject to this agreement are shared by each.

9. Said commissioner shall arbitrate all disputes arising under this agreement between the parties hereto, and his decision shall be final and binding upon all. Complaints by one or more parties against other parties hereto shall be made in writing to the commissioner, who shall promptly investigate and give judgment according to the facts within thirty days, unless more time shall seem to be necessary for full inquiry and consideration on the part of the commissioner.

10. If any party hereto is adjudged by the commissioner to have deviated from the established rates, said party shall be fined for each offense three times the amount of savings which would have accrued from the business had it been taken at the regularly established rates, but not less, in any case, than \$500.

11. Each party hereto shall deposit with some solvent bank, to the order of the commissioner, the sum of \$5,000, and shall keep that sum so deposited. From said sum all fees shall be collected by the commissioner.

12. The fines collected by the commissioner shall be distributed among the non-offending parties hereto in proportion to their earnings from the business, subject to this agreement.

13. The commissioner shall have access to all books and papers of the parties hereto which have a bearing upon the Pacific Coast traffic, which is the subject of this agreement.

14. It is also agreed that, so far as practicable, the parties to this agreement will protect the through rates and carry out all instructions that may be issued by the commissioner in order to protect the through rates, so that one line may not have any advantage over any other line.

15. Said commissioner shall be promptly supplied at the close of each day's business with a legible impression copy of the way-bills for all freight covered by this agreement, and shall be supplied by each of the parties hereto with such other statistics and statements as he may desire, as to the business done by them and covered by this agreement.

16. It is agreed that a new passenger tariff will be issued as soon as practicable, and in case the lines can not agree on rates, the commissioner will settle all the differences that may come up, such as giving side rides and other matters. His action will be final.

17. It is agreed that the subsidy now paid the Pacific Mail Steamship Company, for mailbags between San Francisco and New York, shall be borne by the several companies here represented, in the proportions of their revenue from the San Francisco business covered by this agreement.

18. It is understood and agreed that the Pacific Mail business between New York and San Francisco shall be managed fairly and impartially, in the interests of all lines concerned, and shall not be used as a means of securing business for any one or more of these lines as against others, and that any complaints upon this subject shall be referred to and decided by the commissioner, subject to the same fine that is provided for the setting of rates.

It being understood that the commissioner's relations in the Pacific Mail business between New York and San Francisco shall be the same as his relations to the other business which is the subject of this agreement.

19. This agreement shall take effect October 1, 1883, and continue in force until December 31, 1884, or until ninety days' written notice shall have been given to the commissioner, by one or more parties hereto, of a desire or intention to withdraw therefrom. Done at San Francisco, Cal., this 26th day of September, 1883.

For the ATCHAFALAYA, TOPEKA AND SANTA FE RAILROAD COMPANY,  
J. E. GODDARD, *Traffic Manager*.

For the BURLINGTON AND MISSOURI RIVER RAILROAD,  
T. J. POTTER, *Vice-President*.

For the CENTRAL PACIFIC RAILROAD COMPANY,  
A. N. TOWNE, *General Manager*.

For the DENVER AND RIO GRANDE RAILWAY,  
D. C. DODGE,  
*Vice-President and General Manager*.

For the GALVESTON, HABENBROUGH AND SAN ANTONIO RAILROAD COMPANY,  
A. N. TOWNE, *General Manager*.

For the NORTHERN PACIFIC RAILROAD COMPANY,  
JOHN MUIR, *Superintendent of Traffic*.

For the SOUTHERN PACIFIC RAILROAD COMPANY,  
*General Manager*.

For the TEXAS AND PACIFIC RAILWAY,  
*President*.

For the UNION PACIFIC RAILWAY COMPANY,



*Resolutions adopted at a meeting of the Trans-Continental Association, held at Tokyo, Hon., November 7 and 8, 1893.*

*Resolved*, That while it is the wish of all parties, members of the Trans-Continental Association, to continue existing schedules of rates for excursion parties from the East to the Pacific coast and return, all applications for such transportation rates and special arrangements be referred to and acted upon by the commissioner, who shall advise those interested as to routes, etc.

*Resolved*, That from and after November 10, 1893, the allowances of free baggage on overland tickets will be as follows:

	Pounds.
Each full or whole weight.....	150.00
Theatrical tickets, as now.....	200.00
Trans-Pacific tickets, as now.....	250.00

Children's (½) tickets one-half of above, respectively.

The above allowances to include baggage checked to local or intermediate points, the owner having paid through excess or extra baggage charges (if any).

All second-class or emigrant baggage to be checked only to actual destination of the passenger.

*Resolved*, That from and after November 10, 1893, no stop-over privileges be granted to holders of emigrant or third-class overland tickets, excepting in cases of possible illness, making such privilege an actual necessity.

SECRETARY'S OFFICE,  
CENTRAL PACIFIC RAILROAD COMPANY,  
San Francisco, September 16, 1893.

DEAR SIR: In response to your request, I have made out, and hand you herewith, a diagram showing the lines of the Central Pacific Railroad, and the mortgages thereon. This diagram is in accordance with the idea expressed by you, as I understand it.

Very truly yours,

G. L. LANSING,  
Assistant Secretary.

CHARLES P. YOUNG, Esq.,  
Secretary U. S. Pacific Railway Commission, 10 Wall Street, New York.

SECRETARY'S OFFICE,  
CENTRAL PACIFIC RAILROAD COMPANY,  
San Francisco, September 8, 1893.

SIR: In response to your verbal request made at the last day of the session of your Commission in San Francisco, I hand you herewith statements regarding the freight and passenger traffic of the Central Pacific Railroad Company and associated lines for the ten years ending 1891, stated annually, showing the decrease of rates and the increase of traffic.

Very respectfully,

G. L. LANSING,  
Assistant Secretary.

Hon. ROBERT E. PATTERSON,  
Chairman Pacific Railway Commission, No. 10 Wall Street, Room 33, New York.

of passenger traffic, rates, and gross receipts from same, on the Central Pacific and leased lines, and the same lines operated by the Southern Pacific Company, April 1, 1886.

[C. P. R. Co.—Passenger traffic—1877-1886.]

Year.	Passengers carried one mile.	Miles of road.	Passengers carried one mile to each mile of road.	Rate per passenger per mile.	Gross receipts.
				<i>Cents.</i>	
1877	181,715,265	1,785	101,907	3.02	\$5,488,704
1878	179,772,825	2,119	84,850	3.05	5,264,918
1879	180,779,711	2,819	77,953	3.73	4,910,264
1880	181,415,408	2,467	77,560	3.94	5,358,794
1881	218,117,780	2,707	80,875	3.90	6,509,523
1882	225,324,263	2,041	84,125	3.92	7,474,236
1883	221,109,508	2,898	97,100	3.73	7,945,526
1884	275,034,119	2,807	98,041	3.63	7,226,670
1885	280,146,706	2,893	97,041	3.46	6,377,986
1886	226,514,009	2,899	112,931	3.02	6,379,561

average rate per passenger carried one mile, for 1877, was 3.02 cents, as compared with 1886, a difference of 1 cent, or about 60 per cent. The average passenger for the same time shows that for 1886 to have been about 12 per cent. less for 1877. The increase of passenger traffic is thus not commensurate with that in rates.

one receipts from passenger traffic on all lines in 1886 was, at the average rate cents per mile, \$6,579,561. Had the average rate for 1877 been paid on the 1886, the gross receipts would have been for the latter year \$5,358,794, or 18 more than they actually were.

I certify that the foregoing statement is compiled from the books and records of the Central Pacific Railroad Company and the Southern Pacific Company, and that it is true, according to the best of my knowledge and belief.

G. L. LANSING,

Assistant Secretary (C. P. R. Co.).

Subscribed and sworn to before me this 7th day of September, A. D. 1887.

E. B. RYAN,

Notary Public in and for the City and County of San Francisco, State of California.

of freight traffic, rates, and gross receipts from same on the Central Pacific Railroad and leased lines, and the same lines operated by the Southern Pacific Company from April 1,

[C. P. R. Co.—Freight traffic—1877-1886.]

Year.	Tons carried per mile.	Miles of road.	Tons carried one mile to each mile of road.	Rate per ton per mile.	Gross receipts from freight.
				<i>Cents.</i>	
1877	374,492,037	1,785	209,338	2.71	\$9,739,159
1878	362,241,712	2,119	169,138	2.73	10,000,270
1879	442,548,763	2,819	157,009	2.43	10,404,374
1880	505,083,768	2,467	204,696	2.74	13,115,167
1881	733,296,949	2,707	270,890	2.16	15,042,139
1882	902,994,346	2,041	442,625	1.41	16,702,002
1883	775,176,492	2,898	267,433	1.92	14,032,000
1884	664,307,619	2,807	236,724	1.96	24,043,034
1885	634,205,752	2,893	219,074	1.63	12,000,553
1886	510,384,417	2,899	174,625	1.36	12,000,430

go rate for 1877 was 2.71 cents per ton per mile, as compared with 1886, a rate of 1.33 cents, or about 100 per cent. The average traffic for the same time

shows that for 1899 to have been but about 65 per cent. greater than for 1877. The income of traffic is therefore not commensurate with the reduction of rates.

The gross receipts from freight traffic for all lines in 1899 was, at the average rate of 1.38 cents per ton per mile, \$13,935,430. Had the average rate of 1877 been paid on the traffic of 1899 the gross receipts would have been \$25,733,009, or about \$12,644,579 more than they actually were.

I hereby certify that the foregoing statement is compiled from the books and records of the Central Pacific Railroad Company and Northern Pacific Company, and that the same is true according to the best of my knowledge and belief.

G. L. LANSING,  
Assistant Secretary C. P. & N. P.

Subscribed and sworn to before me this 7th day of September, A. D. 1897.  
[Swat.]

E. D. RYAN,  
Notary Public in and for the City and County of  
San Francisco, State of California.

UNION PACIFIC RAILWAY COMPANY,  
GENERAL TRAFFIC MANAGER'S OFFICE,  
Omaha, September 29, 1897.

DEAR SIR: In my examination the Commission asked an explanation of rebates paid on coal shipped from Eldon, and also rebates paid to the Clyde Mill, in Kansas. As I was not familiar with the cases at the time, I have since investigated them, and copy below the result, which will show why these rebates were allowed.

You will also find copy of the sworn statement of J. H. Ferguson, which shows why the Union Pacific company was forced to pay rebates to the Omaha and Great and other smelting and refining companies on shipments of blinton. This should go into the record of my testimony as a sample of the competition we have had to meet in the past by rebate.

Yours truly,

THOS. L. KIMBALL,  
Assistant to Vice-President.

CHARLES P. YOUNG, Esq.,  
Secretary Pacific Railway Commission, 10 Wall Street, New York.

[Eldon Coal and Mining Company, Omaha. Hanson & Adams, Central City. Seven original in loose bills herewith.]

OCTOBER 10, 1892.

DEAR SIR: Please reduce charges to \$1.50 per ton from Ottumwa or Eldon, Iowa, to Central City, charging the Chicago, Rock Island and Pacific Railroad 60 per cent. of the overcharge, using mine weight as basis of settlement.

It was necessary for me to make this rate of \$1.50 in order to put Eldon coal down at Central City at the same price at which White Breast coal was being delivered.

Please give the matter immediate attention, as I have said to Mr. Ladd, secretary of the Eldon Coal and Mining Company, that we would make immediate refund.

Yours truly,

J. A. MUNROE,  
Assistant General Freight Agent.

J. G. TAYLOR, Esq.,  
Freight Auditor, Omaha, Neb.

[Eldon Coal and Mining Company, Omaha. Hastings Coal. Papers and expenses bills herewith.]

OCTOBER 18, 1892.

DEAR SIR: Please reduce charges to \$1.25 per ton on basis of mine weight, Eldon & Ottumwa, Iowa, to Hastings. Charge the Chicago, Rock Island and Pacific Railroad their proportion. We had to make this rate in order to meet the White Breast competition.

Your immediate attention please, as I have said to Mr. Ladd, of the Eldon Coal and Mining Company, that we would arrange to settle these claims promptly, and that

one are the last claims we shall have of this character, for I believe the coal question very nearly settled and that we shall be able in the future to make something out of a business.

Yours truly,

J. G. TAYLOR, Esq.,  
Freight Auditor, Omaha.

J. A. MUNROE,  
Assistant General Freight Agent.

OCTOBER 11, 1883.

DEAR SIR: Papers and original expense bills herewith. Please reduce to \$1.50 per ton from Eldon or Ottumwa to Lincoln, based on mine weights, divisions, Chicago, Rock and Pacific 60 per cent., Union Pacific 40 per cent.

Yours truly,

J. G. TAYLOR, Esq.,  
Freight Auditor, Omaha.

J. A. MUNROE,  
Assistant General Freight Agent.

Rates necessary to meet price made by R. and M. on White Breast coal.

J. A. M.

GENERAL FREIGHT DEPARTMENT,  
Omaha, October 10, 1883.

The freight auditor is hereby requested to reduce the charges Eldon, Iowa, to Kearney \$2 per ton on 10 car-loads coal, consigned to L. R. Moore, as per attached expense bills:

	Per ton.
Union Pacific Railway .....	\$1.00
Chicago, Rock Island and Pacific .....	1.00
Through .....	2.00

J. A. M.

GENERAL FREIGHT DEPARTMENT,  
Omaha, October 10, 1883.

The freight auditor is hereby requested to reduce bridge charges Council Bluffs to Omaha to 2 cents per 100 pounds (minimum weight 30,000 pounds per car), on 60 car-loads coal, shipped by Eldon Coal Company, Eldon, Iowa, and consigned to various parties, as covered by attached expense bills.

J. A. M.

[Special notice 2804 Z.]

GENERAL FREIGHT DEPARTMENT,  
Omaha, March 23, 1884.

The freight auditor is hereby requested to refund 3 cents per 100 pounds from the charges, Clyde and Lawrenceburgh to Kansas City and Leavenworth, on 348 car-loads grain, shipped by the Clyde Mill Company, Clyde, Iowa, and consigned to various parties, as covered by attached copies of billing. Refund made to meet rates via Missouri Pacific Railway.

J. A. MUNROE.

[Special notice 2810 Z.]

OMAHA, April 8, 1884.

The freight auditor is hereby requested to refund the charges, \$38.43, Kansas City, to Lawrenceburgh, on one car lumber, consigned to Clyde Mill Company, and which was used in stacking corn cribs at Lawrenceburgh. Chicago way-bill 506, December 6, 1883. Expense bill herewith attached.

J. A. MUNROE.

[Special notice 2869 Z.]

OMAHA, April 14, 1884.

The freight auditor is hereby requested to refund 3 cents per 100 pounds from charges, Lawrenceburgh and Clyde to Kansas City, on 73 car-loads grain, consigned various parties, as per attached statements of billing. Refund made to meet rates, the Missouri Pacific Railway.

J. A. MUNRO

[Special notice 2869 Z.]

OMAHA, April 21, 1884.

The freight auditor is hereby requested to refund shippers, Clyde Mill Company, ~~Clyde~~ <sup>Kans.</sup> ~~on 188 car-loads corn, consigned to Kansas City,~~ <sup>6 cents per 100 pounds from the charges, Clyde and Lawrenceburgh to Kansas City,</sup> on 188 car-loads corn, consigned to various parties. Refund made as against rates, the Missouri Pacific Railway Company. Statement of billing herewith attached.

J. A. MUNRO

DENVER, August 12, 1885.

DEAR SIR: In reference to the investigation recently made here by the railroad commissioners, and your request that I should advise you in reference thereto, you being absent from the room when I was put upon the stand, I have to submit the following:

The rate on 20 cars P. S. & R. Co., bullion, shipped February 30 to March 12, 1885, Pueblo to Missouri River, was \$10 per ton, rebate \$5 per ton, net rate \$5 per ton, Atchison, Topeka and Santa Fe. Paid by voucher June 18, 1885.

16 cars Blm P. S. & R. Co., shipped April 21 to May 5, 1885, net rate \$6 per ton, Pueblo to Missouri River, B. & M. R. R.; voucher June 18, 1885.

127 cars Blm P. S. & R. Co., April 15 to August 1, net rate \$6 per ton, Pueblo to Missouri River, Atchison, Topeka and Santa Fe. Paid in two installments, voucher July 4, 1885.

57 cars Blm P. S. & R. Co., August 1 to 31, 1885, net rate \$6 per ton, Pueblo to Missouri River, B. & M. R. R. Paid in two installments, voucher March, 1886.

50 cars Blm P. S. & R. Co., September 1 to 31, 1885, net rate \$6 per ton, Pueblo to Missouri River B. & M. R. R. Paid in two installments, voucher January 27, 1886.

46 cars Blm P. S. & R. Co., October 1-31, net rate \$6 per ton, Pueblo to Missouri River, B. & M. R. R. Paid in two installments, voucher January 1890.

51 cars Blm Eilers, November 1885, net rate \$6 per ton, Pueblo to Missouri River, B. & M. R. R. Voucher February 24, 1886.

43 cars Blm Eilers, December 1885, same as above, voucher March 12, 1886, B. & M.

37 cars Blm Eilers, January 1886, same as above, voucher April 18, 1886, B. & M.

34 cars Blm Eilers, February 1886, same as above, voucher May 24, 1886, B. & M.

31 cars Blm Eilers, March 1886, same as above, voucher June 14, 1886, B. & M.

27 cars Blm Eilers, April 1886, same as above, voucher July 26, 1886, B. & M.

50 cars Blm Eilers, May 1886, same as above, voucher August 2, 1886, B. & M.

42 cars Blm Eilers, June 1886, same as above, voucher September 18, 1886, B. & M.

49 cars Blm Eilers, July 1886, same as above, voucher September 12, 1886, B. & M.

55 cars Blm Eilers, August 1886, same as above, voucher B. & M. R. R. Paid direct to Aurora while I was in Glenwood Springs.

For the balance of the year, I being absent, the claims were made up, some by me while in Glenwood, and the balance in the Aurora S. & R. Co.'s office and settled direct without passing through my hands. All other payments mentioned above were receipted for by me.

From May 6, 1884, to November 3, 1885, the net rate on bullion, Missouri River to Aurora, was 10 cents per hundred pounds. To Chicago for P. S. & R. Co., 19 cents per hundred pounds. The net rate on bullion from Colorado points to Missouri River consigned to Pennsylvania Lead Company, prior to January 1, 1886, never exceeded \$7 per ton (Denver or Pueblo to Missouri River), and a great many car loads were carried from \$7 down to \$3 per ton, and for a short time, as nearly as I can remember without feeling some old memorandums, as low as \$3.25 per ton D. or P. to Missouri River.

Yours, respectfully,

J. H. FERGUSON.

The \$6 rate on Eilers bullion was subject to three months' notice of withdrawal by the C. B. & Q. R'y. My term of office with the A. S. & N. Co. expired on January 15, 1886, and up to that time I had received no notice of the withdrawal of the rate.

J. H. FERGUSON.

STATE OF COLORADO, County of Arapahoe, ss:

J. H. Ferguson, being duly sworn, on his oath says that the above and foregoing statement is true to the best of his knowledge and ability.

J. H. FERGUSON,

Subscribed and sworn to before me this 13th day of August, A. D. 1887.

EDWARD L. RAYMOND,  
Notary Public.

THE UNION PACIFIC RAILWAY COMPANY.

Memorandum of sterling loans guaranteed by Messrs. Frederick L. Ames, F. Gordon Dexter, Charles F. Adams, Jr., and Eliza Atkins.

No.	Guaranteed sixty days.		Renewed sixty days.		Renewed sixty days.		Renewed sixty days.		Renewed sixty days.		Total.
	Date.	Am't.	Date.	Am't.	Date.	Am't.	Date.	Am't.	Date.	Am't.	
000	June 2	Dollars. 462,800	Aug. 2	Dollars. 641,000	Sept. 20	Dollars. 461,500		Dollars.		Dollars.	1,565,300
000							Nov. 20	1886, 240,000	Jan. 20	241,000	481,000
000	June 12	241,000	Aug. 12	240,750	Oct. 11	240,500					722,250
000	June 18	241,750	Aug. 13	240,875							482,625
000	June 20	422,000	Aug. 19	421,500	Oct. 17	420,750	Dec. 16	420,250	Feb. 16	420,750	1,683,250
000	June 20	420,000	Aug. 20	422,500	Oct. 22	422,575	Dec. 27	420,000			1,685,075
000	Dec. 20	479,250									479,250
bal.		2,407,000		7,925,025		12,442,025		480,275		722,750	20,055,075

sterling loans aggregating \$7,440,275, or \$1,250,000 sixty days. Largest amount outstanding at once, \$4,227,750.

AMPTBOLLEE'S OFFICE, Boston, June 2, 1887.

[Office of Lincoln Board of Trade, J. E. Utt, secretary.]

LINCOLN, NEBR., July 6, 1887.

ENTLEMEN: Inclosed find copies of protests served on the Missouri Pacific, the Burlington, and Missouri River, in Nebraska, and the Chicago, Burlington and Quincy Railroads, at this place; also the arguments with which we propose to go before the Interstate Commission.

While we have made no specific charge against the Union Pacific Railway Company, we implicate them in making the complaints, as being parties to the combination that is to discriminate against this locality, and in favor of Omaha.

Please furnish me with a list of the rates given by Hinsburgh & Merriam, commencing with 1883, and terminating April 5, last. This is for the information of C. T. Brown & Co., a grain firm located at this point. They state that they have thirteen elevators, at cost \$50,000, on the line of the Union Pacific Railway; that during the year 1883 a rebate was 5 cents per hundred weight, but since that date the Union Pacific Railroad has paid them but 2 cents per hundred weight when they transferred the grain. When they asked for special rates they were told plainly that they could have no special rates, but that they must sell to the Omaha firm. Thus they were compelled to do so to their detriment, and against their wishes. This has been the situation since 1883.

Very respectfully,

J. E. UTT.

UNION PACIFIC INVESTIGATING COMMITTEE, Kansas City, Mo.

## PROTEST NOTICE.

To the Missouri Pacific Railway Company, its agents and attorneys at Lincoln, Neb.

You will take notice that I, or we, object and protest against payment of the excess freight charges that have been and are now being exacted by your company in this city, on and since April 5 last, from Chicago and common points, and Saint Louis, East Saint Louis, and common points on shipments from these points, and originating east thereof, to wit:

From Chicago and common points:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.
100	84	67	41	35	40	35	28	25	21	25

From Saint Louis, East Saint Louis, and common points:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.
50	44	47	38	30	33½	27½	23	20	15

The following reasons are given to justify the action taken in this instance:

The rates and charges are unjust and unreasonable as compared with those to adjacent and competing points, for example: The rates to Lincoln and Omaha are from Chicago and common points:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.
80	75	68	36	30	32½	28½	23	20	16	20

From Saint Louis and East Saint Louis:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.
70	55	40	30	25	25	22	18	15	11

The distance from Saint Louis to Lincoln via your line is less than the distance to Omaha.

In establishing rates to Lincoln and Omaha the fact is disregarded by your line that substantially the short haul is within the long haul.

The present schedule of rates is a discrimination against this locality, and disregards the existence of similar conditions and like circumstances. Lincoln is a city of great commercial importance, competing with Omaha for supremacy in the same territory east of the Missouri River, and favored with many natural facilities superior to that point.

The rates from Chicago and Saint Louis to Lincoln are on a basis that will average 15 per cent. higher than the rates to Omaha. This is done by joint action and agreement of the Missouri Pacific, Union Pacific, Burlington and Missouri River, Elkhorn and Missouri Valley Railways and connections, being competing, and that have compromised their differences and placed the city of Lincoln on an extortionate basis by an unlawful combination.

The business of Lincoln has been fostered and developed by railway companies within the last twelve years, quoting Omaha rates openly and privately, thereby establishing a precedent that should govern existing tariffs.

Therefore we, or I, give final notice that in due time appeal will be made to the United States courts and the Interstate Commerce Commission for relief in the premises, the claims will be presented, and payment pressed, for reimbursements based on equitable rates of all overcharges that have accrued or may accrue on shipments made over your line since April 5, 1897.

Lincoln, Neb., \_\_\_\_\_, 1897.

## PROTEST NOTICE.

To the Burlington and Missouri River Railroad Company in Nebraska, and the Chicago, Burlington and Quincy Railroad Company (owner), their agents and attorneys at Omaha, Neb.:

You will take notice that I, or we, object and protest against payment of the excess freight charges that have been and are now being exacted by your railroad from this

and since April 5 last from Chicago and common points, or originating beyond—  
 Sample—From Chicago:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.	Hard coal.
100	84	57	51	35	40	35	28	25	21	25	25

on lumber from Chicago, 26 cents; Clinton, 24 cents; Minneapolis, 28 cents per 100  
 s, and from other points higher or lower rates according to established differentials  
 on the Chicago rate.

Following reasons are given to justify the action taken in this instance:  
 rates and charges are unjust and unreasonable as compared with adjacent and  
 big points—for example, the rates to Omaha and Louisville, via your lines from  
 s, are:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.	Hard coal.
90	75	50	35	30	34	29	23	20	16	20	20

on lumber from Chicago, 20 cents; Clinton, 18 cents; Minneapolis, 22 cents, per 100  
 s, other points taking the usual differentials based on Chicago, but all rates are at  
 cents per 100 pounds higher to Lincoln than Omaha or Louisville.

Comparison of your existing freight schedules show that the rates from Chicago to  
 on average 118 per cent. on the class rates, 130 per cent. on lumber, and 125 per cent.  
 and hard coal, above rates to Louisville and Omaha.

distances via your lines are from Chicago to Omaha, 508 miles; Louisville, 510  
 Lincoln, 641 miles; if the mileage Chicago to Lincoln was applied to the Louisville  
 rates on a proportionate basis, the rates Chicago to Lincoln would be 100  
 ut of the rates to those points; at present your lines charge and collect more per  
 e mile on freight to Lincoln being long haul, than for the short haul to Louisville,  
 der being included wholly within the former.

current freight tariffs from Chicago to Lincoln are a discrimination against this  
 p, and disregard the existence of similar conditions and like circumstances, Lin-  
 coln a city of commercial importance, competing with Omaha for supremacy in all  
 ey west of the Missouri River, with many superior natural advantages over that

The excessive rates to Lincoln are the result of collusion between the Missouri  
 s, Burlington and Missouri River in Nebraska, Chicago, Burlington, and Quincy  
 R., Union Pacific, Fremont and Elkhorn Valley Railroads and connections, competi-  
 tion, compromising their differences, and placing this city on an extortionate basis  
 unlawful combination.

wherefore, I, or we, give final notice hereby, that in due time an appeal will be  
 to the United States courts and the Interstate Commerce Commission for relief  
 "premises, also claims will be made and payment insisted on for reimbursement  
 an equitable rates for all overcharges that have accrued or may accrue on shipments  
 over your lines since April 5, 1887.

Wm. W. King, ———, 1887.

plaint is made against the Missouri Pacific Railway Company as follows: For un-  
 al unreasonable freight charges; extortionate freight rates; disregard for distance  
 a long and short haul; discrimination against this locality; disregard of precedent  
 shed prior to April 5 last; disregard for similar conditions and circumstances; dis-  
 for Lincoln as a commercial center and rate-basing point, and an unlawful com-  
 bination with other railways against the commercial, manufacturing, mercantile, and  
 al prospects of the city of Lincoln.

Honorable Board of Railway Commissioners for the State of Nebraska:

r petitioners respectfully show that the Lincoln Board of Trade and Freight In-  
 re composed of all classes of prominent business men of this city, that the object of  
 organization is to promote commercial interests by all legitimate com-  
 mand.

city being located inland depends entirely upon its railways for im-  
 portations. Ten distinct lines reach this place, being a greater num-  
 ber within the State; they were directed and built here hence  
 a commercial center of the State.

Lincoln, by acting justly, unswerving



or if unmolested, they can, by discrimination destroy its prosperity; it is evident they have adopted the latter course as they are favoring rival cities, and depressing the business of this place. For this cause the organizations named protest against this injustice, and appeal through your honorable body for relief.

Complaint is made against the Missouri Pacific Railway, a direct line, owned and controlled by the same company, and under one management from Saint Louis to Lincoln, Nebr., and doing business with connecting lines from Chicago to Lincoln.

1. The rates charged to Lincoln from Chicago, East Saint Louis, Saint Louis, and common points by the Missouri Pacific Railway Company, and its connections, on business from those points, and originating cost thereof, are unjust and unreasonable as compared with adjacent and competing points. For example:

From Chicago to Lincoln:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.	Hard coal.	Lumber.
100	84	57	41	35	40	35	28	25	21	25	25	28

From Saint Louis and East Saint Louis to Lincoln:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.	Hard coal.
80	64	47	36	30	32½	27½	23	20	16	20	20

From Chicago to Weeping Water and Omaha:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.	Hard coal.	Lumber.
90	75	50	35	30	32½	29½	23	20	16	20	20	20

From Saint Louis and East Saint Louis to Weeping Water and Omaha:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.	Coal.
70	55	40	30	25	25	22	18	15	11	15	15

Again, the rate on lumber from Saint Paul and Minneapolis to Lincoln is 28 cents per cwt.; to Atchison, Saint Joseph, Leavenworth, and Kansas City, 22 cents per cwt. The Missouri Pacific Railway hauls this freight for the latter points over their line through Nebraska.

2. The distance via the Missouri Pacific Railway from Chicago, Saint Louis, etc., to Omaha is greater than to Lincoln, also the charge per ton per mile is greater than to Omaha and Weeping Water, and again, the short haul to Weeping Water is wholly included within the long haul to Lincoln.

3. Comparison shows that existing freight schedules from Chicago and Saint Louis to Lincoln average 18 per cent. higher on the class rates, 25 per cent. higher on salt and coal, and 30 per cent. higher on lumber than the rates to Weeping Water and Omaha. Based on distance, the charge to Lincoln would be 50 per cent. of the Omaha rates via the Missouri Pacific Railway.

4. The railroad in question in extending from Falls City north, establishes Omaha rates by all lines passing through that section of Nebraska. As it approaches within twenty-five miles east of Lincoln, that territory is favored with so great differentials on all classes of freight, that it diverts trade legitimately belonging to this city. For example the dealers at those stations can, with equal profit, sell lumber \$1.75 per 1,000 less, hard coal \$1 per ton less, and all other articles of trade are similarly affected to our detriment. Again, the comparatively low rates to adjacent and competing points discourages the investment of capital at this place. Parties wishing to engage in mercantile pursuits, or erect manufacturing and distribute their goods over the entire State will not do so unless they can depend upon equitable tariffs to govern in collecting their merchandise and material from the east.

5. The present differentials imposed on Lincoln are higher than those in force prior to that date. The business of this city has been fostered and developed for the last twelve years by the railways, within that time, quoting Omaha rates, openly or privately, thus establishing a precedent that should prevail in framing existing freight schedules. Also, the Missouri Pacific Railway Company have charged, and now charge, Omaha rates to Lincoln from all other points south of Saint Louis, including New Orleans, points in Arkansas, Texas, etc. Again, they charge Omaha rates from points north and west of Saint Louis, for example, Kansas City, Atchison, Leavenworth, and Saint Joseph.

5. The extensive rates from Chicago, East Saint Louis, Saint Louis, and east thereof, the result of collusion between the Burlington and Missouri River Railroad in Nebraska, and the Chicago, Burlington, and Quincy Railroad (owners), the Missouri Pacific, the Union Pacific, and the Fremont, Elkhorn, and Missouri Valley Railways and branches, competing lines, compromising their differences, and placing this city on an extortionate basis by unlawful combination.

7. The current freight tariffs referred to are a discrimination against this locality, and regard the existence of similar conditions and circumstances. Lincoln is favored with unquestionably superior natural advantages. She is now a city, strong in commercial importance, striving to compete with other cities and localities in all territory west of the Missouri River. With a population of 43,000, her business enterprises include five large wholesale grocery houses, wholesale hardware houses, numerous implement, and her distributing houses in proportion; also two packing houses, and various extensive manufactories; also, all the State institutions, including the asylum and penitentiary, so better containing several hundred men, engaged in convict labor—does this not exclusively establish Lincoln as a large commercial center?

Railways, in framing freight tariffs, make commercial centers rate-making points; the rates are regulated by grading between the cities to which the rate lines are drawn and the plus placed. In doing this they give each place an equitable position, to demonstrate: New York is the initial basing-point at the seaboard. Boston rates are somewhat higher, Philadelphia rates lower, and Baltimore still less, being regulated by the ocean rates, but it is intended to place each of these points in line for an even rate.

The rates are based on Buffalo, etc., and Chicago, the latter being the great center of the west. Other centers are based on that point. This is true of Indianapolis (an inland capital city, protected fully by the railways). Peoria is 168 per cent. of Chicago; St. Louis, Hannibal, Keokuk, Quincy, and Burlington being 116 per cent. of Chicago. All intermediate towns are graded. The above rates are from seaboard. Now consider the rates from Chicago to western commercial centers. The rates from Chicago to Dubuque and Muscatine and points between are the same. Cedar Rapids, Iowa, 85 miles east of Clinton, is slightly increased. For example, to Clinton, 145 miles west of Chicago, fifth class, is 18 cents per hundred-weight; to Cedar Rapids it is 20 cents, and Marshalltown is slightly advanced, but at all times is the same as Des Moines, because one two cities compete for the trade of central Iowa, and must be on the same footing. Reaching the Missouri River, we find commercial centers from Kansas City to Omaha, inclusive, that were started when steam-boats made the rates (a factor that disappeared fifteen years ago, thus wiping out the river as a rate-making power). These cities are placed in line to compete equally in territory beyond. Sioux City, with much less importance than Lincoln, is based on Omaha. Muscatine and Saint Paul were considered in this connection. April 5 their rates were made 89 per cent. of Omaha, but they have since been reduced, because the Lake Superior route, via Duluth, broke the combination. The next commercial centers recognized are Denver and Pueblo; they are placed on the same basis from the east, and given an equal show for the business Colorado. Finally, consider the Pacific coast. All commercial centers there are equally favored, viz: Portland, San Francisco, Sacramento, San José, Los Angeles, and San Diego. The question naturally arises, why has Lincoln been overlooked? Why does she not stand in the same relation to Omaha that Muscatine does to Rock Island, Dubuque to Marshalltown, Marshalltown to Des Moines, Pueblo to Denver, and San José to San Francisco? There can be no doubt about the commercial importance of the place. Her cities are recognized that are smaller in size, and do less business. The answer is the Lincoln Board of Trade is that there is an extortionate combination against this city, formed by the railway companies, and they ask to have the same broken up, & Lincoln placed in line with other localities and Missouri River points, so that they have even facilities in competing for the trade of Nebraska.

6. It is right, just, and natural that Lincoln should be put on an equal basis with Missouri River points to compete for the commerce within the State of Nebraska. It events combination and centralization, acting as an evener or equalizer. Circumstances favor this, and the former practices of the railroad companies justify it. Lincoln was given Missouri River rates prior to the purchase of the Atchafalaya and Nebraska Railway by the Burlington and Missouri River, or the Chicago, Burlington and Quincy Railroad (also, when the bonds were voted for the building of the Missouri Pacific Railway to this city, it was with the tacit understanding that Missouri River rates were to prevail). Therefore, Lincoln has a right to the continuation of rates. Capital has been located here, and industries established on the faith of rates; it is unjust to destroy these industries and this city. The volume of business, and quality in rates.

Your petitioners therefore pray that a hearing be had on the matters complained of, and in case that you should determine that you have not the jurisdiction, or the power to correct the wrongs complained of, that you forward the same, with the proofs thereof, to the Interstate Commission.

STATE OF NEBRASKA, Lancaster County, ss:

Imao M. Raymond and John E. Ud, being first duly sworn, depose and say that they are, respectively, the president and secretary of the Lincoln Board of Trade and Freight Bureau, duly incorporated under the laws of Nebraska, and that the facts as hereinafter set forth are true as they verily believe.

\_\_\_\_\_  
President Board of Trade.

\_\_\_\_\_  
Secretary Board of Trade.

Subscribed in my presence and sworn to before me this \_\_\_\_ day of \_\_\_\_\_, 1897.

\_\_\_\_\_  
Notary Public.

Complaints are made against the Burlington and Missouri River, in Nebraska, and the Chicago, Burlington and Quincy (owner) Railways, as follows: For unjust and unreasonable freight charges, extortionate freight rates, disregard for distance and the long and short haul, discrimination against this locality, disregard for precedent established prior to April 5 last, disregard for similar conditions and circumstances, disregard for Lincoln as a commercial center and rate-basing point, and an unlawful combination with other railways against the mercantile, manufacturing, and financial prosperity of the city of Lincoln, Nebraska.

To the honorable Board of Railway Commissioners for the State of Nebraska:

Your petitioners respectfully state that the Lincoln Board of Trade and Freight Bureau are composed of all classes of prominent business men of this city, and that the object of its organization is to promote its commercial interests by all legitimate means that it is able to command.

The city, being located inland, depends entirely upon its railways for transportation accommodations. Ten distinct lines reach this place, being a greater number than to any other point within the State. They were directed and built here because this is the natural commercial center of the State.

The railways reaching the city of Lincoln can, by acting justly, encourage its growth, or if unmolested they can, by discrimination, destroy its prosperity. It is evident they have adopted the latter course, as they are favoring rival cities and depressing the business of this place. For this cause the organizations named protest against the injustice and appeal through your honorable body for relief.

Complaint is made against the Burlington and Missouri River, in Nebraska, and the Chicago, Burlington and Quincy (owner) Railway Companies—a direct line owned and controlled by the Chicago, Burlington and Quincy Railroad Company from Chicago, Ill., to Lincoln, Nebr.—and the following facts are presented to support the same:

The rates charged to Lincoln from Chicago and common points by the Burlington and Missouri River, in Nebraska, and the Chicago, Burlington and Quincy (owner) Railways on business from those points, and originating beyond, are unjust and unreasonable compared with the rates to adjacent and competing points. For example:

From Chicago to Lincoln:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.	Hard coal.
100	84	57	41	35	40	33	28	25	21	25	25

And on lumber from Chicago, 26 cents; Clinton, 24 cents, and Minneapolis, 28 cents per hundredweight, and from other points higher or lower rates, according to the established differentials based on the Chicago rate.

From Chicago to Omaha and Louisville:

1.	2.	3.	4.	5.	A.	B.	C.	D.	E.	Salt.	Hard coal.
90	75	50	35	30	39½	29½	24	20	16	20	20

And on lumber from Chicago, 20 cents; Clinton, 18 cents, and Minneapolis, 22 cents per hundredweight, other points taking the usual differentials based on Chicago, based

August, 1901	87,970.72	46,928.13	84,082.54	2,449.05	18,915.08	18,534.54	28,473.08	8,817.82	8,817.82										
September, 1901	90,921.47	44,039.29	84,081.29	2,449.05	18,915.14	18,534.54	28,473.08	8,817.82	8,817.82										
October, 1901	100,318.04	80,078.41	49,087.41	2,449.05	12,729.83	18,909.82	22,882.12	8,801.60	8,801.60										
November, 1901	98,147.30	48,045.17	56,821.78	2,449.05	14,467.23	18,913.08	23,084.62	8,804.25	8,804.25										
December, 1901	99,418.57	47,324.13	57,164.33	2,449.05	13,882.48	18,905.28	23,578.79	8,806.17	8,806.17										
January, 1902	97,090.19	47,000.30	56,701.29	2,449.05	14,724.41	18,921.07	23,440.41	8,804.41	8,804.41										
February, 1902	99,479.26	47,044.34	56,861.71	2,449.05	13,882.48	18,905.28	23,578.79	8,806.17	8,806.17										
March, 1902	96,261.14	44,113.32	56,058.82	2,449.05	13,882.48	18,905.28	23,578.79	8,806.17	8,806.17										
April, 1902	99,320.33	47,232.64	51,007.73	2,449.05	12,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
May, 1902	100,118.19	47,024.48	51,007.73	2,449.05	12,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
June, 1902	99,021.30	47,137.05	51,007.73	2,449.05	12,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
July, 1902	97,211.12	47,178.05	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
August, 1902	98,791.17	47,502.85	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
September, 1902	96,261.48	47,759.08	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
October, 1902	96,271.18	47,771.97	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
November, 1902	97,123.35	47,712.40	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
December, 1902	97,123.12	47,712.40	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
January, 1903	96,731.70	47,257.38	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
February, 1903	96,009.24	47,379.93	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
March, 1903	96,266.88	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
April, 1903	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
May, 1903	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
June, 1903	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
July, 1903	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
August, 1903	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
September, 1903	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
October, 1903	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
November, 1903	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
December, 1903	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
January, 1904	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
February, 1904	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
March, 1904	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
April, 1904	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
May, 1904	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
June, 1904	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
July, 1904	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
August, 1904	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
September, 1904	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
October, 1904	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
November, 1904	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
December, 1904	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
January, 1905	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
February, 1905	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
March, 1905	96,261.14	47,351.90	49,471.77	2,449.05	13,442.22	13,442.22	23,491.74	8,800.72	8,800.72										
Total	11,227,507.97	5,561,115.08	5,575,506.21	568,998.42	1,428,095.91	1,361,718.32	2,620,131.03	403,062.43	216,297.70	164,761.22	41,057.53	49,060.07	300,032.64	112,748.11	112,650.07				

NOTE.—Since October, 1901, the apportionments shown are those of the Trans-Continental Association. Prior to that date, the proportions shown for the Central Pacific, Southern Pacific, Atchafalpa, Topeka and Santa Fe, and Texas and Pacific Companies would be subject to correction on account of any settlements which these roads may have made with other roads or with each other. Such corrections would not affect the balance of guaranty, or the Union Pacific's proportion.

Date.	Guaranty.	Earnings.	Balance of guaranty.	Union Pacific proportion.			Proportion.								
				Passenger.	Freight.	Total.	Central Pacific.	Southern Pacific.	Atchafalpa, Topoka and Santa Fe.	Texas and Pacific.	Burlington and Missouri River.	Denver and Rio Grande.	Northern Pacific, O.R. & N., and O. & L.	Gulfsouth, Houston and San Antonio.	Atlantic and Pacific.
Sept. 30, 1871, to Sept. 30, 1872.	\$708,810.00	\$805,730.56	\$90,920.56		\$90,920.56	\$90,920.56									
Sept. 30, 1872, to Jan. 30, 1873.	166,455.08	144,262.53	40,174.14		40,174.14	40,174.14									
January 1, 1873, to May 20, 1873.	460,746.42	50,746.42	50,746.42		50,746.42	50,746.42									
April to November, 1873.	518,077.50	893,169.96	118,917.04	671,327.20	8,639.57	80,865.52	80,865.52								
Dec., 1873, to Mar. 31, 1874.	329,730.00	183,402.36	47,317.64	20,368.80	1,042.78	22,311.58	19,006.11								
April 1 to September 30, 1874.	212,172.80	112,444.31	97,728.19	20,224.05	10,500.07	30,724.22	44,994.07								
Oct., Nov., and Dec., 1874.	183,962.50	105,463.64	80,186.80	22,460.98	20,798.86	43,259.79	34,680.08								
1875.	118,062.50	90,214.47	29,678.49	7,987.20	2,124.19	11,061.49	9,428.54								
1876.	297,287.50	194,829.29	112,711.21	34,294.70	24,655.61	58,950.31	51,650.60								
1877.	108,427.50	64,324.90	41,212.62	11,638.40	10,029.19	21,667.59	18,852.00								
1878.	89,892.22	103,498.50	20,451.20	11,552.03	4,851.20	16,403.23	14,049.04								
1879.	78,429.79	93,477.50	12,982.24	5,508.05	2,421.61	7,929.66	6,909.09								
1880.	75,627.96	96,515.81	20,811.45	5,908.05	7,673.64	10,776.29	9,228.25								
1881.	75,908.05	93,175.72	12,732.24	2,224.20	4,651.26	6,875.46	5,855.86								
1882.	75,494.29	93,263.00	10,231.29	4,247.00	2,677.89	6,924.89	5,908.44								
1883.	82,582.62	97,464.83	10,629.11	5,158.70	2,229.72	7,388.42	7,145.00								
1884.	126,230.55	92,791.41	68,500.11	26,128.20	11,184.20	37,312.40	29,227.80								
1885.	73,315.00	49,601.38	29,713.62	5,570.10	10,476.26	16,046.36	12,668.26								
1886.	78,722.50	54,872.19	21,870.31	5,800.96	7,699.03	13,499.99	11,449.80								
1887.	91,097.50	47,267.59	44,340.81	4,621.06	10,227.90	14,848.96	12,489.86								
1888.	84,571.12	41,304.54	47,209.36	2,997.89	22,628.16	25,626.05	21,742.41								

\* Settlement of contract of October 1, 1872.

## Statement of payments to the Union Pacific Railway Company on account of "membership fund" collections--to March 31, 1888.

Year.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
July, 1876, to October, 1877.													
1877													
1878	\$2,066.35	\$1,564.42	\$1,374.92	\$4,787.33	\$7,741.70	\$6,686.69	\$5,775.71	\$6,048.05	\$5,686.05	\$5,424.50	\$5,225.23	\$5,002.66	\$62,965.63
1879	1,312.26	1,584.84	1,485.95	5,732.51	12,452.46	11,686.84	8,664.98		8,339.22	8,366.66	8,366.66	8,366.66	\$72,735.11
1880	687.29	709.56	8,797.40	5,045.08	4,671.71	11,648.15			7,233.00	7,233.00	7,233.00	7,233.00	\$52,633.19
1881	1,550.34	3,865.19	8,495.29	5,179.79	6,567.45	12,544.86	5,337.79	7,076.00	8,233.00	7,233.00	7,233.00	7,233.00	\$62,965.63
1882	1,132.52	1,877.84	1,838.77	1,679.27	8,599.15	8,786.08	3,676.05	4,637.06	4,637.06	4,637.06	4,637.06	4,637.06	\$52,633.19
1883	2,144.16	2,350.39	1,934.81	1,783.74	2,394.12	6,681.03	8,189.54	4,636.08	4,636.08	4,636.08	4,636.08	4,636.08	\$52,633.19
1884	1,037.49	1,738.07	1,777.90	1,267.95	3,336.34	7,351.39	8,397.08	4,336.05	4,336.05	4,336.05	4,336.05	4,336.05	\$52,633.19
1885	1,218.73	1,175.03	530.00	1,181.18	1,185.46	3,383.37	4,671.73	5,302.72	4,684.13	4,785.46	4,785.46	4,785.46	\$52,633.19
1886	419.95		\$1,363.01										\$52,633.19
Grand total.													\$62,965.63

\* Includes the two preceding months.

† Includes the preceding month.

Total amount paid by the Union Pacific to the Pacific Mail Steamship Company ..... \$1,000,765.23  
 Deduct amount received by Union Pacific on account of "membership fund" ..... \$14,681.77

Net payments by Union Pacific on account of Pacific Mail Steamship Company's subsidy.. 1,015,446.96

AUDITOR'S OFFICE, OMAHA, July 10, 1887.

October, 1902	NOVEMBER, 1902	DECEMBER, 1902	JANUARY, 1903	FEBRUARY, 1903	MARCH, 1903	APRIL, 1903	MAY, 1903	JUNE, 1903	JULY, 1903	AUGUST, 1903	SEPTEMBER, 1903	OCTOBER, 1903	NOVEMBER, 1903	DECEMBER, 1903	JANUARY, 1904	FEBRUARY, 1904	MARCH, 1904	APRIL, 1904	MAY, 1904	JUNE, 1904	JULY, 1904	AUGUST, 1904	SEPTEMBER, 1904	OCTOBER, 1904	NOVEMBER, 1904	DECEMBER, 1904	JANUARY, 1905	FEBRUARY, 1905	MARCH, 1905	APRIL, 1905	MAY, 1905	JUNE, 1905	JULY, 1905	AUGUST, 1905	SEPTEMBER, 1905	OCTOBER, 1905	NOVEMBER, 1905	DECEMBER, 1905	JANUARY, 1906	FEBRUARY, 1906	MARCH, 1906	APRIL, 1906	MAY, 1906	JUNE, 1906	JULY, 1906	AUGUST, 1906	SEPTEMBER, 1906	OCTOBER, 1906	NOVEMBER, 1906	DECEMBER, 1906	JANUARY, 1907	FEBRUARY, 1907	MARCH, 1907	APRIL, 1907	MAY, 1907	JUNE, 1907	JULY, 1907	AUGUST, 1907	SEPTEMBER, 1907	OCTOBER, 1907	NOVEMBER, 1907	DECEMBER, 1907	JANUARY, 1908	FEBRUARY, 1908	MARCH, 1908	APRIL, 1908	MAY, 1908	JUNE, 1908	JULY, 1908	AUGUST, 1908	SEPTEMBER, 1908	OCTOBER, 1908	NOVEMBER, 1908	DECEMBER, 1908	JANUARY, 1909	FEBRUARY, 1909	MARCH, 1909	APRIL, 1909	MAY, 1909	JUNE, 1909	JULY, 1909	AUGUST, 1909	SEPTEMBER, 1909	OCTOBER, 1909	NOVEMBER, 1909	DECEMBER, 1909	JANUARY, 1910	FEBRUARY, 1910	MARCH, 1910	APRIL, 1910	MAY, 1910	JUNE, 1910	JULY, 1910	AUGUST, 1910	SEPTEMBER, 1910	OCTOBER, 1910	NOVEMBER, 1910	DECEMBER, 1910	JANUARY, 1911	FEBRUARY, 1911	MARCH, 1911	APRIL, 1911	MAY, 1911	JUNE, 1911	JULY, 1911	AUGUST, 1911	SEPTEMBER, 1911	OCTOBER, 1911	NOVEMBER, 1911	DECEMBER, 1911	JANUARY, 1912	FEBRUARY, 1912	MARCH, 1912	APRIL, 1912	MAY, 1912	JUNE, 1912	JULY, 1912	AUGUST, 1912	SEPTEMBER, 1912	OCTOBER, 1912	NOVEMBER, 1912	DECEMBER, 1912	JANUARY, 1913	FEBRUARY, 1913	MARCH, 1913	APRIL, 1913	MAY, 1913	JUNE, 1913	JULY, 1913	AUGUST, 1913	SEPTEMBER, 1913	OCTOBER, 1913	NOVEMBER, 1913	DECEMBER, 1913	JANUARY, 1914	FEBRUARY, 1914	MARCH, 1914	APRIL, 1914	MAY, 1914	JUNE, 1914	JULY, 1914	AUGUST, 1914	SEPTEMBER, 1914	OCTOBER, 1914	NOVEMBER, 1914	DECEMBER, 1914	JANUARY, 1915	FEBRUARY, 1915	MARCH, 1915	APRIL, 1915	MAY, 1915	JUNE, 1915	JULY, 1915	AUGUST, 1915	SEPTEMBER, 1915	OCTOBER, 1915	NOVEMBER, 1915	DECEMBER, 1915	JANUARY, 1916	FEBRUARY, 1916	MARCH, 1916	APRIL, 1916	MAY, 1916	JUNE, 1916	JULY, 1916	AUGUST, 1916	SEPTEMBER, 1916	OCTOBER, 1916	NOVEMBER, 1916	DECEMBER, 1916	JANUARY, 1917	FEBRUARY, 1917	MARCH, 1917	APRIL, 1917	MAY, 1917	JUNE, 1917	JULY, 1917	AUGUST, 1917	SEPTEMBER, 1917	OCTOBER, 1917	NOVEMBER, 1917	DECEMBER, 1917	JANUARY, 1918	FEBRUARY, 1918	MARCH, 1918	APRIL, 1918	MAY, 1918	JUNE, 1918	JULY, 1918	AUGUST, 1918	SEPTEMBER, 1918	OCTOBER, 1918	NOVEMBER, 1918	DECEMBER, 1918	JANUARY, 1919	FEBRUARY, 1919	MARCH, 1919	APRIL, 1919	MAY, 1919	JUNE, 1919	JULY, 1919	AUGUST, 1919	SEPTEMBER, 1919	OCTOBER, 1919	NOVEMBER, 1919	DECEMBER, 1919	JANUARY, 1920	FEBRUARY, 1920	MARCH, 1920	APRIL, 1920	MAY, 1920	JUNE, 1920	JULY, 1920	AUGUST, 1920	SEPTEMBER, 1920	OCTOBER, 1920	NOVEMBER, 1920	DECEMBER, 1920	JANUARY, 1921	FEBRUARY, 1921	MARCH, 1921	APRIL, 1921	MAY, 1921	JUNE, 1921	JULY, 1921	AUGUST, 1921	SEPTEMBER, 1921	OCTOBER, 1921	NOVEMBER, 1921	DECEMBER, 1921	JANUARY, 1922	FEBRUARY, 1922	MARCH, 1922	APRIL, 1922	MAY, 1922	JUNE, 1922	JULY, 1922	AUGUST, 1922	SEPTEMBER, 1922	OCTOBER, 1922	NOVEMBER, 1922	DECEMBER, 1922	JANUARY, 1923	FEBRUARY, 1923	MARCH, 1923	APRIL, 1923	MAY, 1923	JUNE, 1923	JULY, 1923	AUGUST, 1923	SEPTEMBER, 1923	OCTOBER, 1923	NOVEMBER, 1923	DECEMBER, 1923	JANUARY, 1924	FEBRUARY, 1924	MARCH, 1924	APRIL, 1924	MAY, 1924	JUNE, 1924	JULY, 1924	AUGUST, 1924	SEPTEMBER, 1924	OCTOBER, 1924	NOVEMBER, 1924	DECEMBER, 1924	JANUARY, 1925	FEBRUARY, 1925	MARCH, 1925	APRIL, 1925	MAY, 1925	JUNE, 1925	JULY, 1925	AUGUST, 1925	SEPTEMBER, 1925	OCTOBER, 1925	NOVEMBER, 1925	DECEMBER, 1925	JANUARY, 1926	FEBRUARY, 1926	MARCH, 1926	APRIL, 1926	MAY, 1926	JUNE, 1926	JULY, 1926	AUGUST, 1926	SEPTEMBER, 1926	OCTOBER, 1926	NOVEMBER, 1926	DECEMBER, 1926	JANUARY, 1927	FEBRUARY, 1927	MARCH, 1927	APRIL, 1927	MAY, 1927	JUNE, 1927	JULY, 1927	AUGUST, 1927	SEPTEMBER, 1927	OCTOBER, 1927	NOVEMBER, 1927	DECEMBER, 1927	JANUARY, 1928	FEBRUARY, 1928	MARCH, 1928	APRIL, 1928	MAY, 1928	JUNE, 1928	JULY, 1928	AUGUST, 1928	SEPTEMBER, 1928	OCTOBER, 1928	NOVEMBER, 1928	DECEMBER, 1928	JANUARY, 1929	FEBRUARY, 1929	MARCH, 1929	APRIL, 1929	MAY, 1929	JUNE, 1929	JULY, 1929	AUGUST, 1929	SEPTEMBER, 1929	OCTOBER, 1929	NOVEMBER, 1929	DECEMBER, 1929	JANUARY, 1930	FEBRUARY, 1930	MARCH, 1930	APRIL, 1930	MAY, 1930	JUNE, 1930	JULY, 1930	AUGUST, 1930	SEPTEMBER, 1930	OCTOBER, 1930	NOVEMBER, 1930	DECEMBER, 1930	JANUARY, 1931	FEBRUARY, 1931	MARCH, 1931	APRIL, 1931	MAY, 1931	JUNE, 1931	JULY, 1931	AUGUST, 1931	SEPTEMBER, 1931	OCTOBER, 1931	NOVEMBER, 1931	DECEMBER, 1931	JANUARY, 1932	FEBRUARY, 1932	MARCH, 1932	APRIL, 1932	MAY, 1932	JUNE, 1932	JULY, 1932	AUGUST, 1932	SEPTEMBER, 1932	OCTOBER, 1932	NOVEMBER, 1932	DECEMBER, 1932	JANUARY, 1933	FEBRUARY, 1933	MARCH, 1933	APRIL, 1933	MAY, 1933	JUNE, 1933	JULY, 1933	AUGUST, 1933	SEPTEMBER, 1933	OCTOBER, 1933	NOVEMBER, 1933	DECEMBER, 1933	JANUARY, 1934	FEBRUARY, 1934	MARCH, 1934	APRIL, 1934	MAY, 1934	JUNE, 1934	JULY, 1934	AUGUST, 1934	SEPTEMBER, 1934	OCTOBER, 1934	NOVEMBER, 1934	DECEMBER, 1934	JANUARY, 1935	FEBRUARY, 1935	MARCH, 1935	APRIL, 1935	MAY, 1935	JUNE, 1935	JULY, 1935	AUGUST, 1935	SEPTEMBER, 1935	OCTOBER, 1935	NOVEMBER, 1935	DECEMBER, 1935	JANUARY, 1936	FEBRUARY, 1936	MARCH, 1936	APRIL, 1936	MAY, 1936	JUNE, 1936	JULY, 1936	AUGUST, 1936	SEPTEMBER, 1936	OCTOBER, 1936	NOVEMBER, 1936	DECEMBER, 1936	JANUARY, 1937	FEBRUARY, 1937	MARCH, 1937	APRIL, 1937	MAY, 1937	JUNE, 1937	JULY, 1937	AUGUST, 1937	SEPTEMBER, 1937	OCTOBER, 1937	NOVEMBER, 1937	DECEMBER, 1937	JANUARY, 1938	FEBRUARY, 1938	MARCH, 1938	APRIL, 1938	MAY, 1938	JUNE, 1938	JULY, 1938	AUGUST, 1938	SEPTEMBER, 1938	OCTOBER, 1938	NOVEMBER, 1938	DECEMBER, 1938	JANUARY, 1939	FEBRUARY, 1939	MARCH, 1939	APRIL, 1939	MAY, 1939	JUNE, 1939	JULY, 1939	AUGUST, 1939	SEPTEMBER, 1939	OCTOBER, 1939	NOVEMBER, 1939	DECEMBER, 1939	JANUARY, 1940	FEBRUARY, 1940	MARCH, 1940	APRIL, 1940	MAY, 1940	JUNE, 1940	JULY, 1940	AUGUST, 1940	SEPTEMBER, 1940	OCTOBER, 1940	NOVEMBER, 1940	DECEMBER, 1940	JANUARY, 1941	FEBRUARY, 1941	MARCH, 1941	APRIL, 1941	MAY, 1941	JUNE, 1941	JULY, 1941	AUGUST, 1941	SEPTEMBER, 1941	OCTOBER, 1941	NOVEMBER, 1941	DECEMBER, 1941	JANUARY, 1942	FEBRUARY, 1942	MARCH, 1942	APRIL, 1942	MAY, 1942	JUNE, 1942	JULY, 1942	AUGUST, 1942	SEPTEMBER, 1942	OCTOBER, 1942	NOVEMBER, 1942	DECEMBER, 1942	JANUARY, 1943	FEBRUARY, 1943	MARCH, 1943	APRIL, 1943	MAY, 1943	JUNE, 1943	JULY, 1943	AUGUST, 1943	SEPTEMBER, 1943	OCTOBER, 1943	NOVEMBER, 1943	DECEMBER, 1943	JANUARY, 1944	FEBRUARY, 1944	MARCH, 1944	APRIL, 1944	MAY, 1944	JUNE, 1944	JULY, 1944	AUGUST, 1944	SEPTEMBER, 1944	OCTOBER, 1944	NOVEMBER, 1944	DECEMBER, 1944	JANUARY, 1945	FEBRUARY, 1945	MARCH, 1945	APRIL, 1945	MAY, 1945	JUNE, 1945	JULY, 1945	AUGUST, 1945	SEPTEMBER, 1945	OCTOBER, 1945	NOVEMBER, 1945	DECEMBER, 1945	JANUARY, 1946	FEBRUARY, 1946	MARCH, 1946	APRIL, 1946	MAY, 1946	JUNE, 1946	JULY, 1946	AUGUST, 1946	SEPTEMBER, 1946	OCTOBER, 1946	NOVEMBER, 1946	DECEMBER, 1946	JANUARY, 1947	FEBRUARY, 1947	MARCH, 1947	APRIL, 1947	MAY, 1947	JUNE, 1947	JULY, 1947	AUGUST, 1947	SEPTEMBER, 1947	OCTOBER, 1947	NOVEMBER, 1947	DECEMBER, 1947	JANUARY, 1948	FEBRUARY, 1948	MARCH, 1948	APRIL, 1948	MAY, 1948	JUNE, 1948	JULY, 1948	AUGUST, 1948	SEPTEMBER, 1948	OCTOBER, 1948	NOVEMBER, 1948	DECEMBER, 1948	JANUARY, 1949	FEBRUARY, 1949	MARCH, 1949	APRIL, 1949	MAY, 1949	JUNE, 1949	JULY, 1949	AUGUST, 1949	SEPTEMBER, 1949	OCTOBER, 1949	NOVEMBER, 1949	DECEMBER, 1949	JANUARY, 1950	FEBRUARY, 1950	MARCH, 1950	APRIL, 1950	MAY, 1950	JUNE, 1950	JULY, 1950	AUGUST, 1950	SEPTEMBER, 1950	OCTOBER, 1950	NOVEMBER, 1950	DECEMBER, 1950	JANUARY, 1951	FEBRUARY, 1951	MARCH, 1951	APRIL, 1951	MAY, 1951	JUNE, 1951	JULY, 1951	AUGUST, 1951	SEPTEMBER, 1951	OCTOBER, 1951	NOVEMBER, 1951	DECEMBER, 1951	JANUARY, 1952	FEBRUARY, 1952	MARCH, 1952	APRIL, 1952	MAY, 1952	JUNE, 1952	JULY, 1952	AUGUST, 1952	SEPTEMBER, 1952	OCTOBER, 1952	NOVEMBER, 1952	DECEMBER, 1952	JANUARY, 1953	FEBRUARY, 1953	MARCH, 1953	APRIL, 1953	MAY, 1953	JUNE, 1953	JULY, 1953	AUGUST, 1953	SEPTEMBER, 1953	OCTOBER, 1953	NOVEMBER, 1953	DECEMBER, 1953	JANUARY, 1954	FEBRUARY, 1954	MARCH, 1954	APRIL, 1954	MAY, 1954	JUNE, 1954	JULY, 1954	AUGUST, 1954	SEPTEMBER, 1954	OCTOBER, 1954	NOVEMBER, 1954	DECEMBER, 1954	JANUARY, 1955	FEBRUARY, 1955	MARCH, 1955	APRIL, 1955	MAY, 1955	JUNE, 1955	JULY, 1955	AUGUST, 1955	SEPTEMBER, 1955	OCTOBER, 1955	NOVEMBER, 1955	DECEMBER, 1955	JANUARY, 1956	FEBRUARY, 1956	MARCH, 1956	APRIL, 1956	MAY, 1956	JUNE, 1956	JULY, 1956	AUGUST, 1956	SEPTEMBER, 1956	OCTOBER, 1956	NOVEMBER, 1956	DECEMBER, 1956	JANUARY, 1957	FEBRUARY, 1957	MARCH, 1957	APRIL, 1957	MAY, 1957	JUNE, 1957	JULY, 1957	AUGUST, 1957	SEPTEMBER, 1957	OCTOBER, 1957	NOVEMBER, 1957	DECEMBER, 1957	JANUARY, 1958	FEBRUARY, 1958	MARCH, 1958	APRIL, 1958	MAY, 1958	JUNE, 1958	JULY, 1958	AUGUST, 1958	SEPTEMBER, 1958	OCTOBER, 1958	NOVEMBER, 1958	DECEMBER, 1958	JANUARY, 1959	FEBRUARY, 1959	MARCH, 1959	APRIL, 1959	MAY, 1959	JUNE, 1959	JULY, 1959	AUGUST, 1959	SEPTEMBER, 1959	OCTOBER, 1959	NOVEMBER, 1959	DECEMBER, 1959	JANUARY, 1960	FEBRUARY, 1960	MARCH, 1960	APRIL, 1960	MAY, 1960	JUNE, 1960	JULY, 1960	AUGUST, 1960	SEPTEMBER, 1960	OCTOBER, 1960	NOVEMBER, 1960	DECEMBER, 1960	JANUARY, 1961	FEBRUARY, 1961	MARCH, 1961	APRIL, 1961	MAY, 1961	JUNE, 1961	JULY, 1961	AUGUST, 1961	SEPTEMBER, 1961	OCTOBER, 1961	NOVEMBER, 1961	DECEMBER, 1961	JANUARY, 1962	FEBRUARY, 1962	MARCH, 1962	APRIL, 1962	MAY, 1962	JUNE, 1962	JULY, 1962	AUGUST, 1962	SEPTEMBER, 1962	OCTOBER, 1962	NOVEMBER, 1962	DECEMBER, 1962	JANUARY, 1963	FEBRUARY, 1963	MARCH, 1963	APRIL, 1963	MAY, 1963	JUNE, 1963	JULY, 1963	AUGUST, 1963	SEPTEMBER, 1963	OCTOBER, 1963	NOVEMBER, 1963	DECEMBER, 1963	JANUARY, 1964	FEBRUARY, 1964	MARCH, 1964	APRIL, 1964	MAY, 1964	JUNE, 1964	JULY, 1964	AUGUST, 1964	SEPTEMBER, 1964	OCTOBER, 1964	NOVEMBER, 1964	DECEMBER, 1964	JANUARY, 1965	FEBRUARY, 1965	MARCH, 1965	APRIL, 1965	MAY, 1965	JUNE, 1965	JULY, 1965	AUGUST, 1965	SEPTEMBER, 1965	OCTOBER, 1965	NOVEMBER, 1965	DECEMBER, 1965	JANUARY, 1966	FEBRUARY, 1966	MARCH, 1966	APRIL, 1966	MAY, 1966	JUNE, 1966	JULY, 1966	AUGUST, 1966	SEPTEMBER, 1966	OCTOBER, 1966	NOVEMBER, 1966	DECEMBER, 1966	JANUARY, 1967	FEBRUARY, 1967	MARCH, 1967	APRIL, 1967	MAY, 1967	JUNE, 1967	JULY, 1967	AUGUST, 1967	SEPTEMBER, 1967	OCTOBER, 1967	NOVEMBER, 1967	DECEMBER, 1967	JANUARY, 1968	FEBRUARY, 1968	MARCH, 1968	APRIL, 1968	MAY, 1968	JUNE, 1968	JULY, 1968	AUGUST, 1968	SEPTEMBER, 1968	OCTOBER, 1968	NOVEMBER, 1968	DECEMBER, 1968	JANUARY, 1969	FEBRUARY, 1969	MARCH, 1969	APRIL, 1969	MAY, 1969	JUNE, 1969	JULY, 1969	AUGUST, 1969	SEPTEMBER, 1969	OCTOBER, 1969	NOVEMBER, 1969	DECEMBER, 1969	JANUARY, 1970	FEBRUARY, 1970	MARCH, 1970	APRIL, 1970	MAY, 1970	JUNE, 1970	JULY, 1970	AUGUST, 1970	SEPTEMBER, 1970	OCTOBER, 1970	NOVEMBER, 1970	DECEMBER, 1970	JANUARY, 1971	FEBRUARY, 1971	MARCH, 1971	APRIL, 1971	MAY, 1971	JUNE, 1971	JULY, 1971	AUGUST, 1971	SEPTEMBER, 1971	OCTOBER, 1971	NOVEMBER, 1971	DECEMBER, 1971	JANUARY, 1972	FEBRUARY, 1972	MARCH, 1972	APRIL, 1972	MAY, 1972	JUNE, 1972	JULY, 1972	AUGUST, 1972	SEPTEMBER, 1972	OCTOBER, 1972	NOVEMBER, 1972	DECEMBER, 1972	JANUARY, 1973	FEBRUARY, 1973	MARCH, 1973	APRIL, 1973	MAY, 1973	JUNE, 1973	JULY, 1973	AUGUST, 1973	SEPTEMBER, 1973	OCTOBER, 1973	NOVEMBER, 1973	DECEMBER, 1973	JANUARY, 1974	FEBRUARY, 1974	MARCH, 1974	APRIL, 1974	MAY, 1974	JUNE, 1974	JULY, 1974	AUGUST, 1974	SEPTEMBER, 1974	OCTOBER, 1974	NOVEMBER, 1974	DECEMBER, 1974	JANUARY, 1975	FEBRUARY, 1975	MARCH, 1975	APRIL, 1975	MAY, 1975	JUNE, 1975	JULY, 1975	AUGUST, 1975	SEPTEMBER, 1975	OCTOBER, 1975	NOVEMBER, 1975	DECEMBER, 1975	JANUARY, 1976	FEBRUARY, 1976	MARCH, 1976	APRIL, 1976	MAY, 1976	JUNE, 1976	JULY, 1976	AUGUST, 1976	SEPTEMBER, 1976	OCTOBER, 1976	NOVEMBER, 1976	DECEMBER, 1976	JANUARY, 1977	FEBRUARY, 1977	MARCH, 1977	APRIL, 1977	MAY, 1977	JUNE, 1977	JULY, 1977	AUGUST, 1977	SEPTEMBER, 1977	OCTOBER, 1977	NOVEMBER, 1977	DECEMBER, 1977	JANUARY, 1978	FEBRUARY, 1978	MARCH, 1978	APRIL, 1978	MAY, 1978	JUNE, 1978	JULY, 1978	AUGUST, 1978	SEPTEMBER, 1978	OCTOBER, 1978	NOVEMBER, 1978	DECEMBER, 1978	JANUARY, 1979	FEBRUARY, 1979	MARCH, 1979	APRIL, 1979	MAY, 1979	JUNE, 1979	JULY, 1979	AUGUST, 1979	SEPTEMBER, 1979	OCTOBER, 1979	NOVEMBER, 1979	DECEMBER, 1979	JANUARY, 1980	FEBRUARY,
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NOTE.—Since October, 1882, the apportionments shown are those of the commissioner of the Trans-Continental Association. Prior to that date, the proportions shown for the Central Pacific, Southern Pacific, Atchafalaya, Topoka and Harris R., and Texas and Pacific Companies would be subject to correction on account of any settlements with these roads may have made with other roads or with each other. Such corrections would not affect the balance of guaranty, or the Union Pacific's proportion.

Statement of payments to the Union Pacific Railway Company on account of "steamship fund" collections—to March 31, 1886.

Year.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
July, 1875, to October, 1877	82,400.25	91,304.03	81,221.94	84,787.93	87,741.76	84,409.49	86,778.71	86,082.50	86,430.40	89,234.02	86,783.17	85,862.16	825,722.01
1878	1,313.28	1,501.41	1,448.96	1,731.51	1,671.71	1,494.91	1,446.85	1,167.21	1,167.21	1,416.49	1,315.80	1,260.34	12,317.86
1879	897.29	769.30	1,197.40	1,643.08	2,471.71	3,143.85	3,146.85	2,167.21	2,167.21	2,167.21	2,167.21	2,167.21	21,672.01
1880	8,929.84	8,753.19	8,498.75	8,170.13	8,567.45	8,740.50	8,271.72	8,167.21	8,167.21	8,167.21	8,167.21	8,167.21	81,672.01
1881	2,123.83	1,977.04	1,853.77	2,459.57	2,893.12	3,001.43	3,001.43	2,459.57	2,459.57	2,459.57	2,459.57	2,459.57	24,595.77
1882	2,111.16	2,298.99	2,214.81	2,785.19	2,893.12	3,001.43	3,001.43	2,459.57	2,459.57	2,459.57	2,459.57	2,459.57	24,595.77
1883	1,037.44	1,153.97	1,077.36	1,335.85	1,335.85	1,335.85	1,335.85	1,335.85	1,335.85	1,335.85	1,335.85	1,335.85	13,358.50
1884	2,218.32	2,173.02	2,023.04	2,184.10	2,184.10	2,184.10	2,184.10	2,184.10	2,184.10	2,184.10	2,184.10	2,184.10	21,841.00
1885	1,415.40	1,373.02	1,302.04	1,384.10	1,384.10	1,384.10	1,384.10	1,384.10	1,384.10	1,384.10	1,384.10	1,384.10	13,841.00
Grand total.	82,400.25	91,304.03	81,221.94	84,787.93	87,741.76	84,409.49	86,778.71	86,082.50	86,430.40	89,234.02	86,783.17	85,862.16	825,722.01

\* Includes the two preceding months. † Includes the preceding month.

Total amount paid by the Union Pacific to the Pacific Mail Steamship Company on account of "steamship fund" — 84,000.25 25  
Debit amount received by Union Pacific on account of "steamship fund" — 81,672.01 01Net payments by Union Pacific on account of Pacific Mail Steamship Company's liability — 1, 074, 941.25  
JANUARY'S OFFICE, OMAHA, July 16, 1887.



[illegible]

**UNION PACIFIC RAILWAY COMPANY—continued.**

*Statement of earnings and expenses of branch lines for the years 1884 to 1886, inclusive, together with expenditures for additional construction and equipment for same period.—Continued.*

	Denver, South Park and Pacific.	Oregon Short Line.	Greeley, Salt Lake and Pacific.	Kansas Central.	Salt Lake and Wisconsin.	Georgetown, Hendricks and Leadville.	Montana.	Denver, Hendricks and Hawthorne.	Denver and Middle Park.	Laramie, South Park and Pacific.	Montana and Hwy Valley.	Idaho, Lincoln and Western.	Total.
<b>1884.</b>													
Earnings.....	\$1,194,889.17	\$1,050,180.90	\$64,994.40	\$228,287.54	\$50,088.28	\$12,744.04	\$44,484.97						\$2,095,568.28
Expenses.....	1,491,061.86	770,300.48	92,561.08	877,982.16	41,987.38	12,318.81	18,888.07						2,425,067.84
Expense ratio.....	124.87 p. ct.	72.74 p. ct.	100.00 p. ct.	188.28 p. ct.	83.84 p. ct.	96.38 p. ct.	42.48 p. ct.						115.28 p. ct.
Surplus or loss.....	296,167.22	280,639.42	7,709.00	84,304.61	8,100.90	2,425.23	25,606.90						670,500.44
Construction and equipment.....	506,434.06	831.47		45,184.82									471,946.35
<b>1885.</b>													
Earnings.....	1,145,464.40	1,331,180.47	\$3,811.24	\$68,088.48	71,779.88	7,888.97	78,884.81		28,887.88	888.88			\$2,655,005.14
Expenses.....	1,161,621.72	1,275,210.68	89,410.68	814,884.88	47,888.88	16,888.88	68,888.88		6,888.88	2,888.88			2,688,888.88
Expense ratio.....	101.41 p. ct.	95.84 p. ct.	141.28 p. ct.	117.85 p. ct.	66.88 p. ct.	208.88 p. ct.	87.88 p. ct.		23.88 p. ct.	328.88 p. ct.			101.28 p. ct.
Surplus or loss.....	16,842.68	555,969.79	21,400.56	48,570.17	23,891.00	10,960.09	10,000.00		22,000.00	2,000.00			1,388,784.26
Construction and equipment.....	17,000.44	23,788.06		788.88	387.47								125,000.00
<b>1886.</b>													
Earnings.....	1,240,538.77	1,842,187.81	70,537.05	217,672.64	65,148.88	11,228.88	78,784.88	288,884.88	2,108.88	887.88	881.88	888.88	\$3,455,000.00
Expenses.....	1,263,642.81	1,844,731.21	88,888.88	288,718.88	38,788.88	18,888.88	88,888.88	21,888.88	4,888.88	2,148.88	888.88	14,788.88	3,588,888.88
Expense ratio.....	101.78 p. ct.	100.64 p. ct.	126.18 p. ct.	132.94 p. ct.	59.88 p. ct.	168.88 p. ct.	113.88 p. ct.	7.58 p. ct.	2.32 p. ct.	237.88 p. ct.	84.88 p. ct.	16.78 p. ct.	103.88 p. ct.
Surplus or loss.....	86,895.96	5,756,056.60	21,648.17	75,000.00	26,360.00	4,117.78	18,888.88	266,896.00	2,220.00	1,740.00	893.00	890.00	1,866,111.12
Construction and equipment.....	28,888.88	172,538.88	3,848.17	2,888.12	888.78	2,888.88	188,888.88	471.88					1,488,888.88
<b>Total for seven years.</b>													
Earnings.....	\$3,165,078.71	\$5,805,835.90	\$25,544.27	\$1,187,145.94	\$30,788.88	\$68,687.90	\$388,884.88	\$28,884.88	\$1,184.07	\$1,888.88	\$1,888.88	\$8,888.88	\$9,588,888.88
Expenses.....	3,728,848.40	4,104,771.21	272,307.81	1,481,678.88	188,778.21	48,888.88	388,888.88	21,888.88	28,888.88	5,611.28	28,888.88	14,788.88	4,588,888.88
Expense ratio.....	117.88 p. ct.	106.64 p. ct.	104.88 p. ct.	124.88 p. ct.	61.88 p. ct.	70.88 p. ct.	100.00 p. ct.	7.58 p. ct.	2.42 p. ct.	297.88 p. ct.	151.88 p. ct.	16.78 p. ct.	103.88 p. ct.
Surplus or loss.....	236,830.31	1,700,791.48	77,000.00	244,888.88	142,010.67	19,799.02	100,000.00	17,000.00	4,795.19	2,977.60	890.00	890.00	5,000,000.00
Construction and equipment.....	488,474.22	198,148.28	3,848.17	114,125.81	888.78	2,888.88	188,888.88	471.88					2,888,888.88

## UNION PACIFIC RAILWAY.

Statement of land taxes paid by the company from 1865 to 1886, inclusive.

Year.	Paid.	Refunded.	Net paid.	Year.	Paid.	Refunded.	Net paid.
1865	\$278.05		\$278.05	1877	\$939,901.24	\$708.48	\$939,192.76
1866	430.27		430.27	1878	1,224,039.86	1,471.62	1,222,568.24
1867	80.28		80.28	1879	1,119,974.67	2,547.82	1,117,426.85
1868	1,014.06		1,014.06	1880	982,801.88	1,879.77	980,922.11
1869	495.06		495.06	1881	708,678.82	4,808.37	703,870.45
1870	30,458.41		30,458.41	1882	54,233.87	5,415.72	48,818.15
1871	99,136.14		99,136.14	1883	48,937.39	4,804.30	44,133.09
1872	85,218.29	\$383.73	84,834.56	1884	70,851.60	6,033.69	64,817.91
1873	4,522.87		4,522.87	1885	10,820.37	3,946.41	6,873.96
1874	1,471.51		1,471.51	1886	11,669.35	5,940.12	5,729.23
1875	166,127.87	490.72	165,637.15	Total	1,187,820.82	28,974.82	1,158,846.00
1876	74,297.52		74,297.52				

## UNION PACIFIC RAILWAY—KANSAS DIVISION.

Statement of taxes paid on lands of the Kansas Division from 1874 to 1886, inclusive.

Years.	Amount.	Years.	Amount.
1874	\$8.00	1885	\$44,548.08
1875	8,161.85	1886	4,890.07
1876	11,320.48	1887	7,874.36
1877	14,601.30	1888	8,515.38
1878	27,718.82	1889	4,909.11
1879	15,898.78	Total	140,927.00
1880	35,625.16		
1881	28,168.35		

## UNION PACIFIC RAILWAY COMPANY.

Reconciliation of legal expenses, from February, 1880, to December, 1886, inclusive.

Year.	Amount.	Union Division.	Kansas Division.	Leavenworth Branch.	Denver Pacific.
1880	\$50,227.54	\$23,647.85	\$26,681.18	\$619.94	\$2,279.78
1881	60,845.06	26,260.64	30,398.69	14.36	1,874.49
1882	67,674.42	29,775.05	22,616.36	36.58	1,599.39
1883	38,245.51	20,506.00	25,218.64	47.96	1,188.95
1884	53,774.94	29,657.99	21,428.08	65.42	200.70
1885	60,228.05	30,280.31	24,623.20	84.97	1,398.79
1886	45,457.09	27,129.31	15,764.67	64.66	698.86
Total	386,225.14	190,907.65	191,074.94	1,009.42	18,261.06

Exhibit No. 1 of June 2, 1887—Central Branch Union Pacific Railroad Company—Memorandum in relation to United States transportation.

Amount paid in cash to December 31, 1878	\$37,680.91
Amount carried to interest account to December 31—	
1878	54,548.00
1879	9,070.30
1880	28,804.77
1881	31,277.57
1882	35,980.87
1883	10,208.70
1884	33,391.55
1885	47,043.84
1886	39,044.85
Deduct cash payments in 1883	284,608.89
Total	48.81

## CENTRAL BRANCH UNION PACIFIC RAILROAD COMPANY.

## AGREEMENT TO FUND PAST-DUE COUPONS OF FIRST-MORTGAGE BONDS.

This agreement, made this 1st day of April, in the year of our Lord 1872, between the subscribers hereto, who are respectively holders of the past-due coupons of the first-mortgage bonds of the Atchison and Pike's Peak Railroad Company, now called the Central Branch Union Pacific Railroad Company, to the amount set opposite their respective names, parties of the first part, the said Central Branch Union Pacific Railroad Company, party of the second part, and Henry Day and Oliver Ames as trustees, parties of the third part, witnesseth:

Whereas there are now existing arrears of interest upon sixteen hundred of the first-mortgage bonds of the said party of the second part of \$1,400 each, from the 1st day of May, 1873, to the date hereof, at the rate of 7 per cent. per annum; and

Whereas the coupons on each of said bonds representing such interest became due, one on the 1st day of November, 1873, and one half-yearly thereafter, until and including the 1st day of November, 1878; and

Whereas said party of the second part desires to defer and secure the payment of said coupons already due, and to become due, on all said bonds up to and including the 1st day of November, in the year of our Lord 1878, in the manner hereinafter stated; and

Whereas said company has agreed to acknowledge its indebtedness to the owners of said past-due coupons for the face of the same and interest thereon from the time the same became due at the rate of 7 per cent. per annum until the 1st day of May, 1879, which interest amounts to the sum of \$110,000; and

Whereas this indebtedness for coupons on said first-mortgage bonds, 1,400 in number, up to and including the said 1st day of November, 1878, amounts to \$529,000 exclusive of interest on the same; and

Whereas said party of the second part desires to have said coupons funded and held unpaid without prejudice to their security under the mortgage which has been heretofore made to secure said first-mortgage bonds:

Now, therefore, this agreement witnesseth—

1. That the parties of the first part, each acting in his own behalf as to the coupons by him held, do hereby agree to deposit each of said coupons of said first-mortgage bonds as they may respectively own to the number set opposite their respective names, with the said parties of the third part as trustees, to be held by them in the manner and with the effect and for the purposes and trusts hereinafter mentioned, without prejudice to the rights and security of the holders of said coupons under the mortgage made by the party of the second part to John F. Williams and H. W. Honney to secure said first-mortgage bonds, bearing date the 1st day of May, 1865, which security shall continue and may be enforced upon the contingencies hereinafter named.

Said coupons shall be held by the said trustees unencumbered, and for the benefit and security of holders of certificates and bonds hereinafter mentioned, it being understood that all the coupons so deposited shall form one fund for the joint and equal security of all of the said certificates and funded coupon bonds issued in place of the same, and representing the said coupons and the interest on the same as hereinafter mentioned, and the interest of any one party holder of any of said bonds or certificates in the said coupons shall not attach to any specific coupon, but only to an aliquot part or proportion of the whole of the same, such proportion being the same as the par value of said funded coupon bonds and certificates herein described which he may hold shall bear to the whole issue of such funded coupon bonds and certificates, without regard to their being the specific coupons that were deposited by him.

2. Said coupons shall be held upon the trusts and agreements that whenever the whole face of said funded coupon bonds and certificates, interest and principal, is paid by the company, the said funded coupons shall be delivered up to said company to be cancelled and subject to the further trusts hereinafter named.

3. In case said company shall fail to pay the coupons upon any of said funded coupon bonds, or interest upon any of the certificates which may represent any aliquot part of said funded coupon bonds, at the time when the same shall become due, and after the default shall have continued for the space of sixty days, then the owner and holder of any of said funded coupon bonds or of any of said certificates may present said bond or bonds, or certificate or certificates, to said trustees, who shall return or exchange for them the full amount of the same in coupons, which at their face value, together with interest thereon from the time they respectively became due until the 1st day of May, 1879, at 7 per cent. per annum, shall be equal to the amount of the face value of the said funded coupon bonds or certificates delivered up.

In case the amount of the funded coupon bonds or certificates, with the interest

not be evenly adjusted, and there shall be a part of a coupon unadjusted on such exchange, then such trustee shall issue a certificate to the said holder stating that he is entitled to such an aliquot part of one coupon, which with interest on the same from the date the coupon became due till May 1, 1879, will equal the amount of such last-named residue, and that the holder of such certificate shall be entitled to an equitable and equal interest in the coupons remaining in their hands, and to the amounts received thereon; and the trustees shall distribute all money they shall receive on the same to the parties equitably entitled thereto pro rata according to the amount of certificates held by each.

In case of a distribution of coupons, as above named, the same shall be distributed as early as possible in parts of eleven coupons belonging to one original first-mortgage bond, and the trustees shall have the authority to make the selection of coupons which shall be returned to each party claiming the same.

4. In case said first mortgage shall be foreclosed and the property sold, the distribution share upon such sale which shall be paid on account of the said coupons held by the trustees and in their possession shall be received by them and shall then be paid over to the holders of said funded coupon bonds and certificates, each said holder receiving his pro rata and equitable share of the same.

5. Said party of the second part hereby agrees to issue bonds, to be called funded coupon bonds, in the sum of \$1,000 each, and certificates in such amounts as may be required, which together shall be equal to the amount of said funded coupons, together with the interest on such coupons from the time they become due, respectively, until May 1879.

Said bonds shall bear date the 1st day of April, 1879, and shall be payable on the 1st day of May, 1893, and shall bear interest at the rate of 7 per centum per annum from May 1, 1879, payable on the 1st day of November and May of each year, according to usual warrants or coupons attached.

The form of said bonds and coupons shall be substantially as follows:

1000.

No. \_\_\_\_\_

*to Central Branch Union Pacific Railroad Company, formerly the Atchison and Pike's Peak Railroad Company.*

#### FUNDED COUPON BOND.

This bond issued for funded interest on the first-mortgage bonds of the Atchison and Pike's Peak Railroad Company.

The Central Branch Union Pacific Railroad Company, for value received, promises to pay to bearer \$1,000 in United States gold coin (not inferior to the present standard), at 100 in the city of New York, on the 1st day of May, 1893, together with interest thereon from the 1st day of May, 1879, at the rate of 7 per cent. per annum, payable annually, on the 1st days of November and May in each year, according to the interest warrants or coupons hereto annexed.

This bond is issued to represent an aliquot part of the amount of funded interest or share of the first-mortgage bonds of the Atchison and Pike's Peak Railroad Company, together with the interest on said coupons from the day the same became due, respectively, until the 1st day of May, 1879, which coupons have been deposited with Henry W. and Oliver Ames, trustees, to be held as collateral security to this bond, under and according to the provisions of an agreement bearing date the 1st day of April, 1879, made between certain holders of the coupons of the first-mortgage bonds of the Atchison and Pike's Peak Railroad Company of the first part, the Central Branch Union Pacific Railroad Company of the second part, and said Henry W. and Oliver Ames, as trustees, of a third part, which agreement has been executed in duplicate, one copy being held by said railroad company and the other copy being held by said trustees.

Said coupons are to be held by said trustees uncanceled, with full preservation of the thing mortgage-like therefor, but with suspension of the remedy therein as provided in said agreement: it being also agreed and provided in said agreement that in case of default in the payment of this bond at maturity thereof, or in case of a continued default in the payment of any coupon hereto attached for sixty days after the same shall become due and payable, that then the amount of said funded coupons which, with interest thereon from the time the same became due, respectively, to May 1, 1879, will equal the par value of this bond, shall, upon demand of the holder of this bond, be transferred to him in exchange for this bond; and further, that in case of the failure of the said first mortgage, the holder of this bond shall be entitled to an equitable and pro rata share of the amount received upon said funded coupons by said trustees. This bond is not to be issued nor become valid without the intervention of said trustees, Henry W. and Oliver Ames, to the effect that this bond is issued under and according to the provisions of the above-named agreement.

In witness whereof, the said Central Branch Union Pacific Railroad Company has caused to be affixed its corporate seal and caused the same to be attested by the signatures of its President and Secretary the 1st day of April, 1879.

\_\_\_\_\_,  
President.

\_\_\_\_\_,  
Secretary.

The coupons to be annexed to the said bonds are substantially as follows:

The Central Branch Union Pacific Railroad Company hereby promises to pay to bearer, at its office in the city of New York, \$35, in gold coin, lawful money of the United States, of the standard of 1879, on the \_\_\_\_ day of \_\_\_\_, 18\_\_, for semi-annual interest on the funded coupon bond numbered \_\_\_\_.

\_\_\_\_\_,  
Treasurer.

Said party of the first part further agrees that it will deliver to the holders of any of said coupons, who shall find the same, an amount of said funded coupon bonds equal in par value to said coupons so funded, together with interest thereon, at the rate of 7 per cent. per annum, from the time they respectively become due till May 1, 1878.

In case any holder of coupons who shall make the deposit as aforesaid with the said parties of the third part shall be entitled under the provisions herein to the fractional part of a funded coupon bond, then the said company shall issue its certificate under its seal, stating that the company is indebted to the holder of said certificate to a certain portion of another bond. Said certificate shall bear interest at the same rate, and shall be paid at the same time and place as the interest on such funded coupon bond is paid. If such certificate shall be assignable only upon the books of said railroad company in the city of New York.

Any holder of said certificate amounting to \$1,000 or more may at any time surrender the same to said railroad company at its office in the city of New York, and receive therefor a funded coupon bond or bonds and a new certificate representing the same amount.

The said certificate shall be in the following form:

No. \_\_\_\_\_ CENTRAL BRANCH UNION PACIFIC  
RAILROAD COMPANY.

#### FUNDED COUPON CERTIFICATE.

The Central Branch Pacific Railroad Company hereby acknowledges itself indebted to \_\_\_\_\_ in the sum \_\_\_\_\_ dollars, lawful money of the United States, which it agrees to pay on the 1st day of May, 1883, together with the interest thereon from \_\_\_\_\_ 18\_\_, at the rate 7 per cent. per annum, payable half-yearly, on the 1st day of November and May of each year, until this certificate is paid; principal and interest payable in gold coin of the United States of the standard of 1879 in the city of New York.

This certificate represents a portion of the funded coupons and interest thereon mentioned in a certain agreement bearing date the 1st day of April, 1879, made between the holders of the coupons of certain mortgage bonds of the Atchafalpa and Platte River Railroad Company of the first part, the said Central Branch Union Pacific Railroad Company of the second part, and Henry Day and Oliver Ames, trustees, of the third part in relation to the funding of coupons of the said first mortgage bonds, and is entitled to the same and other privileges therein mentioned relating to the same.

This certificate, together with others of this class amounting to \$1,000 or more per line, may be surrendered to the said railroad company in the city of New York, when a funded coupon bond or bonds, and another certificate if required to equalize value, will be issued in place of the same, and for the same amount.

This certificate is transferable only on the books of this said company in the city of New York, and the party in whose name the same shall stand when said interest is payable shall be entitled to receive the same.

In witness whereof the said Central Branch Union Pacific Railroad Company has caused to be affixed its corporate seal and caused the same to be attested by the signatures of its President and Secretary.

7. And whereas, by a certain indenture of agreement bearing date the 3d day of April, 1879, made between said Central Branch Union Pacific Railroad Company of the first part, Ralph M. Pomerooy and Juliette E. his wife, of the city of Boston, of the second part, and Ralph M. Pomerooy, of the city of Boston, of the third part, certain bonds and coupons

were conveyed and assigned to said party of the third part to trust among other things the same and apply the proceeds thereof to the payment of the coupons of mortgage bonds of said company, due and to become due, from and including on the first day of November, 1873, to and including those to become due on the 1st day of May, 1879:

Therefore, in consideration of these presents and of the security hereby provided by the payment of said coupons, said parties of the first part do hereby release and discharge Ralph M. Pomeroy, party of the third part in said instrument, from the payment of said coupons funded as above named, or of any portion of the same, from any part of said land, and do hereby covenant and agree for themselves, their legal heirs or assigns, holders of said funded coupon bonds herein mentioned, to said Central Branch Union Pacific Railroad Company and its successors, that in said deed mentioned shall be discharged from all further obligations mentioned said deed in relation to the payment of said funded coupons, and that the proceeds of said lands which would under the said trust deed have been applied to the payment of said coupons funded as heretofore provided shall be disposed of under and to the trusts and purposes as mentioned in said deed, in the same manner as said coupons herein mentioned had been paid by the said company at the time they became due.

Each party of the second part does hereby agree to pay all the disbursements and all lawful and proper commissions for the service of the parties of the first part in carrying out this trust, and said parties of the third part are hereby obligated to deposit the coupons so funded with them, as aforesaid, in the Mercantile Trust Company of the city of New York.

Witness whereof the said Central Branch Union Pacific Railroad Company have caused their seal to be hereunto affixed, and these presents to be attested by their president and secretary; and the said parties of the third part have hereto set their hands and seals, and the said parties of the first part have also hereto set their hands and seals, in the year of our Lord 1879.

And delivered in the presence of Central Branch Union Pacific Railroad Com-

R. M. POMEROY,  
*President.*  
THOMAS M. SOTHER,  
*Secretary.*  
HENRY DAY,  
OLIVER AMES,  
*Trustees.*

NEW YORK, City and County of New York, on:

1st day of April, 1879, before me, William E. Scovill, personally came R. M. Pomeroy, known to me to be the president of the Central Branch Union Pacific Railroad Company, and on the same day in the same year, before me also came Thomas M. Sother, known to me to be the secretary of said company, the corporation described in, and who executed the above instrument, who being by me duly sworn, did each depose and say as follows:

That he resides in the city of Boston, that he is the president of said company; that Thomas M. Sother, that he is the secretary of said company, and resides in the city of Brooklyn; and each did depose and say that he knows the corporate seal of said company; that the seal affixed to the above instrument is said corporate seal of said company, and was affixed by order of the board of directors of said company, and that his name thereto by the like order.

And whereof I have hereunto set my hand and seal this 1st day of April, A. D.

W. E. SCOVILL,  
*Notary Public, No. 305, City and County of New York.*

NEW YORK, City and County of New York, on:

1st day of April, in the year of our Lord 1879, before me personally came Henry Day and Oliver Ames, known to me to be the individuals described in (as trustees) and who executed the above instrument, who acknowledged that they executed the same as

And whereof I have hereunto set my hand and official seal the 1st day of April,

WILLIAM E. SCOVILL,  
*Notary Public, No. 305, City and County of New York.*

We agree to be bound by the above agreement, provided the same shall be submitted by owners of eleven thousand coupons.

	Number of coupons
Oliver Ames	1,000
G. Twitchell	100
Nathaniel Thayer	350
Oliver Ames, additional	125
R. M. Pomeroy	1,750
George Ripley	125
J. W. Brooks, by F. Dennison, attorney	75
A. S. Barnes	1,000
W. U. Wetmore	1,000
Isaac P. Tyson	200
A. H. Potter	200
H. C. Goodnow	250
C. H. Parsons	200
John Monahan	25
J. C. Atwater	500
J. C. Atwater	250
F. Waltham	10
Henry Day	1,000
W. H. Hale	50
S. W. Moore	50
James P. Dike	50
Anna Jacobs	25
William Claffin, by H. B. Hackott, jr.	750
J. T. Dunn	50
H. B. Batcheller	50
James Potter	10
T. S. Moody	10
Fally A. Lockwood	10
George L. Porter	50
Walter Wheeler, by James Potter	25
William S. Wilson, trustee	5
George C. Bishop	50

# THE UNION PACIFIC RAILWAY COMPANY,

EQUITABLE BUILDING,

Boston, November 21, 1887.

GENTLEMEN: On Friday, as a result of an intimation received through Comptroller Mink, of this company, my attention was called to the fact that no sinking fund had been provided for the retirement of the \$650,000 funded interest bonds of the Central Branch Union Pacific Railroad Company. I must frankly admit that I was not before aware of this fact. Other and more pressing financial matters occupied my attention, and this fact consequently had escaped me.

I at once instructed the secretary to call a meeting of the directors of the Central Branch Union Pacific, which was held on Saturday, and a vote passed, a copy of which I inclose for the information of the commission. The original instrument providing for the funding of the unpaid coupons should, of course, have contained a provision for a sinking fund. Thanking you for calling my attention to the omission,

I remain, etc.,

CHARLES F. ADAMS,

President.

Messrs. ROBERT E. PATTERSON, DAVID T. LITTLE, and E. ELLERY ANDERSON,  
U. S. Pacific Railway Commission.

NEW YORK, November 19, 1887.

The executive committee of the board of directors of the Central Branch Union Pacific Railroad Company met at room 133, 42 Wall Street, New York City, at 10 o'clock a. m. Present, Messrs. Adams, Adams, and Wainwright.

James M. Ham was appointed secretary pro tem.



The following preamble and resolutions were presented, and, on motion of Mr. Ames, unanimously adopted:

Whereas the United States Pacific Railroads Investigating Commission has called attention to the fact that no provision has been made by this company for the retirement of a sinking fund, or otherwise, of the bonds issued under the agreement to fund past as coupons of the company's first mortgage-bonds, dated April 1, 1879, said bonds maturing May 1, 1895, of which there are outstanding \$650,000; and

Whereas the directors of this company, having had their attention directed to this object, think it desirable and equitable, in view both of the interests of the company, as well as the United States, that some specific arrangement looking to the payment of said bonds should be entered into by means of which, through the operations of a sinking fund, annual or semi-annual installments of the company's income shall be set apart for the purpose of providing a fund for the liquidation at maturity of said debt:

Therefore, voted, That the officers of the company be, and they hereby are, directed to prepare an instrument, providing that the company shall make annual payments to the American Loan and Trust Company, sufficiently large in amount to discharge said debt at maturity, supposing said fund can be made to earn at least 5 per cent. interest thereon, and the sums thus paid to be held by said trust company, as trustee, as a sinking fund, and invested upon such terms and conditions as may be in said indenture provided, the proceeds arising from the operations of said sinking fund to be applied at maturity towards the payment of said bonds. And in making investments of this sinking fund, said trust company, trustee, shall give preference to said funded interest bonds.

Adjourned.

JAMES M. HAM,  
*Secretary pro tem.*

*Articles of Incorporation of the Sioux City and Pacific Railroad Company.*

ARTICLE 1. Platt Smith, L. R. Crocker, M. K. Jessup, John I. Blair, James F. Wilson, W. Hubbard, Charles A. Lambert, Frederick Schuchardt, William B. Allison, and their associates hereby associate themselves and become incorporated under the provisions of chapter 82, title 10, article 1, and the acts amendatory thereof, of the revision of the laws of 1880, of the State of Iowa.

ART. 2. This company is organized for the purpose of constructing, maintaining, and operating a railroad from Sioux City, Iowa, to such point at and upon the Union Pacific Railroad, or the Iowa branch thereof from Omaha, as may be hereafter selected under the provisions of an act of Congress entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862, and the act amendatory thereof.

ART. 3. Said incorporation shall be known by the corporate name and style of the Sioux City and Pacific Railroad Company, and its principal place of business shall be Dubuque, Iowa, until otherwise directed by said company.

ART. 4. This corporation shall commence on the 1st day of August, A. D. 1884, and continue for the full period of fifty years from that date, with the right of renewal.

ART. 5. The capital stock of said company shall be \$8,000,000, which shall be divided into shares of \$100 each, and may be taken by individuals and corporations, to be paid in such installments as said company may require, and under such rules, regulations, and restrictions as may be provided by the board of directors.

ART. 6. The officers of said company shall consist of nine directors, who shall have the management of the affairs of the company, a majority of whom shall form a quorum in the transaction of business, and any director may vote by proxy.

ART. 7. The persons named in the first article of these articles of incorporation shall be the directors of said company until the first Wednesday of August, A. D. 1888, and until their successors are elected and qualified, upon subscribing these articles of incorporation and subscribing for at least ten shares of stock in said company.

ART. 8. The board of directors shall elect from their number a president and vice-president, and shall also select a secretary and treasurer of said company, provided that the secretary and treasurer shall hold their respective offices during the pleasure of the board.

ART. 9. The board of directors shall appoint an executive committee of five, and they shall be the president, and who shall possess such powers as may be delegated to the board of directors, and which appointment may be revoked at any time.

ART. 10. The president, vice-president, or any director may be removed by a two-thirds vote of all the directors; and in case of a vacancy, by resignation or otherwise.

board shall fill such vacancy within sixty days, or at the first meeting of the board thereafter.

ART. 11. At all elections for directors each stockholder shall have one vote for each share held by him, and the vote may be cast in person or by proxy, under such rules and regulations as said company may prescribe; provided that each director shall hold at least ten shares of stock.

ART. 12. The said company shall at no time subject itself to an indebtedness or liability exceeding the sum of \$4,000,000.

ART. 13. The private property of the officers and stockholders of said company shall be exempt from corporate debts.

ART. 14. These articles may be amended at any annual meeting of the stockholders, provided that such previous notice of said amendments shall be given as may be prescribed by the board of directors.

ART. 15. The board of directors shall have power to meet in New York City, due notice being first given to all of the directors at least ten days before such meeting.

ART. 16. There shall be, on the first Wednesday of August A. D. 1866, and annually thereafter, a meeting of stockholders for the purpose of selecting directors and for the transaction of such other business as may be properly transacted at such meeting; for weeks' notice of such meeting shall be given in such manner as the board of directors may prescribe.

ART. 17. Shares of stock subscribed shall be transferred by the president and secretary of said company at any time upon the request of the holder thereof.

PLATT SMITH,  
M. K. JENUP,  
A. W. HUBBARD,  
FRED. K. SCHUCHARDT,  
L. B. CROCKER,  
JAMES F. WILSON,  
CHARLES A. LAMBARO,  
WM. H. ALLISON,  
JOHN L. BLAIR.

*Signed*

(Indorsements on said articles.) State of Iowa. Filed for record this 16th August, 1864, 10 o'clock a. m. Recorded in Book "B" of Incorporations, pages 434 to 438. James Wright, secretary of state, State of Iowa, Dubuque County. Filed for record August 6, 1864, 10 o'clock a. m. and recorded in Book No. 1 of Incorporations, page 310. William G. Stewart, recorder. By A. B.

*Amendment to the articles of incorporation of the Sioux City and Pacific Railroad Company adopted August 2, 1871.*

Resolved, That article 16 of the articles of association be amended to read as follows: "There shall be, on the third Wednesday of May, 1872, and annually thereafter, at that day a meeting of the stockholders for the purpose of selecting directors and for the transaction of such other business as may be properly transacted at such meeting. Thirteen weeks' notice of such meeting shall be given in such manner as the board of directors may prescribe."

I hereby certify that the above and foregoing is a true copy of a resolution adopted at a meeting of the stockholders of the Sioux City and Pacific Railroad Company, held at the office of the company, Cedar Rapids, Iowa, August 2, 1871.

W. W. WALKER,  
*Secretary.*

Filed for record in the recorder's office, Linn County, Iowa, January 25, 1872, at 10 o'clock a. m., and recorded in Book of Incorporations, at page ———, No. 348.

JOHN J. DANIEL,  
*Recorder.*

Filed in the office of secretary of state, February 5, 1872, and recorded in Book "F," Incorporation Record, page 191.

ED. WRIGHT,  
*Secretary.*  
T. H. WARREN,  
*Deputy.*

*Articles of association of the Northern Nebraska Air-Line Railroad Company.*

Be it known that the undersigned, citizens of the State of Nebraska, have this day joined themselves together under the name and style of the Northern Nebraska Air-Line Railroad Company, which name is hereby and by the presents assumed by the said company and by which the same is to be known.

1. The termini of said railroad shall be as follows, to wit: The main trunk and continuous line of said road is to commence at and within the town of De Soto, of Washington County, Nebraska, and at and within one-half mile of the Missouri River, in Washington County, in the State of Nebraska; thence in a westerly course, by the most suitable route, to be hereafter selected by the said company or under its direction, through the counties of Washington and Dodge, or through parts of the same, to the town of Fremont, in the county last named. The town of Fremont, in the said county Dodge, is to be the terminus of the said road.

2. The object for which this association and company is formed, is to survey, locate, build, construct, and operate a railroad at and between the places hereinbefore named the beginning and terminus of the said railroad and to do and perform any and all acts necessary in the premises.

3. The capital stock of the said company necessary to construct and operate said railroad is and shall be the sum of \$2,000,000.

4. The highest amount of indebtedness or liability to which this corporation shall at any one time be subject shall be not to exceed \$1,000,000.

5. This company is formed under and by virtue of the provisions of the twenty-fifth article of the revised statutes of Nebraska, entitled "Incorporations," and especially under and by virtue of the provisions of the subdivision of said chapter, entitled "Railroad Companies," and commencing at section No. 72 of said chapter.

6. The officers of the said company shall consist of a president, one vice-president, secretary, and such other officers as the company shall from time to time create and establish.

7. The officers elected at the first election shall hold their offices for the period of one month, and after the first election, the time of election, the term of office, the mode of election, the qualifications of officers and electors, shall be prescribed by the laws of the company.

8. The business operations of this company shall be regulated by by-laws, to be hereafter adopted by the company at any meeting or meetings of the same.

And we hereby certify that the foregoing articles of incorporation have been agreed on and adopted by us this day.

Witness our hands and seals, this 7th day of June, A. D. 1897.

D. C. SLADER,  
J. A. UNTHANK,  
THOS. P. KENNARD,  
JOHN S. BOWEN,  
J. T. DAVIS,

[SEAL]  
[SEAL]  
[SEAL]  
[SEAL]  
[SEAL]

Witness present:

L. D. BEALS.

STATE OF NEBRASKA,

County of Douglas, ss:

Personally came before the undersigned, a notary public within and for said county, D. C. Slader, J. A. Unthank, Thomas P. Kennard, John S. Bowen, and J. T. Davis, the incorporators above named, who are to me known as the identical persons named, and each for himself acknowledged the same to be their voluntary act, and in my presence admitted each and every of the signatures thereto to be theirs.

Witness my hand and notarial seal this 7th day of June, A. D. 1897.

(L. S.)

J. C. AMBROSE,

Notary Public

STATE OF NEBRASKA,

County of Douglas, ss:

George Armstrong, clerk of the district court of the first judicial district within Douglas County, State of Nebraska, hereby certifies that J. C. Ambrose, whose name appears to the above certificate as notary public, was at the time the same was signed yet is an acting notary public within and for said county duly commissioned and qualified, as appears of record in my office.

Witness my hand and seal of court at my office, June 7, 1897.

(L. S.)

Witness my hand this 7th day of June, 1897.  
GEORGE ARMSTRONG, C.

## STATE OF NEBRASKA.

Secretary's Office, in:

I, Thomas P. Kennard, secretary of the State of Nebraska, do hereby certify that I have carefully compared the foregoing copy of the articles of association of the Southern Nebraska Air Line Railroad Company with the original on file in this office, and that the same is a true and perfect copy of said articles.

In testimony whereof I have heretofore set my hand and affixed the great seal of the State of Nebraska.

Done at Omaha this 16th day of August, A. D. 1887.

(L. S.)

THOMAS P. KENNARD,

Secretary of State.

Articles of Incorporation of Northern Nebraska Air Line Railroad filed August 9, 1887, at half-past 7 o'clock a. m., recorded in miscellaneous record, page 84, Washington County, Nebr.

A. CASTETTER,

County Clerk.

By F. A. BENNER,

Deputy.

Filed for record September 7, 1887, at 8 o'clock a. m., and recorded in book 0, of corporations, pages 72, 73, 74, 75, 76.

E. H. BOGERS,

County Clerk Dodge County, Neb.

*Agreement of consolidation of the Sioux City and Pacific Railroad Company with the Northern Nebraska Air Line Railroad Company.*

Whereas the Sioux City and Pacific Railroad Company, organized under the laws of the State of Iowa, has constructed its line of railroad from Sioux City, in the State of Iowa, to a point on the Missouri River in the State of Iowa nearly opposite to the town of De Soto, in the State of Nebraska, and desires to extend its line of railroad from said point on the Missouri River to intersect the Union Pacific Railroad at or near Fremont, in the State of Nebraska; and

Whereas the Northern Nebraska Air Line Railroad Company, organized under the laws of the State of Nebraska to build a railroad from the said town of De Soto to the said point aforesaid, has valuable subscriptions, funds, and franchises secured for that purpose; and

Whereas the line of railroad proposed by the said two corporations being extended the same from Missouri River westward, it is desired by the said corporations to consolidate so that one line of road only may be built from De Soto to Fremont aforesaid; and that stockholders of both corporations may become stockholders in the one consolidated company, and the whole line of railroad from Sioux City to Fremont may be the property of one corporation, and controlled and operated as one and the same continuous line of railroad:

Now, therefore, to effect the purpose aforesaid, the said corporations, by their directors have entered into this agreement, to wit:

ARTICLE 1. The two corporations aforesaid are consolidated, and the said consolidated company shall be known by the name of the Sioux City and Pacific Railroad Company.

ART. 2. The business of this consolidated company shall be managed by a board of nine directors, who shall be elected by the stockholders.

ART. 3. The stockholders of both of the corporations hereby consolidated shall be stockholders in this consolidated company, and shall be required to pay within a time to be fixed by the board of directors such a proportion of the stock subscribed by them as shall make the per centum paid by the stockholders of both of the former corporations equal. Any stockholder of either of said corporations who may be thus required to pay to equalize the payments as aforesaid, may at his option surrender his stock and receive back again the installments by him paid. When such payments and equalization shall have been made the stockholders of both of said corporations shall be stockholders in this consolidated company, with equal privileges in all respects.

ART. 4. All of the funds, subscription lists, and property of every kind, whether actual possession or to be acquired and received into possession hereafter, under any contract, or by what means soever, which either of said corporations now has or may hereafter recover or receive, as well as the said railroad and the stock and funds thereof shall be the property of the consolidated company.

1. 5. Until an election shall take place under these articles the present board of directors and officers of the former Sioux City and Pacific Railroad Company shall be the directors and officers of this consolidated company.  
 witness whereof the president of each of said corporations has hereunto set his hand and caused the seal thereof to be affixed. Done on this 15th day of September, A. D.

A. L. C. &amp; P. R. R. CO.]

JOHN I. BLAIR,

President Sioux City and Pacific Railroad Company,

A. L. N. &amp; L. R. R. CO.]

W. W. WALKER,

President Northern Nebraska Air Line Railroad Company.

## SIOUX CITY AND PACIFIC RAILROAD COMPANY.

Amount of rental paid to Fremont, Elkhorn and Missouri Valley Railroad Company by Sioux City and Pacific Railroad Company.

Years.	Amount.	Years.	Amount.
1880	\$2,727.85	1890	\$40,044.92
1881	16,779.08	1891	54,526.30
1882	18,964.61	1892	97,399.16
1883	12,099.27	1893	171,277.47
1884	14,428.24	1894 to June	120,464.70
1885	14,428.24		
1886	19,877.25	Total	\$37,418.74
1887	21,727.78		

## Net rates per passenger per mile and per ton per mile.

Years.	Per passenger per mile.	Per ton per mile.	Years.	Per passenger per mile.	Per ton per mile.
	Cents.	Cents.		Cents.	Cents.
1880	4.00	3.44	1891	2.37	2.20
1881	4.08	3.97	1892	2.26	2.30
1882	3.66	3.97	1893	2.18	2.22
1883	3.67	3.67	1894	2.25	2.20
1884	3.66	3.97	1895	2.08	1.97
1885	3.70	3.67	1896	2.15	1.90
1886	3.66	2.10	1897 (half year)	2.19	1.51
1887	3.30	2.45			

## ADDITIONAL TESTIMONY OF MARVIN HUGHITT.

response to questions by the Commissioner, Mr. HUGHITT furnished the following written replies:

What are the relations between the Sioux City and Pacific Railroad Company and the Western Union Telegraph Company?—A. The Sioux City and Pacific Railroad Company leased its entire line of telegraph to Western Union Telegraph Company for a term of twenty-five years April 1, 1871. For the consideration received by the railroad company for same, see copy of lease inclosed herewith.

What revenue and expenditures have grown out of this service the railroad company received from the telegraph company (for lease) the sum of \$6,420. This amount was paid by the telegraph company January 5, 1872. In addition to the above amount the railroad company; it receives the benefit of direct use of the general telegraph system of the country; the price of large amount of business over the Western Union

cost; preferential rights for its messages over those of a commercial nature; the material and implements it requires in maintaining and enlarging its facilities as needed; also other important and valuable considerations. We have no means of ascertaining what the earnings of the telegraph company have been on the property in question, or what the receipts and expenditures would have been if the railroad company had continued to operate its lines. It is apparent, however, that it would have been a very difficult matter to operate the short lines of the Sioux City Railroad profitably as a distinct system, especially as the cost to the Western Union Telegraph Company of reaching principal points touched by the Sioux City would have been very small compared with the convenience and necessity of its doing so.

In response to a request to furnish copies of the annual reports of the Sioux City and Pacific Railroad Company, Mr. HUGHITT says:

The Sioux City and Pacific Railroad Company has never made any printed annual reports. Since 1879 reports have annually been furnished the United States and are on file in the office of the Commissioner of Railroads at Washington. Printed copies of same can be had upon application to said office.

In response to a call for the engineer's original notes (or copies of them) on which the cost of construction of the Sioux City & Pacific road was estimated, Mr. HUGHITT says:

In answer to the inquiry for engineer's original notes would say that they are not attainable, but it is quite probable that the Commission may find them among the archives of the Government at Washington.

*Road mileage of the Union Pacific Railway consolidated and auxiliary lines.*

Union Pacific Railroad, Union Division (A):

Main line: Council Bluffs to Ogden .....	Miles. 1,033.74
Branches:	
Broadway, Council Bluffs .....	1.65
Omaha Junction Switch to junction with Chicago, St. Paul, Minneapolis and Omaha Railway .....	2.44
Niles Junction to Coal Mines .....	.37
Almy Junction to Coal Mines .....	2.91
	<hr/> 3.97
Total, Union Division .....	<hr/> 1,041.61

Kansas Pacific Railway, Kansas Division (N):

Main line: Kansas City to Denver .....	Miles. 428.25
Branches:	
Wynolotte spur .....	2.68
Enterprise spur .....	1.98
	<hr/> 4.66

Total, Kansas Division .....

432.91

Kansas Pacific Railway, Leavenworth Branch (O), Leavenworth to Lawrence .....

Miles.  
21.00

Denver Pacific Railway, Cheyenne Division (U), Denver to Cheyenne.

Miles.  
196.00

RECAPITULATION.

(A) Union Division .....	Miles. 1,041.61
(N) Kansas Division .....	432.91
(O) Leavenworth Branch .....	21.00
(U) Cheyenne Division .....	196.00
Total, Union Pacific Railway consolidated .....	<hr/> 1,691.52

## AUXILIARY LINES.

	Miles.
Omaha and Republican Valley Railroad:	
Main line, Valley, Nebr., to Marysville .....	121.41
Branches:	
Valparaiso to Stromsburg .....	53.30
Blue Springs Spur .....	.68
Saint Paul to Lepp City .....	29.40
Grand Island to Ord .....	60.77
Scotts Spur .....	1.37
	155.52
Marysville and Blue Valley Railroad, leased by the Omaha and Republican Valley Railroad Company .....	12.80
	939.73
Omaha, Nebraska and Black Hills Railroad:	
Main line, Columbus to Norfolk (Nebr.) .....	50.37
Branches:	
Lost Creek to Albion .....	31.48
Gemco to Cedar Rapids .....	30.55
	63.01
	115.38
Manhattan and Blue Valley Railroad, Manhattan to Marysville .....	54.95

## RECAPITULATION.

Omaha and Republican Valley Railroad (including Marysville and Blue Valley Railroad) .....	260.73
Omaha, Nebraska and Black Hills Railroad .....	115.38
Manhattan and Blue Valley Railroad .....	54.95
Total, Omaha and Republican Valley Railway .....	431.06
Boys.—These roads were consolidated under one company January 1, 1867.	
Omaha and Park City Railway:	
Main line, Echo to Park City .....	27.50
Branches, Echo to Grass Creek .....	4.30
Total .....	31.80
Great Lake and Western Railway:	
Main line, Lehi Junction to Tintic .....	53.60
Branches, Lehi to Silver City .....	4.15
Total .....	57.75
Utah, North Park and Pacific Railway: Laramie to Soda Lake .....	13.25
Utah Short Line Railway:	
Main line, Granger to Huntington .....	541.51
Wood River Branch, Shoshone to Eatchum .....	26.75
Total .....	568.26
Utah and Northern Railway: Ogden to Silver Bow .....	68.95
Utah City and Fort Kearney Railway:	
Main line, Junction City - Kans. - to Concordia .....	77.46
Branch, Lawrenceburg to Belleville .....	17.10
Total .....	94.56
Utah and Esmeralda Railway: formerly known as Carbonate Branch: Lawrence to Carbon Hill .....	30.00
Utah Railroad: Salomon to Beloit .....	22.00
Utah and Northwestern Railway: Salina to McPherson .....	
Utah Central Railroad: Leavenworth to Mearns .....	

<b>Colorado Central Railroad:</b>		
Narrow gauge:		
Denver to Central City	94.50	
Forks Creek to Georgetown	41.33	
Total narrow gauge		135.83
Broad gauge:		
Denver to Colorado Junction	130.26	
Julesburg Branch (Julesburg to La Salle)	151.49	
Total broad gauge		281.75
Total Colorado Central Railroad		417.58
<b>Denver, South Park and Pacific Railroad:</b>		
Main line, Denver to Leadville:		
Branches:		
Como to Baldwin Mines	131.08	
Bear Creek Junction to Morrison	8.80	
Como to Coal Mine	3.47	
Keystone to Dickey	0.88	
California Gulch Spur	3.05	
Como to Loomis	16.00	
Schumacher to Duran Vista	3.87	
Total		177.15
<b>Greeley, Salt Lake and Pacific Railway:</b>		
Broad gauge:		
Greeley to Stent		2
Hallsville Spur		2
Narrow gauge, Boulder to Sunset		2
Total		4
<b>Denver and Boulder Valley Railroad: Brighton to Boulder</b>		2
<b>Georgetown, Breckenridge and Leadville Railway: Georgetown (Colo.) to Graymount</b>		1
<b>Denver and Middle Park Railway: Halston to Glenwood</b>		1
<b>Denver, Marshall and Boulder Railroad: Argo Junction to Boulder</b>		2
<b>Salina, Lincoln and Western Railway: Salina to Lincoln Center</b>		2
<b>*Cheyenne and Northern Railway: Cheyenne to Chugwater</b>		2

## RECAPITULATION.

Union Pacific Railway consolidated	1,000
Omaha and Republican Valley Railway	480.00
Echo and Park City Railway	31.00
Salt Lake and Western Railway	59.04
Laramie, North Park and Pacific Railway	12.20
Oregon Short Line Railway	611.40
Utah and Northern Railway	408.95
Lawrence and Emporia Railway	30.04
Junction City and Fort Kearney Railway	87.80
Solomon Railroad	57.04
Salina and Southwestern Railway	35.45
Kansas Central Railroad	160.14
Colorado Central Railroad	227.75
Denver, South Park and Pacific Railroad	335.22
Greeley, Salt Lake and Pacific Railway	54.05
Denver and Boulder Valley Railroad	27.00
Georgetown, Breckenridge and Leadville Railway	8.47
Denver and Middle Park Railroad	4.51
Denver, Marshall and Boulder Railroad	26.70
Salina, Lincoln and Western Railway	34.98
	2,771.48
	4.00
*Cheyenne and Northern Railway (not yet operated)	2
Total, Union Pacific system	2,777.48



## THE UNION PACIFIC RAILWAY COMPANY.—COMPTROLLER'S OFFICE.

showing amount advanced by the Union Pacific Railway Company on account of  
 traction of auxiliary lines during the years 1890, 1891, and 1892, and bonds and  
 stock on account of construction during same period.

[Prepared by company.]

Name of Road.	Amount.	Credits: Bonds.		Credits: Stocks.	
		Par value.	Cost.	Par value.	Cost.
1888.					
1 Republican Valley (In- Marysville and Blue Val- ley).....	\$165,806.10				
2. Adams and Burlington.....	250,525.44	\$250,000	\$250,000.00	\$40,000	\$25,254.38
3. Northern Railway.....	622,559.14	1,452,000	649,300.00	1,462,000	222,300.00
Central (Julesburg branch) Johnson and Black Hills.....	711,311.66				
4. Park City (Sammitt Springs).....	259,730.00				
5. Central (Julesburg branch) Southwestern and Emporia.....	101,101.00				
6. Montana and Pacific.....	10,000.00				
7. Northern Central (Julesburg branch) Johnson and Black Hills.....	16,659.77				
8. Montana and Pacific.....	161,000.00				
9. Northern Central (Julesburg branch) Johnson and Black Hills.....	31,049.04				
10. Montana and Pacific.....	867,006.06	1,200,000	854,300.00	870,000	95,000.00
	3,877,565.34	3,054,000	2,029,900.00	2,562,000	313,170.38
1889.					
1 Republican Valley (In- Marysville and Blue Val- ley).....	28,551.38	\$125,000	\$113,200.00	\$64,000	\$24,174.36
2. Montana and Pacific.....	3,000.00	1967,000	1970,300.00	1,040,500	1163,700.25
3. Northern Central (Julesburg branch) Johnson and Black Hills.....	771,822.35	1,200,000	912,000.00	1,200,000	1,62,000.00
4. Park City (Sammitt Springs).....	1,045,001.42	2,362,000	1,009,000.00	2,362,000	700,250.17
5. Central (Julesburg branch) Johnson and Black Hills.....	44,000.00	977,000	763,600.00	977,000	91,411.42
6. Central (Julesburg branch) Johnson and Black Hills.....	10,000.00	400,000	432,000.00	350,000	77,724.25
7. Southwestern and Emporia.....	627,500.00	425,000	461,200.00	230,000	21,000.00
8. Northern Central (Julesburg branch) Johnson and Black Hills.....	104,000.25	110,000	795,300.00	100,000	9,000.00
9. Northern Central (Julesburg branch) Johnson and Black Hills.....	137,822.46		302,300.00		
10. Northern Central (Julesburg branch) Johnson and Black Hills.....	172,000.00	400,000	400,000.00	400,000	31,161.37
11. Northern Central (Julesburg branch) Johnson and Black Hills.....	11,735,812.53				
12. Northern Central (Julesburg branch) Johnson and Black Hills.....	501,103.31				
13. Northern Central (Julesburg branch) Johnson and Black Hills.....	30,302.19				
14. Northern Central (Julesburg branch) Johnson and Black Hills.....	22,430.01				
15. Northern Central (Julesburg branch) Johnson and Black Hills.....	2,550,244.01	900,000	861,000.00	701,000	613,550.80
16. Northern Central (Julesburg branch) Johnson and Black Hills.....	13,707.35				
17. Northern Central (Julesburg branch) Johnson and Black Hills.....	1,023.03				
18. Northern Central (Julesburg branch) Johnson and Black Hills.....	44,007.50				
	8,045,491.24	6,623,000	6,779,700.00	7,000,000	1,265,350.40
1890.					
1 Republican Valley (In- Marysville and Blue Val- ley).....	293,626.36	281,000	281,000.00	140,000	84,500.00
2. Montana and Pacific.....	20,037.18				
3. Northern Central (Julesburg branch) Johnson and Black Hills.....	700,000.00	657,000	661,000.00	557,000	313,000.00
4. Park City (Sammitt Springs).....	28,523.47				
5. Central (Julesburg branch) Johnson and Black Hills.....	65,100.20				
6. Park City (Sammitt Springs).....	13,500.00				
7. Central (Julesburg branch) Johnson and Black Hills.....	101,000.00	100,000	100,000.00	100,000	45,000.00
8. Southwestern and Emporia.....	25,740.77				
9. Northern Central (Julesburg branch) Johnson and Black Hills.....	8,251.36				
10. Northern Central (Julesburg branch) Johnson and Black Hills.....	100,000.00	1,000,000	864,000.00	1,000,000	97,200.00
11. Northern Central (Julesburg branch) Johnson and Black Hills.....	773,370.04				

as provided by an Italian representative and other bonds which have been sold by the  
 the Railway Company, and credit has been given to the several railway construction  
 as the proceeds of such sales. Other amounts represent the net advances made.

Republican Valley Railroad  
 and Southwestern Railroad.

the year that the Union Pacific Railway Company received \$1,200,000 on account of  
 the bonds and stock of the Oregon Short Line Railway Company.

Statement showing amount advanced by the Union Pacific Railway Company, etc.—Continued.

Name of road.	Amount.	Credits: Bonds.		Credits: Stocks.	
		Par value.	Cash.	Par value.	Cash.
Georgetown, Breckenridge and Leadville	\$231,354.47				
Laramie, North Park and Pacific Railroad and Telegraph	28,561.75				
Denver, South Park and Pacific	818,434.86	\$1,052,000	\$1,012,000.00	\$1,094,000	\$25,000
Denver, Western and Pacific	171,668.12				
Manhattan and Blue Valley	28,978.66				
Oregon Short Line Railway	75,781,081.37				
	8,281,499.46	2,064,000	2,012,000.00	3,225,000	25,000

\* During the year 1902 the Union Pacific Railway Company received \$1,079,320 on account of surreptions to bonds and stock of the Oregon Short Line Railway Company.

Statement of bonds acquired and placed in the Kansas Pacific consolidated mortgage, Denver Pacific mortgage, or Denver Extension mortgage trusts, during 1890, 1891, and 1892.

	1890.	1891.	1892.	When released from trust and receipt.
Cheyenne Branch bonds	\$348,000.00	\$12,000.00	\$15,000.00	
Denver and Boulder Valley R. R. Co. bonds	55,000.00	10,000.00	8,000.00	
Income bonds, Kansas Division	28,100.00	27,200.00		
Income bonds, subordinated, Kansas Division	28,000.00		100,000.00	
Junction City and Fort Kearney Rwy. Co. bonds	150,000.00			
Lawrence and Southwestern R. R. Co. bonds (Carbondale Branch)		200,000.00		
Lawrence Branch bonds	210,000.00	10,000.00		
First land-grant bonds, Kansas Division	725,000.00	1,500.00	2,000.00	June 1, 1892
Second land-grant bonds, Kansas Division	50,000.00	3,000.00		May 1, 1892
Eastern Division coupon certificates, Kansas Division		274,425.00	22,500.00	
Denver Extension coupon certificates, Kansas Division		630,100.00	12,000.00	
Lawrence Branch coupon certificates, Kansas Division	40,270.00	10,710.00	50,190.00	
First land-grant coupon certificates, Kansas Division	210,000.00	250.00		Dec. 31, 1892
Second land-grant coupon certificates, Kansas Division	150,075.00	545.00	8,875.00	Jan. 20, 1892
Denver Extension bonds, Kansas Division		104,000.00	97,000.00	
Total	2,076,246.67	2,210,951.25	367,735.00	

of bonds acquired by the Union Pacific Railway Company during the years 1880, 1881, and 1882.

Title of bond.	1880.		1881.		1882.	
	Bonds.	Entered at	Bonds.	Entered at	Bonds.	Entered at
Colorado and Pa-	\$118,000.00	\$118,000.00	\$384,000.00	\$384,000.00		
and Freehold	25,000.00	25,000.00	25,000.00	25,000.00	500,000.00	500,000.00
Central	420,000.00	420,000.00	118,000.00	118,000.00	2,000.00	2,000.00
of Nebraska	731,500.00	731,500.00	400,000.00	400,000.00	140,000.00	140,000.00
Omaha and Pacific	1,000,000.00	1,000,000.00	344,841.00	344,841.00	30,000.00	30,000.00
of Republican Valley	200,000.00	200,000.00	512,000.00	512,000.00	20,000.00	20,000.00
Northern	1,000,000.00	1,000,000.00	512,000.00	512,000.00	20,000.00	20,000.00
Western Extension	975,000.00	975,000.00	1,300,000.00	1,300,000.00	5,000.00	5,000.00
of Cloud County					7,000.00	7,000.00
Central			500.00	500.00		
South Park and Pa-			2,302,000.00	2,302,000.00	4,000.00	4,000.00
ship, Cloud Coun-			901,000.00	901,000.00	400,000.00	400,000.00
ty			11,000.00	11,000.00	1,010,000.00	1,010,000.00
and Grand Island			400,000.00	400,000.00		
Township, Cloud					270,000.00	270,000.00
County			10,200.00	10,200.00		
and Emporia			400,000.00	400,000.00	(1)	
Township, Cloud			17,200.00	17,200.00		
County			120,000.00	120,000.00		
and Blue Valley			2,400.00	2,400.00		
City, McPherson			5,000.00	5,000.00		
County					400,000.00	400,000.00
and Potosi					72,000.00	72,000.00
County			800,000.00	800,000.00		
and Potosi			350,000.00	350,000.00		
Central					10,000.00	10,000.00
Mining and Indus-						
trial of Colo-						
rad			977,000.00	977,000.00		
Omaha and Black	704,000.00	704,000.00				
Rock			640,000.00	640,000.00		
Southwestern			19,500.00	19,500.00		
of Council Bluffs			641,000.00	641,000.00		
and Western					1,000,000.00	1,000,000.00
Iron					220,000.00	220,000.00
Total	\$4,471,000.00	\$4,471,000.00	\$10,342,854.77	\$10,342,854.77	\$5,462,970.00	\$5,462,970.00

\* Scrip.

† Placed in trust.

following are affidavits relating to the methods employed in com-  
the statement of freight earnings of the Union Pacific Railway  
ny, derived from interchanged traffic for the year 1886, amount-  
\$4,544,333.17; also to statement of passenger earnings for the  
car from interchanged traffic, amounting to \$934,121.74:

aged freight traffic as above..... \$4,544,333.17  
aged passenger traffic as above..... 934,121.74

5,478,454.91

pare these figures with second column of table on page 800 (vol. 2)  
record.

of NEBRASKA, Douglas County, ss:

I, D. Lindlow, being sworn, do upon my oath say I am a clerk in the office of  
the auditor of the Union Pacific Railway Company at Omaha, Neb., and

compiled the statement of freight earnings of the Union Pacific Railway Company derived from interchanged traffic for the year 1906, amounting to \$4,544,333.17, as shown on blank Form 250, dated May 11, 1907.

That the figures used in compiling the above-mentioned statement were obtained from the books of the Union Pacific Railway Company, in which are recorded the freight earnings of all lines operated by the said company, as obtained from its various station agents' reports of freight forwarded from and to each station, and from similar reports of such railroad companies as the Union Pacific Railway Company interchanges business with, and in which books a division of all freight revenue between the Union Pacific Railway Company and all lines operated by it is recorded in monthly periods.

That in determining the amounts of interchanged freight traffic as shown on the above-mentioned blank Form 250, freight revenue derived from traffic between divisions on the same line or branch was considered local earnings, and the remaining interchange earnings; that the sums included as interchange earnings formed a part of the ordinary freight-traffic earnings of the Union Pacific Railway Company for the year 1906; that the apportionment of same was made on the regular and usual basis of division between the Union Pacific Railway Company and the lines operated by it; and that only the usual proportions of the through-freight charges allotted the Union Pacific Railway Company as its share of the earnings on shipments between main line and branch line stations was included as its interchange earnings; and that no portion of the earnings due to other railway companies on account of business interchanged with them was included therein.

I further depose and say that in the preparation of the statement first above mentioned due care was taken to guard against errors; that the computations were carefully made and their correctness verified by balancing the sums of the local and interchanged earnings of each division as obtained with the total monthly earnings previously determined and shown by the books referred to above; and that to the best of my knowledge and belief the said statement is correct.

JNO. D. LUDLOW.

I, Samuel J. Cutler, a clerk in the office of the freight auditor of the Union Pacific Railway Company at Omaha, Neb., being duly sworn, do depose and say that I compiled the freight earnings of the Union Pacific Railway Company derived from interchanged traffic for the year 1906, amounting to \$4,544,333.17, referred to in the above deposition of John D. Ludlow, were compiled by him under my direct supervision and instructions; that the method pursued to determine the correct amount of interchange earnings was as stated in the above deposition; that due care was taken to guard against errors in the preparation of the statement made on blank Form 250, also referred to, and that, to the best of my knowledge and belief, the same is a true and correct exhibit of the freight earnings of the Union Pacific Railway Company derived from interchanged traffic with its branch lines for the period mentioned.

SAMUEL J. CUTLER.

I, Andrew S. Van Kuren, being duly sworn, do depose and say I am the freight auditor of the Union Pacific Railway Company, and familiar with the books, reports, and records pertaining to the freight accounts, traffic, and revenue of the Union Pacific Railway Company; that I have examined the books and records from which the statement on blank Form 250, referred to in the above depositions, was compiled, and have investigated the method pursued to determine the freight earnings of the Union Pacific Railway Company derived from interchanged traffic for the year 1906 as shown therein, and believe the same was prepared as stated in the above depositions, and a true and correct exhibit, as above stated.

ANDREW S. VAN KUREN.

Sworn to before me and subscribed in my presence by John D. Ludlow, Samuel J. Cutler, and Andrew S. Van Kuren, respectively, this 25th day of November, 1907.  
[SEAL.]

J. R. SHROPSHIRE,

Notary Public.

STATE OF NEBRASKA, County of Douglas, ss:

I, Thomas L. Keltun, being sworn, do, upon my oath, say I am a clerk in the office of the auditor of passenger accounts of the Union Pacific Railway Company, Omaha, Neb.; that I compiled the statement of passenger earnings of the Union Pacific Railway Company derived from interchange traffic for the year 1906, amounting to \$334,121.74, as shown on blank Form 250, dated May 11, 1907.

That the figures used in compiling the above-mentioned statement were obtained from an abstract of each report of ticket sales made by agents of the Union Pacific

Railway Company, and from similar reports of such railroad companies as the Union Pacific Railway Company interchanges business with, and on which blank a division of all passenger revenue between the Union Pacific Railway Company and all lines operated by it is recorded in monthly periods.

That in determining the amounts of interchange passenger traffic, as was shown on the above-mentioned blank Form 250, only such passenger revenue derived from traffic between stations on the Union Pacific Railway Company consolidated and branch lines was used, and that the apportionment of same was made on the regular and usual basis of division between the said Union Pacific Railway Company and the lines operated by it; and that only the usual proportion of the through passenger earnings allotted to the Union Pacific Railway Company as its share of the total earnings was included in its interchange earnings.

I further depose and say that in the preparation of the statement first above mentioned, due care was taken to guard against errors that the computations were carefully made, and their correctness verified by balancing the sums of the local and interchanged earnings of each division as obtained with the total monthly earnings as previously determined and shown by the abstract referred to above, and that to the best of my knowledge and belief the said statement is correct.

T. L. KELTON.

Subscribed in my presence and sworn to before me this 25th day of November,

A. D. 1887.

[ORAL.]

J. S. SHROPSHIRE,  
Notary Public.

STATE OF NEBRASKA, County of Douglas, ss:

W. S. Wing, being duly sworn, deposes and says that he is the auditor of passenger accounts of the Union Pacific Railway Company, and as such is familiar with the same relating to the passenger earnings of said railway company, as shown on statement Form 250, dated May 11, 1887, of which \$234,121.74 was derived from interchange traffic with its branch lines; said figures were compiled by Thomas C. Kelton, under my direct supervision and instruction; that the method pursued to determine correct amount of interchange earnings was as stated in his deposition; that due care was taken to guard against errors in the preparation of the statement made on said Form 250, above referred to, and that, to the best of my knowledge and belief, the same is a true and correct exhibit of the passenger earnings of the Union Pacific Railway Company, derived from interchange traffic with its branch lines, for the year named.

W. S. WING.

Subscribed in my presence and sworn to before me this 25th day of November, A. D. 1887.

[ORAL.]

J. S. SHROPSHIRE,  
Notary Public.

STATE OF NEBRASKA, County of Douglas, ss:

I, Ernest Young, being duly sworn, do depose and say that I am the auditor of the Union Pacific Railway Company, and as such have general charge of the traffic accounts of the said company; that the methods of apportioning the earnings interchanged between the Union Pacific Railway Company and its branch lines as described in the affidavits of J. D. Lailow, Samuel J. Cutler, Andrew S. Van Karam, T. L. Kelton, and W. S. Wing are in accordance with my instructions; that the earnings derived by the said Union Pacific Railway Company from interchanged traffic with its branch lines during the year 1886, as stated in statement (Form 250) dated May 11, 1887, viz, \$26,476,454.91, of which \$234,121.74 was derived from passenger and \$4,544,333.17 from freight, were ascertained by making an analysis of the revenue accounts of the company; that only the Union Pacific Railway Company's proportion of the earnings that were joint between it and its branch lines was included in the amount above stated, and that the same thus included forms a part of the ordinary traffic earnings of said Union Pacific Railway Company; and that to the best of my knowledge and belief the statement above referred to is a true and correct exhibit of the freight and passenger earnings of the Union Pacific Railway Company derived from interchanged traffic with its branch lines for the year 1886.

I further depose and say that earnings derived from the transportation of United States mail matter interchanged between the Union Pacific Railway and its branch lines was not included in the interchanged earnings for the reason that it was impossible to ascertain its value or the proportion due the said Union Pacific Railway Com-

pay for its branch lines except upon the basis fixed by the United States Post-Office Department, which is at a fixed rate per mile for the total mileage performed on each designated route.

ERASTUS YOUNG.

Subscribed in my presence and sworn to before me this 26th day of November, A. D. 1887.  
(REAL.)

J. S. BURROWSHIRE,  
Notary Public.

PRESIDENT'S OFFICE, UNION PACIFIC RAILWAY COMPANY,  
Boston, November 21, 1887.

MY DEAR SIR: An important question of railroad economy has arisen in the course of the investigation which the specially appointed Pacific Railroad Commission is now making into the affairs of this company—a question upon which experts only can pass. Accordingly, I desire to submit the case in point to you, and ask you to confer upon me the great favor of an immediate reply.

The question at issue relates to the profit derived by the main line of the Union Pacific, from that portion of the traffic of its branch line which is done over the tracks of the main line.

In other words, taking the Oregon Short Line as an example, the facts are specifically as follows, viz: The Oregon Short Line connects with the Union Pacific at Granger, 896 miles from Omaha. The Oregon Short Line itself, then, has 610 miles of road west of Granger, connecting with the tracks of the Oregon Railway and Navigation Company at Huntington, in Oregon. So far as the Union Pacific is concerned, the business done over the Oregon Short Line is largely what is known as through business; that is, business originating from, or destined to, points east of Omaha, the terminus of the Union Pacific, and west of Granger, its point of junction with the Short Line. In this respect the Oregon Short Line, among the branches of the Union Pacific, is peculiar. Most of the business coming to, or going from, those branches is through business, so far as the Union Pacific is concerned.

The question is: What is approximately the ratio of profit to the Union Pacific on the traffic of the Oregon Short Line, or other branches of the Union Pacific, while such traffic is moving over the Union Pacific proper between Omaha and the point of junction with the branch line, whether Granger or some other?

The average ratio of operating expenses of the entire Union Pacific system to its gross earnings has, since 1840, a period of seven years, been 53.00 per cent. So far as the Union Pacific proper is concerned, apart from its auxiliary system, the average ratio has been 45.16 per cent. It is unnecessary to point out that the business of the branch line being purely through business so far as the Union Pacific proper is concerned, is done by the Union Pacific at a much lower cost than in the case of local business. The traffic in question is mainly freight. It is received by the Union Pacific from the branch lines in full car-load or train loads, and delivered by the Union Pacific to the branch lines in the same way. There is for the Union Pacific proper, no expense of collecting, switching, handling, or delay of rolling-stock. In the case of the Oregon Short Line, for instance, some five full train-loads a day are received and delivered by the main line. The wheels of these trains, while starting from Omaha or from Granger, are in constant motion for 600 miles of Union Pacific main line track. When this haul is completed, the cars composing the train are turned over by the Union Pacific, and

to its Eastern connections at Omaha, or to the Oregon Short Line at Ranger. The only cost involved is motive power and train crews.

Under these circumstances, what average profit does the Union Pacific derive from its branch-line traffic of this character? If the average profit of the Union Pacific on its general traffic is 51.82 per cent., what may be considered a fair average on its branch-line traffic?

In dealing with this question before the Commission, I used the following illustration, which I extract from the printed record:

I will now take the Union Pacific business—freight—to the Oregon Short Line, in order to show how profitable that traffic is to the main line. The Union Pacific at present delivers to the Oregon Short Line about a hundred and three cars a day of eight. That represents five full trains. Much of it is coal, which comes from Rock Springs, and goes over the Oregon Short Line to local points or to Butte, Mont.; the balance comes from Omaha. I will take the case of freight trains from Omaha to the Oregon Short Line. The trains are made up in the Omaha yard—we will say, two miles a day. Each train consists of twenty-four cars. Those cars, on an average, carry 15 tons apiece of paying freight. That freight pays three-quarters of a cent a ton per mile, or about that. It really pays more, but we will suppose three-quarters of a cent. Therefore, each car would earn 12 cents a mile; and, there being twenty-four cars in a train, the train would earn \$2.88 a mile, and it would go 800 miles. In other words, that train earns, between Council Bluffs and Granger, the sum of \$2,304, of which goes to the Union Pacific. The Union Pacific, before the Oregon Short Line Company built its road, had its own complete facilities, its general staff, general expenses, and fixed charges, some of which were increased perceptibly by the new business which goes to or comes from the Short Line. The cost of handling a train on the Union Pacific is about 55 cents a mile. Therefore it will be, in the case of a train coming from the Short Line, 800 times 55 cents, or, in round numbers, \$450.

Q. The cost of such a train as this?—A. Yes; such a train would cost the Union Pacific proper \$450 to haul. In addition to that, I am not aware of any expenses which the main line is put to, except the wear and tear of its track, which in the case of a single train is imperceptible. It is so small that we are unable to approximate it on statistics, although we carry them down to as fine a point as we can. But we will suppose that it amounts to \$250, which is a very liberal estimate. That would make \$700 as the total expense to which the Union Pacific was subjected on account of a Short Line train, which earned for the Union Pacific \$2,304. Upon that single train, therefore, as nearly as I can ascertain from the best figures at my command, the Union Pacific earns net \$1,604.

I would like to be advised whether you, as an expert, would be disposed to confirm the results herein reached by me, to wit: that in the case and under the circumstances stated, the mother line nets in the neighborhood of 70 per cent. of the gross amount received by it on its branch-line traffic passing to and from the branch lines over its own tracks.

The comptroller of the company, in estimating the average value of its branch-line interchange traffic to the mother line, computed it at 9 per cent. of the gross value of such traffic. The conclusion reached by him does not materially differ from that reached by me in the foregoing extract from my evidence. This result is questioned by certain of the Commissioners. As bearing upon the doubts which may exist in their minds, I would call your attention to the marked passage on page 2 of the printed testimony which I herewith send you.

It is of great importance to this company that the opinion of experts of unquestioned authority should be obtained upon the point involved. Therefore take the liberty of writing to you, and in conclusion, would merely add, that, to be of value, an answer to this communication will have to reach me as soon as possible after its receipt.

I remain, etc.,

CHARLES F. ADAMS  
President

NEW YORK, November 23, 1867.

DEAR SIR: Your favor of the 21st is just received. You ask my opinion, as an expert in railroad management, as to the average profit derived by the Union Pacific Railroad from its branch-line traffic, and whether I will be disposed to confirm the statements and estimates given in your testimony on that point before the Pacific Railroad Investigating Committee, a copy of which you submit.

In reply I have no hesitation in affirming that your estimate that 75 per cent. of the gross receipts of the Union Pacific from its branch-line traffic is profit, is entirely reasonable and moderate. My "profit" I mean money left in the treasury after payment of all expenses incurred in doing the work, which would not have been incurred if that traffic did not exist. Doubtless the proportion of profit will vary on different branches. It will be less on those which join the main line near its eastern terminus, and therefore give it but a short haul, and less on those which reach competitive points and bring low-rate traffic. It will be greater on lines which are in and about the Rocky Mountains and give the main line very long hauls, and greater on those which bring non-competitive freight. From my personal knowledge of your system and character of your traffic, I feel confident that the "profit" in many cases would exceed 75 per cent. of the receipts by the main line.

The principle involved is as far beyond question as the multiplication table, and it is exemplified by the history and present situation of the railroad property now under my charge, the Central Railroad and Banking Company of Georgia.

Twenty-two years ago the rival southern ports of Savannah and Charleston had each a road reaching into the interior of about the same mileage (say 200 miles)—the Central from Savannah and the South Carolina from Charleston. Each road had been torn up by Sherman's army, and had nothing left but its road-bed.

The Central Railroad began immediately to acquire and control branch lines and feeders by lease, purchase, and construction. It to-day owns in fee simple three steamship lines (Savannah to Philadelphia, New York, and Boston) and 1,108 miles of railroad, and controls nearly 1,500 more miles by part ownership, acquired generally through aiding in their construction. Its stock is selling at 125, and it is earning over 10 per cent. net, and is paying its stockholders 8 per cent. dividends. The South Carolina is running only its original 200 miles of road, and has been, meanwhile, sold out and reorganized. It is now so hemmed in by other large systems that it will probably finally be absorbed by one of them. It has never paid any dividends.

But the point of the whole matter is this: *Comparatively few of the Central's auxiliary lines are profitable in themselves.* In my recent report to the stockholders I state that the auxiliary system as a whole is but little more than self-supporting, though it is hoped that parts of it will eventually become profitable.

But in the struggle for existence among the railroad systems of our section, the Central has survived and flourished and taken a leading position by providing itself with feeders and protection, and we are still vigorously pursuing the same policy. I am to-day building and preparing to build four or five more roads and extensions, only one of which will probably pay *directly* the interest on its cost. The others are feeders, or for protection, or both.

So as the road I am now operating is to-day flourishing on the result of a "branch line policy," and is not at all a solitary example of it.



And, I think the wisdom—I may say, the absolute necessity—of such policies, judiciously carried out, is an amply demonstrated fact.

Very truly, yours,

H. P. ALEXANDER.

CHARLES F. ADAMS, Esq.,

*President Union Pacific Railway Company, Boston, Mass.*

WILMINGTON, November 24, 1887.

MY DEAR SIR: In reply to your letter of November 21, I beg to say that I have been for the last fifteen years engaged in the construction and management of railroads and in the study of all practical and economic questions connected therewith.

I have read your testimony before the Pacific Railroad Commission in regard to the system of constructive mileage in use between the Union Pacific Railroad and its branch lines, and have pleasure in saying that the practice, as explained by you, is not only fair and liberal, but is the same in principle that is everywhere applied in this country for the division of earnings between main lines and their controlled branches where different ownership exists, and also between lines which are independent of each other and are merely working together for mutual convenience and profit.

I have carefully considered the testimony in reference to the origin of this system and the justice of its application to the Union Pacific and its branches, and must say that the reason for the practice has been very mildly stated. In my judgment the branch lines, irrespective of ownership, are entitled to all the advantages of their position; and in the division of traffic, this would in many cases give them a mileage allowance on joint traffic equal to the amount the traffic would have to pay if it were hauled by ox or mule teams or carried upon the backs of pack-animals. And if the branch lines were owned by different stockholders from those of the main line, and they were otherwise protected and free to act for their own interests alone, it may be safely assumed that they would apply this rule most rigidly. This would be literally taking all the traffic would stand, and the only question left in that case for the management of the main line to consider would be, Can we get enough out of this business to pay us the actual cash cost of handling it? If so, the decision would most certainly be to take it, in the hope that ultimately the business of the branch line and of the country adjacent, would be so increased, and the conditions become so changed, that the main line would be ultimately enabled to draw a fair profit from them.

As to the application of the practice to the case of the Oregon Short Line, I submit the following remarks: I am familiar with the vast region tributary to the Columbia River, having served in it as an officer of the Corps of Engineers, U. S. Army, in 1860-'61, and having three years ago revisited it, for the purpose of refreshing and extending my knowledge in regard to it. So profoundly was I impressed, during the latter visit, with its varied and vast resources, and with the certainty of its becoming at no distant day the home of a dense and prosperous population, that I took the liberty, as you may recollect, of urging you to push your lines into it as fast as possible, by lease, purchase, or construction, as might from time to time be necessary.

It was then and is now my deliberate judgment that it has been wise for you to carry out this policy, if it had been

your main line from Omaha to Granger would not receive one dollar of direct profit from the traffic thus secured in ten years. Let me make my meaning clear. The Columbia River country, by which I mean the State of Oregon and the Territories of Washington and Idaho, is for all human uses the best that anywhere touches the borders of the Pacific Ocean, and will one day abound in untold wealth. Its railroad and ocean-borne traffic will be of incalculable value, and will necessarily grow up most rapidly along the lines first connecting it with the Territories and States east of it. If in order to control such lines it had been necessary for your company to agree to give to the companies owning them complete control over their own properties, a guaranty of all their fixed charges, and all the profits of their own business, and of the joint business with your main line for ten years, it would have been wise and justifiable for you to enter into the agreement, provided, always, that you could not have secured the same end and advantages under more advantageous terms.

But as a matter of fact, it is certain, without going into details, that you have secured much better terms, as will appear from my answer to the specific question which you submit for my consideration, namely:

What average profit does the Union Pacific derive from the traffic of the Oregon Short Line or other branches, while such traffic is moving over the Union Pacific between Omaha and the branch-line junction?

From the statement of the mileage allowances which is set forth in the testimony before the Commissioners, and the case as stated by you, I do not hesitate to express the belief that full 50 per cent. of the compensation allowed to the main line, even where the rate is the lowest, is clear profit; and instead of taking your figures of 35 cents as the cost of moving full train loads, per freight train mile, as I might very properly do, I take the average cost for the last seven years, which, as shown by your report for 1893, was a fraction less than \$1.00 per "revenue train mile." This average includes every possible expense connected with the operation of the road, from general expenses to taxes, and applies to both passenger and freight train mileage, and is, therefore, manifestly much in excess of the average cost per freight train mile, for any given volume of new business.

According to your statement the average receipts for Short Line freight business, at the low figure of three-fourths of a cent per ton per mile, are \$2.88 per freight train mile, and hence the average profit is at least \$1.48 per mile, which in the case of a full train of 25 cars, between Omaha and Granger, would be something over \$1,250, and in case of any new business the figures would not fall below \$1,000, and would probably reach \$2,000.

The case is so clear, so simple, in fact, that it is difficult to see how it can be controverted, or what further statement or argument can be brought to bear upon it. It is of course within the range of railroad accounting to approximate very closely to the actual cash outlay due to running one or more additional freight trains over an established railroad, but the figures would be difficult for any one but an expert to understand, and hence I refrain from giving them.

For the purposes of this letter it is sufficient to say that under favorable circumstances, I do not doubt that 35 cents per train mile will pay all expenses directly incurred in running such trains, of 25 cars-load each, solid, from Omaha to any important branch junction, and that of the revenue received above that amount per mile by the main line, will go towards paying regular operating expenses, and reducing the

average cost of running the other trains. In all such cases the profit, it will be seen at a glance, will be considerably more than 70 per cent. to the mother or main line.

Very truly, yours,

JAMES H. WILSON.

CHARLES F. ADAMS, Esq.,

*President of the Union Pacific*

*Railway Company, Boston, Mass.*

PHILADELPHIA, WILMINGTON AND  
BALTIMORE RAILROAD COMPANY,  
*Philadelphia, November 25, 1887.*

MY DEAR MR. ADAMS: I have read with much interest the report of the testimony which you gave to the Pacific Railroad Investigating Committee, and I most heartily indorse what you said in respect to "feeders," which, because they do not per se earn much and often fail to earn their operating expenses, are pronounced to be "suckers." For nearly twenty-three years I have been president of this company, and have studied carefully this question of feeders. I still hold steadfastly to opinions upon this subject formed before 1867, viz, that the success of a main line depends very much upon the fostering of feeders, even when those feeders are, to people who have had no experience in railroad management, a burden to be shaken off as soon as possible. This company has been aiding and supporting for over twenty years, by mileage concessions, drawbacks, subsidies, etc., roads that even to day fail to earn their operating expenses. Four branches have been operated by this company in 1836 whose operating expenses exceeded their gross receipts by over \$100,000, yet so sure are we of their value as feeders that we continue to operate them, and could not be induced to part with them. This company for twenty-three years has paid in dividends never less than 8 per cent. per annum, and sometimes 10 per cent., while paying 2 per cent. of net earnings, on an average, for improvements which have been charged to expenses, and have not caused an increase of construction account. I am fully satisfied that this result could not have been attained without the profit derived from our branches, many of which are of themselves a burden to us, but from whose traffic given to us for longer haul we realize handsome profits. In your testimony I think that you did not call attention to the fact that from a natural growth of business, wisely fostered by the main line, these branch roads become stronger year by year. Upon one of our branch lines there was in 1882 a deficit of about \$6,000 in operating; in 1883 the deficit was over \$15,000; in 1884 the deficit was nearly \$7,000; in 1885 there was a surplus of nearly \$35,000; in 1886 the surplus was over \$20,000, and our accounts now being made up for 1887 will, I am told, show a still larger surplus.

Owing to the absence of my secretary on 23d instant and to-day I delayed this letter, and now must leave it unfinished, but hope to send you residue on 26th instant if my secretary returns to give me papers which he has in custody.

Yours, very truly,

ISAAC HINCKLEY

CHARLES F. ADAMS, Esq.,

*President Union Pacific Railway Company, Boston, Mass.*

PHILADELPHIA, November 26, 1887.

MY DEAR MR. ADAMS: In continuation of my letter of yesterday in respect to branch roads, I will give you facts as to the Delaware Railroad, our most important feeder.

Recognizing the importance of this road as a feeder we many years ago took a lease of it (terminable in 1897), paying as rental that company's fixed charges and 6 per cent. dividends on their stock, agreeing to stock and work their road at cost. Anticipating losses in working the road and paying the rental, we made it a condition of the lease that if during its duration the net earnings should exceed the rental, three-quarters of the surplus should be paid to us to re-imburse us for past losses in operating, and one-quarter as a bonus. We also provided that if ever our past losses had been made good (no interest allowed) thenceforth any surplus should be paid to us one-half, and the other half to make a sinking fund to be used pro tanto in reducing the bonded debt of the Delaware Railroad Company, thus incidentally reducing the rental.

At one time there had grown up a deficiency of nearly \$292,000 in net earnings to meet rentals. This year the whole deficiency has been repaid, and we have begun to take one-half of surplus of net earnings over rentals to ourselves, and to pay one-half to Delaware Railroad Company sinking fund.

When we had sunk nearly \$292,000 for operating expenses over and above net earnings, I computed our profits upon the business given us by this feeder, and calling those profits 36 per cent. of receipts like those upon our main line at the time, we found that while apparently losing \$292,000 in operating, our profits on the additional business given us by this feeder was \$1,400,000. This was eleven years since, and while we have recovered our losses in operating, plus one-fourth of surplus of net earnings over rentals, we have made several millions of profits from business given us by this feeder, which was often alluded to by some of our directors as a "sucker."

The prospective value of feeders ought not to be lost sight of.

Yours, very truly,

ISAAC HINCKLEY.

CHARLES F. ADAMS, Esq.,

*President Union Pacific Railway Company, Boston, Mass.*

#### CENTRAL PACIFIC RAILROAD.

*Resolution of board of directors, passed June 6, 1865, relating to the contract of Charles Crocker & Co.*

*Resolved and ordered, That Charles Crocker & Co. be allowed and paid for all work done and material furnished, or which may hereafter be done and furnished, until the further order of the board of directors, in the construction of the railroad of the company from section 43 eastward, subject to and in accordance with the terms, conditions, and stipulations set forth in the contract with said Charles Crocker & Co., dated September 19, 1863, except so far as the same are modified or changed by this order, at the following rates and prices and in accordance with the following classification, to wit:*

(1) For clearing and grubbing up to section 50, \$200 per section, and for clearing and grubbing section 50 and beyond, such price as may be agreed upon by the president of the company and said C. Crocker & Co., and in case of their disagreement, the price to be fixed by the chief engineer.

(2) For earth excavation, to include all kinds of top soil, loam, sand, and other material, removable by the ordinary process of plowing and shoveling, including haul, as per profile, 45 cents per cubic yard.

(3) For cement, to include that material or whitish formation commonly known as "cement," which shall be excavated without blasting, including 100 feet haul, 5 cents per cubic yard.

- (4) For semi-hard rock and indurated material, to include all friable, argillaceous, hard pan, decayed granite, and indurated or cemented earth or gravel, which all be excavated by blasting, \$1.47½ per cubic yard.
- (5) For solid rock, to include the softer varieties of granite, slate, and calcareous, and other rocks of a like character, \$4.50 per cubic yard.
- (6) For extra-hard rock, to include the harder varieties of granite, blue hard rock, and similar varieties of rock, \$5 per cubic yard.
- (7) For flinty rocks, to include flint porphyry, iron-stone, hornblende trap-rock, and like of a like character, and also all tunnel-work, such price as may be agreed upon the president of the company and said C. Crocker & Co., and in case of their disagreement to be fixed by the chief engineer.
- (8) For riprap protection wall, \$3 per cubic yard.
- (9) For increase of average haul for 100 feet, 1½ cents per cubic yard.
- (10) For hammer-dressed masonry (dry), \$35 per cubic yard.
- (11) For rubble masonry (dry), \$25 per cubic yard.
- (12) For concrete masonry in cement, \$15 per cubic yard.
- (13) For culvert masonry and foundation wall for trestle-work (dry), \$30 per cubic yard.
- (14) For slope or retaining-wall, including paving for foundations of structures, \$10 per cubic yard.
- (15) For brick-work in cement, \$30 per thousand.
- (16) For blind or French drains (dry), \$3 per cubic yard.
- (17) For cement mortar, \$5 per cubic yard.
- (18) For lime mortar, \$3 per cubic yard.
- (19) For timber in truss-bridges of spans from 145 to 201 feet, \$30 per 1,000 feet, board measure.
- (20) For timber in truss-bridges of spans from 99 to 151 feet, \$28 per 1,000 feet, board measure.
- (21) For timber in truss-bridges of spans from 49 to 101 feet, \$75 per 1,000 feet, board measure.
- (22) For timber in truss-bridges of spans from 14 to 51 feet, including all farm and all bridges, \$70 per 1,000 feet, board measure.
- (23) For timber in stringer-bridges, trestling and timber trestle, \$75 per 1,000 feet, board measure.
- (24) For timber and plank in foundation, \$50 per 1,000 feet, board measure.
- (25) For timber in piling, \$40 per 1,000 feet, board measure.
- (26) For driving piling, 25 cents per linear foot under the surface.
- (27) For wrought iron in all structures, 15 cents per pound.
- (28) For cast-iron in all structures, 11 cents per pound.
- (29) For cast spikes and nails in all structures, 8 cents per pound.
- (30) For tin, 53 cents each.
- (31) For track-laying and distributing ties and other material, \$500 per mile.
- The payments to be made monthly according to the monthly estimates, five-eighths each in gold coin, and the remaining three-eighths in the capital stock of the company, at the rate of 42 of capital stock for each \$1 of said three-eighths of said estimates, with the privilege of paying said three-eighths in gold coin in lieu of said stock at the election of said company, to be made at the time of such payment.

OFFICE OF THE CENTRAL PACIFIC RAILROAD COMPANY,  
San Francisco, November 7, 1887.

I, E. H. Miller, Jr., secretary of the Central Pacific Railroad Company, do hereby certify that the foregoing is a full, true, and correct copy of a resolution adopted by the board of directors of said company at a meeting thereof held June 4, 1885.

E. H. MILLER, JR.

Summary of legal expenses of the Union Pacific Railway Company.

Year.	Boston books.	Omaha books.	Total.
64 (Feb.) to Dec. 64.....	\$71,506.03	\$35,398.37	\$71,506.03
65.....	67,315.58	32,985.84	67,315.58
66.....	37,304.94	24,875.53	42,430.43
67.....	41,136.54	27,893.86	71,152.60
68.....	40,823.05	34,284.67	71,306.00
69.....	64,107.74	31,469.36	117,528.04
70.....	45,184.92	27,999.87	79,188.00
Total.....	353,547.35	206,941.71	560,528.70

## Summary of legal expenses of the Union Pacific Railway Company—Continued.

## LAND DEPARTMENT.

Year.	Union Division.	Kansas Division.	Total.
1860	116.60	989.00	1,105.60
1861	639.00	948.00	1,587.00
1862	121.00	8.75	129.75
1863		60.00	60.00
1864		250.00	250.00
1865		942.70	942.70
1866	1,068.00	192.00	1,260.00
Total	2,794.60	2,190.45	4,985.05

## Summary of legal expenses of the Kansas Pacific Railway Company.

Year.	Main line.	Leavenworth branch.	Total.	Year.	Main line.	Leavenworth branch.	Total.
1867	\$9,075.70		\$9,075.70	1868 (Jan. 31)	\$21,141.38	\$772.04	\$21,913.42
1868	14,298.00		14,298.00				
1869	23,896.37		23,896.37		\$38,770.14	1,200.00	\$39,970.14
1870	20,118.00		20,118.00	1869 (Feb. 1 to Dec. 31)	\$5,821.15	210.00	\$6,031.15
1871	26,187.47		26,187.47	1870	60,300.00	18.25	60,318.25
1872	22,780.34		22,780.34	1871	21,218.34	20.10	21,238.44
1873	23,300.10		23,300.10	1872	25,200.01	67.23	25,267.24
1874	57,800.15		57,800.15	1873	21,415.05	55.43	21,470.48
1875	44,078.91	\$66.34	44,145.25	1874	18,039.05	654.87	18,703.92
1876	31,180.72	201.80	31,382.52	1875	18,794.87	874.35	19,669.22
1877	3,377.05	46.50	3,423.55	Total	\$191,080.41	2,600.43	\$193,680.84
1878	14,818.44		14,818.44				
1879	14,820.47	277.07	15,097.54				

## LAND DEPARTMENT.

Year.	Amount.	Year.	Amount.
1860	\$1,708.40	1877	\$1.2
1871	1,021.20	1878	1.7
1872	2,800.00	1879	1.2
1873	5,408.50	1880 (Jan. 31)	4.6
1874	2,804.00	Total	10.6
1875	968.78		

## Summary of legal expenses of the receiver Kansas Pacific Railway Company.

Year.	Main line.	Leavenworth branch.	Total.	Year.	Main line.	Leavenworth branch.	Total.
1876 (Nov. 21 to Dec. 31)	\$1,761.11	\$66.50	\$1,827.61	1876 (Jan. 1 to Aug. 31)	\$41,001.17	\$1,057.52	\$42,058.69
1877	24,818.85	518.04	25,336.89	Total	\$18,676.73	2,904.27	\$21,581.00
1878	50,004.30	1,281.12	51,285.42				

## Land Department Union Pacific Railroad Company.

Year.	Amount.	Year.	Amount.
1860	\$261.00	1877	\$1.0
1872	21.40	1878	2.0
1873	5.00	1879	2.0
1874	248.20	Total	4.0
1875	607.81		
1876	248.40		

## Summary of legal expenses of the Union Pacific Railway Company.

Year.	Boston books.	Omaha books.	Total.	Year.	Boston books.	Omaha books.	Total.
1874	\$7,400.00		\$7,400.00	1874	\$31,700.43	\$25,000.00	\$56,700.43
1875	4,517.00		4,517.00	1875	70,000.00	25,000.00	95,000.00
1876	11,770.00		11,770.00	1876	50,000.00	25,000.00	75,000.00
1877	80,000.00	\$2,100.00	82,100.00	1877	70,000.00	25,000.00	95,000.00
1878	87,000.00	17,000.00	104,000.00	1878	82,000.00	31,000.00	113,000.00
1879	93,910.00	21,700.00	115,610.00	1879	31,720.00	60,000.00	91,720.00
1880	150,120.00	15,000.00	165,120.00	1880 (Jan 31)	4,000.00	2,000.00	6,000.00
1881	37,000.00	17,000.00	54,000.00	Total	300,770.43	200,000.00	500,770.43
1882	26,000.00	24,000.00	50,000.00				

## Summary of legal expenses of the Union Pacific Railroad and Railway and Kansas Pacific Railway Companies.

	Union Pacific Railroad and Railway Company.	Kansas Pacific Railway Company.	Total.
ad to January 31, 1880	\$1,132,410.57	\$320,000.00	\$1,452,410.57
ad department, 1880 to January 31, 1881	20,000.00	20,000.00	40,000.00
ad department, 1876 to August 31, 1879	5,000.00	121,000.00	126,000.00
ad department, 1880 to 1881	1,700.00	3,000.00	4,700.00
to 1880	501,000.00	120,000.00	621,000.00
Total	1,600,110.57	564,000.00	2,164,110.57

## Statement of persons employed by the Kansas Pacific Railway Company between January 1, 1867, to February 1, 1880, whose compensation was \$5,000 or more per annum.

Name.	Occupation.	Rate.	Length of service.
John D. Ferry	President	\$5,000.00	Jan. 1, 1867, to Mar. 31, 1867
Do	do	5,000.00	Apr. 1, 1867, to Apr. 30, 1871
William J. Palmer	Treasurer	5,000.00	Jan. 1, 1867, to Mar. 31, 1869
S. Greenley	do	5,000.00	Apr. 1, 1869, to Aug. 31, 1869
Do	do	5,000.00	Sept. 1, 1869, to Apr. 30, 1871
Do	do	5,000.00	May 1, 1871, to Nov. 30, 1873
Do	Receiver	10,000.00	Nov. 21, 1873, to Oct. 30, 1878
Do	do	10,000.00	Nov. 21, 1878, to Oct. 30, 1879
W. C. Fisher	Solicitor	5,000.00	May 1, 1867, to Jan. 31, 1877
Do	do	5,000.00	Feb. 1, 1877, to July 31, 1878
F. Derwent	Attorney and land commissioner.	5,000.00	Aug. 1, 1868, to Oct. 30, 1869
Do	Land commissioner	5,000.00	Nov. 1, 1869, to Sept. 30, 1875
Do	Attorney	5,000.00	Oct. 1, 1875, to July 31, 1878
Do	do	5,000.00	Nov. 1, 1878, to June 30, 1879
Wm. Bramback & Ferry	do	5,000.00	Nov. 1, 1879, to June 30, 1879
W. H. Greenwood	Chief engineer	5,000.00	Aug. 1, 1869, to Nov. 30, 1879
A. Ashmun	General superintendent.	5,000.00	Oct. 1, 1867, to Apr. 30, 1871
J. E. Brown	do	5,000.00	Jan. 1, 1871, to Aug. 31, 1871
J. S. Lyford	do	5,000.00	Dec. 1, 1871, to Dec. 31, 1876
F. Quinn	do	5,000.00	Nov. 21, 1876, to Mar. 31, 1878
Stephen Melor	Vice-president.	5,000.00	June 1, 1869, to Apr. 30, 1871
Do	President.	5,000.00	July 1, 1870, to Sept. 30, 1870
J. E. Carr	do	5,000.00	May 1, 1871, to Apr. 30, 1874
Do	do	10,000.00	May 1, 1874, to Apr. 30, 1878
Do	do	10,000.00	Oct. 21, 1878, to June 30, 1879
Do	Second vice-president.	5,000.00	Jan. 1, 1871, to Apr. 30, 1871
F. Quinn	General freight agent.	5,000.00	Dec. 1, 1870, to July 10, 1878
Do	Vice president.	5,000.00	July 10, 1878, to Nov. 30, 1878
W. E. Harrison	do	5,000.00	Mar. 12, 1879, to Jan. 31, 1880
H. Nichols	Engineer constructor.	5,000.00	July 15, 1870, to Aug. 31, 1870
C. Smith	Auditor	5,000.00	May 1, 1874, to May 31, 1879
Do	General superintendent.	5,000.00	June 1, 1879, to Feb. 1, 1880
Do	Receiver	20,000.00	For services performed — to be performed as required and authorized by court.
Do	Auditor, 2 years, Nov. 21, 1878, Nov. 21, 1879, \$5,000 additional salary.		

UNITED STATES PACIFIC RAILWAY COMMISSION,  
Washington, D. C., April 21, 1897.HON. CHARLES K. FAIRCHILD,  
Secretary of the Treasury:

DEAR SIR: The Commission appointed to investigate the Pacific railroads desire information on the following points:

(1) The corporate names of all the railroad companies which have been "aided in bonds" by the United States, with a reference to the acts under which such bonds have been issued.

(2) A statement applicable to each of the said companies, of the bonds issued, giving date of issue, amounts issued, names of persons to whom bonds delivered, total amount outstanding.

(3) A statement of payments made to the United States by each company, showing amount of payments, date of payments, amounts credited by the United States for transportation, mail service, etc.

(4) The ledger account of each of the said companies with the United States, showing the debits each year for interest paid by the United States, and the credits for cash paid or credit for transportation or mail service, and the balance of the indebtedness to the United States at the date of the statement.

(5) The accounts of the sinking funds held by the United States for the said roads, showing the credits for each year, and the balance now held by the United States for account of the respective companies.

Yours, respectfully,

ROBERT E. PATTISON,  
Chairman.



Name of road.	From—	To—	Miles.	Subsidized or otherwise.	Owned, leased, or controlled.
Union Pacific Railway	Connon Bluffs, Iowa	Bridge Junction, Omaha, Nebr.	2.86	Not subsidized	Owned
Do	Bridge Junction, Omaha	Ugden, Union depot, Utah	1,029.89	Roads and lands	Do
Union Pacific Railway, branches	Connon Bluffs, Iowa	Junction with main line	1.65	Not subsidized	Controlled
Do	Union Pacific Railway, branches	Junction with Chicago, Saint Paul, Minneapolis and Omaha Railway.	2.44	Part subsidized	Owned
Do	Union Pacific Railway	Niles Junction, Wyo.	.27	Not subsidized	Controlled
Do	Union Pacific Railway	Abney Junction, Wyo.	2.21	do	Do
Do	Union Pacific Railway	Union Depot, Kansas City, Mo.	.14	do	Do
Do	Union Pacific Railway	Santa Fe street, Kansas City, Mo.	.51	do	Owned
Do	Union Pacific Railway	Missouri-Kansas State line	228.94	Roads and lands	Do
Do	Union Pacific Railway	A point on Kansas Pacific Railway	144.48	Lands only	Do
Do	Union Pacific Railway	Eighteenth street, Denver, Colo.	.69	Not subsidized	Controlled
Union Pacific Railway, branches	Union Pacific Railway, branches	Artesian, Kans.	2.38	do	Do
Do	Union Pacific Railway, branches	Lawrence Junction, Kans.	21.79	do	Owned
Do	Union Pacific Railway	Detroit, Kans.	1.95	do	Controlled
Union Pacific Railway	Denver, Colo.	Enterprise, Kans.	184.29	Lands only	Owned
		Cherry Creek, Wyo.	1,029.26		
Omaha and Republican Valley Railroad	Valley, Nebr.	Nebraska-Kansas State line	191.41	Not subsidized	Controlled
Omaha and Republican Valley Railroad, Blue Springs Spur.			.65	do	Do
Omaha and Republican Valley Railroad	Valparaiso, Nebr.	Stromsburg, Nebr.	81.20	do	Do
Do	Grand Island, Nebr.	Ord, Nebr.	63.77	do	Do
Omaha and Republican Valley Railroad, South Spur.			1.37	do	Do
Omaha and Republican Valley Railroad	Saint Paul, Nebr.	Leop City, Nebr.	26.40	do	Do
Omaha, Niobrara and Black Hills Railroad	Colombus, Nebr.	Norfolk, Nebr.	36.37	do	Do
Do	Leop Creek, Nebr.	Albion, Nebr.	54.45	do	Do
Do	Geese, Nebr.	Cedar Rapids, Nebr.	58.25	do	Do
Colorado Central Railroad	Julesburg, Colo.	La Salle, Colo.	181.43	do	Do
Do	Denver, Colo.	Fort Collins, Colo.	67.82	do	Do
Do	do	Golden, Colo.	14.95	do	Do
Do	Golden, Colo.	Georgetown, Colo.	34.80	do	Do
Do	Parker Creek Junction, Colo.	Central City, Colo.	11.12	do	Do
Georgetown, Breckenridge and Louisville Railroad	Georgetown, Colo.	Graymont, Colo.	5.47	do	Do
Georgetown and Blue Valley Railroad	Marysville, Kans.	Kansas-Nebraska State line	12.80	do	Do
Georgetown and Blue Valley Railroad	Manhattan, Kans.	Marysville, Kans.	54.86	do	Do
and Southwestern Railway	Salina, Kans.	McPherson, Kans.	25.45	do	Do
Lincoln and Western Railway	do	Lincoln County, Kans.	54.88	do	Do
and Emporia Railway	Lawrence, Kans.	Carbon Hill, Kans.	24.89	do	Do

Alleges of roads operated March 1, 1887, by the following companies, in which the United States have leased bonds in aid of construction—Continued.

(The Union Pacific Railway Company operates the railroads named below.)

Name of road.	From—	To—	Miles.	Subsided or otherwise.	Owned, leased or controlled.
Salt Lake and Pacific Railroad	Salt Lake, Utah	Provo, Utah	27.04	Not subsided.	Controlled.
Utah and Northern Railway	Provo, Utah	Utah, Utah	165.14	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	79.86	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	17.14	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	27.90	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	66	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	167.13	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	137.05	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	2.49	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	5.83	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	8.06	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	16.09	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	2.92	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	36.65	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	2.79	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	12.45	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	36.79	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	4.33	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	12.79	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	27.56	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	21	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	2.86	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	53.66	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	2.04	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	21	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	541.52	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	62.73	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	106.65	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	76.31	Do	Do
Utah and Northern Railway	Utah, Utah	Utah, Utah	4,000.24	Do	Do

(The Southern Pacific Company (of Kentucky) on the 1st of April, 1887, leased from the Central Pacific Railroad Company all the roads owned, leased, and operated by it and by the Southern Pacific railroad companies, and is now operating the same, as named below.)

California Pacific Railroad and Northern Railway.	Sacramento (via Suisun), Cal.	Fort Costa, Cal.	67.63	do	Do.
Central Pacific Railroad.	Roseville Junction, Cal.	Montague, Cal.	268.90	Lands only	Owned.
Do	Lathrop, Cal.	Goobee, Cal.	144.90	Not subdivided	Do.
Do	Oakland Pier, Cal.	Brooklyn (East Oakland), Cal.	4.84	do	Do.
Do	do	Mohr's, Alameda and East Oakland, Cal.	12.47	do	Do.
Do	Niles, Cal.	San Jose, Cal.	17.54	Bonds and lands	Do.
Northern Railway.	West Oakland, Cal.	Delaware Street, California	4.53	Not subdivided	Leased.
California Pacific Railroad	Vallejo Junction, Cal.	Vallejo, Cal.	2.50	Ferry	Do.
Do	Parlatville, Cal.	Knight's Landing, Cal.	18.57	Not subdivided	Do.
Northern Railway	Woodland Junction, Cal.	Tehama, Cal.	108.74	do	Do.
California Pacific Railroad	Vallejo, Cal.	Suisun, Cal.	20.18	do	Do.
Do	Napa Junction, Cal.	Oakland, Cal.	34.45	do	Do.
Stockton and Copperopolis Railroad	Stockton, Cal.	Millers, Cal.	33.00	do	Do.
Do	Yuba, Cal.	Oakland, Cal.	19.00	do	Do.
Amador Branch Railroad	Galt, Cal.	Yuba, Cal.	37.30	do	Do.
Beckley Branch Railroad	Sholmes, Cal.	Barryman's, Cal.	3.24	do	Do.
San Joaquin Valley and Yosemite Railroad	Reynolds, Cal.	Reynolds, Cal.	21.00	do	Do.
Total owned and leased by Central Pacific Railroad Company.			1,748.63		
Southern Pacific Railroad.	Kuro, Cal.	Colorado River, Colorado.	204.00	Lands only	Leased.
Do	Los Angeles, Cal.	San Pedro, Cal.	34.34	Not subdivided	Do.
Western Development Company	West bank of Colorado River, California.	Yuma, Ariz.	13	do	Do.
Northern Pacific Railroad of Arizona and New Mexico.	Yuma, Ariz.	West bank of Rio Grande River, New Mexico.	641.30	do	Do.
Los Angeles and Independence Railroad	Los Angeles, Cal.	Santa Monica, Cal.	16.25	do	Do.
Los Angeles and San Diego Railroad	Flareson, Cal.	Santa Ana, Cal.	37.00	do	Do.
San Joaquin Branch Railway	Bangna, Cal.	Santa Paula, Cal.	21.00	do	Do.
Development Company	West bank of Rio Grande River, New Mexico.	East bank of Rio Grande River, Texas.	12	do	Do.
Surge and San Antonio Rail.	East bank of Rio Grande River, Texas.	El Paso, Tex.	3.41	do	Do.
by Southern Pacific Company, 1907.			2,096.17		

Mileage of roads operated March 1, 1887, by the following companies, to which the United States have leased bonds in aid of construction—Continued.

[The Sioux City and Pacific Railroad Company operates the railroads shown below.]

Names of road.	From—	To—	Miles.	Subsidized or otherwise.	Owned, leased or controlled.
Sioux City and Pacific Railroad	Sioux City, Iowa	California Junction, Iowa	80.75	Bonds and lands	Owned.
Do	California Junction, Iowa	Freemont, Neb.	32.02	do	do
Do	do	Shubert Valley, Iowa	6.84	Not subsidized	do.
			119.61		
[The Missouri Pacific Railway Company operates the Central Branch Union Pacific Railroad and branches named below.]					
Central Branch Union Pacific Railroad	Atchison, Kans.	Waterville, Kans.	108.00	Bonds and lands	Operated for others.
Atchison, Colorado and Pacific Railroad	Waterville, Kans.	Lenora, Kans.	102.00	Not subsidized	Leased.
Do	Grandview, Kans.	Washington, Kans.	7.00	do	do.
Do	Yuma, Kans.	Warwick, Kans.	31.00	do	do.
Rocke County Railroad	Lenora, Kans.	Red City, Kans.	34.00	do	do.
Atchison, Howell County and Western Railroad	Red City, Mo.	Stockton, Kans.	18.00	do	do.
	Junction, Kans.	Hartland, Kans.	22.00	do	do.
			495.00		

DEPARTMENT OF THE INTERIOR,  
OFFICE OF COMMISSIONER OF RAILROADS,  
Washington, D. C., April 7, 1887.

J. E. JOHNSTON,  
Commissioner.

Amount by fiscal years of amounts entered into the United States Treasury in the credit of sinking fund, Union Pacific Railroad Company, under act May 7, 1892.

Fiscal year.	One-half com- pensation for services re- ceived and withheld un- der section 2.	Proportion to sinking fund under sec- tion 2.	One-half com- pensation for services re- ceived and withheld un- der assign- ment July 1, 1893, etc.	Interest on sinking-fund bonds.	Total.
1892	\$225,000.00			\$725.75	\$225,725.75
1893	225,000.00			12,450.00	237,450.00
1894	225,000.00			19,350.00	244,350.00
1895	225,000.00			26,250.00	251,250.00
1896	225,000.00			33,150.00	258,150.00
1897	225,000.00			40,050.00	265,050.00
1898	225,000.00			46,950.00	271,950.00
1899	225,000.00			53,850.00	278,850.00
1900	225,000.00			60,750.00	285,750.00
1901	225,000.00			67,650.00	292,650.00
1902	225,000.00			74,550.00	300,000.00
1903	225,000.00			81,450.00	306,450.00
1904	225,000.00			88,350.00	313,350.00
1905	225,000.00			95,250.00	320,250.00
1906	225,000.00			102,150.00	327,150.00
1907	225,000.00			109,050.00	334,050.00
1908	225,000.00			115,950.00	340,950.00
1909	225,000.00			122,850.00	347,850.00
1910	225,000.00			129,750.00	354,750.00
1911	225,000.00			136,650.00	361,650.00
1912	225,000.00			143,550.00	368,550.00
1913	225,000.00			150,450.00	375,450.00
1914	225,000.00			157,350.00	382,350.00
1915	225,000.00			164,250.00	389,250.00
1916	225,000.00			171,150.00	396,150.00
1917	225,000.00			178,050.00	403,050.00
1918	225,000.00			184,950.00	409,950.00
1919	225,000.00			191,850.00	416,850.00
1920	225,000.00			198,750.00	423,750.00
1921	225,000.00			205,650.00	430,650.00
1922	225,000.00			212,550.00	437,550.00
1923	225,000.00			219,450.00	444,450.00
1924	225,000.00			226,350.00	451,350.00
1925	225,000.00			233,250.00	458,250.00
1926	225,000.00			240,150.00	465,150.00
1927	225,000.00			247,050.00	472,050.00
1928	225,000.00			253,950.00	478,950.00
1929	225,000.00			260,850.00	485,850.00
1930	225,000.00			267,750.00	492,750.00
1931	225,000.00			274,650.00	500,000.00
1932	225,000.00			281,550.00	506,550.00
1933	225,000.00			288,450.00	513,000.00
1934	225,000.00			295,350.00	519,450.00
1935	225,000.00			302,250.00	525,900.00
1936	225,000.00			309,150.00	532,350.00
1937	225,000.00			316,050.00	538,800.00
1938	225,000.00			322,950.00	545,250.00
1939	225,000.00			329,850.00	551,700.00
1940	225,000.00			336,750.00	558,150.00
1941	225,000.00			343,650.00	564,600.00
1942	225,000.00			350,550.00	571,050.00
1943	225,000.00			357,450.00	577,500.00
1944	225,000.00			364,350.00	583,950.00
1945	225,000.00			371,250.00	590,400.00
1946	225,000.00			378,150.00	596,850.00
1947	225,000.00			385,050.00	603,300.00
1948	225,000.00			391,950.00	609,750.00
1949	225,000.00			398,850.00	616,200.00
1950	225,000.00			405,750.00	622,650.00
1951	225,000.00			412,650.00	629,100.00
1952	225,000.00			419,550.00	635,550.00
1953	225,000.00			426,450.00	642,000.00
1954	225,000.00			433,350.00	648,450.00
1955	225,000.00			440,250.00	654,900.00
1956	225,000.00			447,150.00	661,350.00
1957	225,000.00			454,050.00	667,800.00
1958	225,000.00			460,950.00	674,250.00
1959	225,000.00			467,850.00	680,700.00
1960	225,000.00			474,750.00	687,150.00
1961	225,000.00			481,650.00	693,600.00
1962	225,000.00			488,550.00	700,050.00
1963	225,000.00			495,450.00	706,500.00
1964	225,000.00			502,350.00	712,950.00
1965	225,000.00			509,250.00	719,400.00
1966	225,000.00			516,150.00	725,850.00
1967	225,000.00			523,050.00	732,300.00
1968	225,000.00			529,950.00	738,750.00
1969	225,000.00			536,850.00	745,200.00
1970	225,000.00			543,750.00	751,650.00
1971	225,000.00			550,650.00	758,100.00
1972	225,000.00			557,550.00	764,550.00
1973	225,000.00			564,450.00	771,000.00
1974	225,000.00			571,350.00	777,450.00
1975	225,000.00			578,250.00	783,900.00
1976	225,000.00			585,150.00	790,350.00
1977	225,000.00			592,050.00	796,800.00
1978	225,000.00			598,950.00	803,250.00
1979	225,000.00			605,850.00	809,700.00
1980	225,000.00			612,750.00	816,150.00
1981	225,000.00			619,650.00	822,600.00
1982	225,000.00			626,550.00	829,050.00
1983	225,000.00			633,450.00	835,500.00
1984	225,000.00			640,350.00	841,950.00
1985	225,000.00			647,250.00	848,400.00
1986	225,000.00			654,150.00	854,850.00
1987	225,000.00			661,050.00	861,300.00
1988	225,000.00			667,950.00	867,750.00
1989	225,000.00			674,850.00	874,200.00
1990	225,000.00			681,750.00	880,650.00
1991	225,000.00			688,650.00	887,100.00
1992	225,000.00			695,550.00	893,550.00
1993	225,000.00			702,450.00	900,000.00
1994	225,000.00			709,350.00	906,450.00
1995	225,000.00			716,250.00	912,900.00
1996	225,000.00			723,150.00	919,350.00
1997	225,000.00			730,050.00	925,800.00
1998	225,000.00			736,950.00	932,250.00
1999	225,000.00			743,850.00	938,700.00
2000	225,000.00			750,750.00	945,150.00
2001	225,000.00			757,650.00	951,600.00
2002	225,000.00			764,550.00	958,050.00
2003	225,000.00			771,450.00	964,500.00
2004	225,000.00			778,350.00	970,950.00
2005	225,000.00			785,250.00	977,400.00
2006	225,000.00			792,150.00	983,850.00
2007	225,000.00			799,050.00	990,300.00
2008	225,000.00			805,950.00	996,750.00
2009	225,000.00			812,850.00	1,003,200.00
2010	225,000.00			819,750.00	1,009,650.00
2011	225,000.00			826,650.00	1,016,100.00
2012	225,000.00			833,550.00	1,022,550.00
2013	225,000.00			840,450.00	1,029,000.00
2014	225,000.00			847,350.00	1,035,450.00
2015	225,000.00			854,250.00	1,041,900.00
2016	225,000.00			861,150.00	1,048,350.00
2017	225,000.00			868,050.00	1,054,800.00
2018	225,000.00			874,950.00	1,061,250.00
2019	225,000.00			881,850.00	1,067,700.00
2020	225,000.00			888,750.00	1,074,150.00
2021	225,000.00			895,650.00	1,080,600.00
2022	225,000.00			902,550.00	1,087,050.00
2023	225,000.00			909,450.00	1,093,500.00
2024	225,000.00			916,350.00	1,100,000.00
2025	225,000.00			923,250.00	1,106,450.00
2026	225,000.00			930,150.00	1,112,900.00
2027	225,000.00			937,050.00	1,119,350.00
2028	225,000.00			943,950.00	1,125,800.00
2029	225,000.00			950,850.00	1,132,250.00
2030	225,000.00			957,750.00	1,138,700.00
2031	225,000.00			964,650.00	1,145,150.00
2032	225,000.00			971,550.00	1,151,600.00
2033	225,000.00			978,450.00	1,158,050.00
2034	225,000.00			985,350.00	1,164,500.00
2035	225,000.00			992,250.00	1,170,950.00
2036	225,000.00			999,150.00	1,177,400.00
2037	225,000.00			1,006,050.00	1,183,850.00
2038	225,000.00			1,012,950.00	1,190,300.00
2039	225,000.00			1,019,850.00	1,196,750.00
2040	225,000.00			1,026,750.00	1,203,200.00
2041	225,000.00			1,033,650.00	1,209,650.00
2042	225,000.00			1,040,550.00	1,216,100.00
2043	225,000.00			1,047,450.00	1,222,550.00
2044	225,000.00			1,054,350.00	1,229,000.00
2045	225,000.00			1,061,250.00	1,235,450.00
2046	225,000.00			1,068,150.00	1,241,900.00
2047	225,000.00			1,075,050.00	1,248,350.00
2048	225,000.00			1,081,950.00	1,254,800.00
2049	225,000.00			1,088,850.00	1,261,250.00
2050	225,000.00			1,095,750.00	1,267,700.00
2051	225,000.00			1,102,650.00	1,274,150.00
2052	225,000.00			1,109,550.00	1,280,600.00
2053	225,000.00			1,116,450.00	1,287,050.00
2054	225,000.00			1,123,350.00	1,293,500.00
2055	225,000.00			1,130,250.00	1,300,000.00
2056	225,000.00			1,137,150.00	1,306,450.00
2057	225,000.00			1,144,050.00	1,312,900.00
2058	225,000.00			1,150,950.00	1,319,350.00
2059	225,000.00			1,157,850.00	1,325,800.00
2060	225,000.00			1,164,750.00	1,332,250.00
2061	225,000.00			1,171,650.00	1,338,700.00
2062	225,000.00			1,178,550.00	1,345,150.00
2063	225,000.00			1,185,450.00	1,351,600.00
2064	225,000.00			1,192,350.00	1,358,050.00
2065	225,000.00			1,199,250.00	1,364,500.00
2066	225,000.00			1,206,150.00	1,370,

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1. The first part of the document is a list of the names of the persons who were present at the meeting.

2. The second part of the document is a list of the names of the persons who were absent from the meeting.

3. The third part of the document is a list of the names of the persons who were present at the meeting.

4. The fourth part of the document is a list of the names of the persons who were absent from the meeting.

5. The fifth part of the document is a list of the names of the persons who were present at the meeting.

6. The sixth part of the document is a list of the names of the persons who were present at the meeting.

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MISCELLANEOUS PAPERS.

4519

Statement showing to whom delivered, the dates of issue, maturity, commencement of interest, and the amount of bonds issued to the several Pacific railroad companies.

CENTRAL PACIFIC RAILROAD COMPANY OF CALIFORNIA.

Matrity of bond.	Date of issue.	To whom delivered.	Commence- ment of interest.	Amount.
1, 1890	May 12, 1885	Colts P. Huntington	Jan. 10, 1885	\$3,350,000
	Nov. 8, 1885	do	Aug. 10, 1885	584,000
	Nov. 9, 1885	do	Oct. 14, 1885	250,000
	Dec. 11, 1885	do	Nov. 23, 1885	450,000
1, 1890	Mar. 4, 1886	do	Mar. 4, 1886	640,000
	July 10, 1886	do	July 10, 1886	640,000
	Oct. 31, 1886	do	Oct. 20, 1886	520,000
1, 1897	Jan. 15, 1887	do	Jan. 14, 1887	640,000
	Oct. 25, 1887	do	Oct. 25, 1887	220,000
1, 1898	Dec. 12, 1887	do	Dec. 11, 1887	1,120,000
	June 10, 1888	do	June 10, 1888	840,000
	July 11, 1888	do	July 10, 1888	220,000
	Aug. 5, 1888	do	Aug. 4, 1888	840,000
	Aug. 14, 1888	do	Aug. 10, 1888	1,180,000
	Sept. 17, 1888	do	Sept. 11, 1888	1,280,000
	Sept. 21, 1888	do	Sept. 19, 1888	1,120,000
	Oct. 13, 1888	do	Oct. 12, 1888	1,280,000
	Oct. 25, 1888	do	Oct. 20, 1888	640,000
	Nov. 4, 1888	do	Nov. 3, 1888	640,000
	Nov. 12, 1888	do	Nov. 11, 1888	640,000
	Dec. 5, 1888	do	Dec. 5, 1888	640,000
	Dec. 7, 1888	do	Dec. 7, 1888	640,000
	Dec. 20, 1888	do	Dec. 20, 1888	640,000
1, 1890	Jan. 8, 1889	do	Nov. 28, 1888	4,720
	Jan. 15, 1889	do	Jan. 13, 1889	640,000
	Jan. 20, 1889	do	Jan. 20, 1889	640,000
	Feb. 17, 1889	do	Feb. 17, 1889	640,000
	Mar. 2, 1889	do	Feb. 17, 1889	1,040,000
	Mar. 2, 1889	do	Mar. 2, 1889	1,320,000
	May 20, 1889	do	May 20, 1889	1,760,000
	July 15, 1889	do	May 27, 1889	1,810,000
	July 18, 1889	do	July 15, 1889	220,000
	Dec. 31, 1889	do	July 22, 1889	1,510,000
		Total		25,865,120

UNION PACIFIC RAILROAD COMPANY.

1, 1890	Feb. 1, 1888	T. C. Durant	Feb. 1, 1888	510,000
	May 7, 1888	B. F. Bunker	May 7, 1888	440,000
	June 20, 1888	do	June 20, 1888	640,000
	July 12, 1888	do	July 12, 1888	220,000
	Aug. 9, 1888	do	Aug. 9, 1888	580,000
	Sept. 11, 1888	do	Sept. 11, 1888	720,000
	Oct. 15, 1888	A. G. Lathrop	Oct. 12, 1888	560,000
	Nov. 8, 1888	do	Nov. 7, 1888	480,000
1, 1897	Jan. 9, 1887	B. F. Bunker	Jan. 9, 1887	360,000
	June 11, 1887	do	June 10, 1887	640,000
	July 6, 1887	do	July 6, 1887	640,000
	Aug. 20, 1887	do	Aug. 20, 1887	560,000
	Oct. 2, 1887	do	Oct. 2, 1887	560,000
	Nov. 5, 1887	do	Nov. 5, 1887	560,000
	Dec. 13, 1887	E. H. Rollins	Dec. 13, 1887	220,000
1, 1890	Jan. 22, 1889	do	Jan. 22, 1889	857,000
	May 10, 1889	do	May 10, 1889	640,000
	May 10, 1889	do	May 10, 1889	480,000
	June 12, 1889	do	June 12, 1889	940,000
	June 17, 1889	do	June 16, 1889	240,000
	July 20, 1889	do	July 20, 1889	960,000
	July 23, 1889	do	July 20, 1889	1,410,000
	Aug. 12, 1889	do	Aug. 11, 1889	640,000
	Aug. 20, 1889	do	Aug. 20, 1889	640,000
	Sept. 7, 1889	do	Sept. 7, 1889	1,280,000
	Sept. 21, 1889	do	Sept. 21, 1889	640,000
	Oct. 22, 1889	do	Oct. 21, 1889	640,000
	Nov. 20, 1889	do	Nov. 19, 1889	640,000
	Dec. 7, 1889	do	Dec. 7, 1889	1,280,000
	Dec. 15, 1889	do	Dec. 15, 1889	640,000
	Dec. 17, 1889	do	Dec. 17, 1889	640,000
	Dec. 20, 1889	do	Dec. 20, 1889	640,000
	Dec. 24, 1889	do	Dec. 24, 1889	640,000
	July 15, 1890	J. M. R. Wm		220,000

Statement showing to whom delivered, the dates of issue, maturity, commencement of interest, and the amount of bonds issued, etc.—Continued.

## UNION PACIFIC RAILROAD COMPANY—Continued.

Maturity of bond.	Date of issue.	To whom delivered.	Commencement of interest.	Amount.
Jan. 1, 1899	Jan. 20, 1898	John J. Giers	Jan. 20, 1898	\$64.00
	Feb. 10, 1899	Union Pacific Railroad Company	Feb. 10, 1899	1,200.00
	July 22, 1899	John M. S. Williams	July 22, 1899	240.00
	Nov. 30, 1899	E. H. Robbins	July 22, 1899	25.00
	July 12, 1900	J. M. S. Williams	July 22, 1899	10.00
		Total		1,519.00

## KANSAS PACIFIC RAILWAY, LATE UNION PACIFIC RAILWAY, COMPANY—EASTERN DIVISION.

Mar. 1, 1895	Nov. 1, 1895	John D. Perry	Nov. 1, 1895	\$600.00
	Dec. 1, 1895	W. J. Palmer	Jan. 1, 1896	27.00
Jan. 1, 1896	May 8, 1896	do	May 8, 1896	200.00
	July 8, 1896	do	July 8, 1896	300.00
Jan. 1, 1897	Oct. 10, 1896	do	Oct. 10, 1896	900.00
	Jan. 23, 1897	do	Jan. 23, 1897	400.00
	May 8, 1897	J. C. Hoff	May 8, 1897	400.00
	June 11, 1897	Amos C. Hoff	June 11, 1897	400.00
	Aug. 13, 1897	J. C. Hoff	Aug. 13, 1897	200.00
	Sept. 20, 1897	do	Sept. 20, 1897	400.00
	Oct. 20, 1897	do	Oct. 20, 1897	610.00
	Dec. 2, 1897	do	Dec. 2, 1897	270.00
	Jan. 14, 1898	do	Jan. 14, 1898	600.00
	Apr. 28, 1898	do	Apr. 28, 1898	600.00
Jan. 1, 1898	June 11, 1898	do	June 11, 1898	200.00
	Nov. 2, 1898	do	Nov. 2, 1898	210.00
		Total		6,200.00

## CENTRAL BRANCH UNION PACIFIC RAILROAD COMPANY, LATE ATCHISON AND PIKE'S PEAK RAILROAD COMPANY, ASSIGNEES OF THE HANNIBAL AND ST. JOSEPH RAILROAD COMPANY.

Jan. 1, 1896	July 27, 1895	S. C. Pomroy	July 10, 1896	\$200.00
	Dec. 7, 1895	E. H. Nichols	Dec. 6, 1895	250.00
Jan. 1, 1897	May 2, 1897	do	May 1, 1897	270.00
	Dec. 4, 1897	do	Dec. 3, 1897	250.00
Jan. 1, 1898	Jan. 21, 1898	do	Jan. 20, 1898	250.00
		Total		1,000.00

## SIOUX CITY AND PACIFIC RAILROAD COMPANY.

Jan. 1, 1898	Mar. 20, 1898	J. I. J. J. J.	Mar. 10, 1898	\$77.00
	Mar. 30, 1898	do	Mar. 30, 1898	25.00
	Mar. 3, 1899	do	Mar. 3, 1899	410.00
		Total		1,052.00

## WESTERN PACIFIC RAILROAD COMPANY.

Jan. 1, 1897	Jan. 20, 1897	John A. Griswold	Jan. 20, 1897	\$25.00
	Sept. 2, 1897	C. F. Huntington	Sept. 2, 1897	25.00
	Oct. 20, 1897	do	Oct. 20, 1897	1,000.00
	Jan. 27, 1898	do	Jan. 27, 1898	222.00
	Jan. 8, 1898	do	Jan. 22, 1898	20.00
		Total		1,352.00

ROB. A. FISH,  
Assistant Register.

TREASURY DEPARTMENT, BUREAU OF THE COMMISSION, May 3, 1898.



of the account of the "sinking fund, Union Pacific Railroad Company," established in the Treasury of the United States under section 3, act May 7, 1878.

	On July 1, 1878, amount of account, as shown by the statement of the sinking fund, as of July 1, 1878.	Payments made on the sinking fund, as of July 1, 1878.	Compensation for services rendered, as of July 1, 1878.	Interest on sinking fund bonds, as of July 1, 1878.	Sinking fund bonds redeemed, as of July 1, 1878.	Total by fiscal years.
1878	25, 225. 82					
1879	27, 252. 58					
79	39, 514. 18					
80	81. 73					
81	1, 074. 14			474. 75		
82	21, 144. 01					
fiscal year ending on 30, 1879	208, 608. 06			743. 75		209, 351. 81
83	47, 731. 12			2, 417. 64		
84	14, 258. 74					
85	246. 42					
86	37. 02			3, 135. 82		
87	227. 71					
88	19, 214. 21					
89	46, 101. 23			3, 205. 62		
90	186. 04					
91	52, 551. 85					
92	104. 12					
93	142, 251. 01			3, 205. 62		
fiscal year ending on 30, 1890	331, 084. 37			12, 634. 34		343, 718. 71
94	288. 87					
95	428. 25			3, 506. 62		
96	2, 029. 47					
97	1, 068. 06					
98	1, 478. 00					
99	69, 115. 62			6, 604. 02		
00	115. 10					
01	2, 470. 43					
02	61, 070. 29			3, 205. 62		
03	849. 82					
04	1, 451. 27			3, 525. 12		
05	70, 120. 42					
fiscal year ending on 30, 1905	285, 222. 39			19, 540. 06		304, 762. 45
06	438. 64			11, 154. 50		
07	893. 53					
08	935. 34					
09	72, 273. 17					
10	2, 494. 04			5, 661. 07		
11	2, 517. 90					
12	1, 663. 36					
13	31, 800. 05			13, 400. 44		
14	82, 689. 64					
15	6, 034. 12			2, 570. 44		
16	67, 534. 85					
fiscal year ending on 30, 1912	296, 542. 43			33, 013. 35		329, 555. 78
17	125. 20					
18	16, 918. 50			13, 400. 44		
19	29, 444. 24					
20	98, 397. 61					
21	204, 940. 85			2, 546. 67		
22	4, 379. 48					
23	29, 413. 84			13, 672. 52		
24	11, 290. 67					
25	17, 507. 84					
26	84, 107. 62			2, 546. 67		
27	368. 42					
fiscal year ending on 30, 1927	428, 118. 42			34, 966. 08		463, 084. 50

## Statement of account of "sinking fund, Union Pacific Railroad Company," etc.—Contd.

	One-half competen- tion for services re- ndered, withheld un- der section 7.	Payments (in cash) ad- vanced for section 6.	Compensation for ser- vices rendered over and above portion of fund under man- agement July 1, 1882.	Interest on sinking- fund bonds.	Sinking fund income retained in per cents.	Total by fiscal years.
August, 1883.....	\$712, 026.02			\$12, 079.87		
September, 1883.....	10, 255.01					
October, 1883.....	28, 445.98					
November, 1883.....	274, 379.41			2, 340.87		
January, 1884.....	51, 121.40					
February, 1884.....	118, 438.47			13, 079.27		
March, 1884.....	30, 136.20					
April, 1884.....	43, 747.19					
May, 1884.....	65, 435.35			14, 389.47		
June, 1884.....	75, 301.25	\$768, 172.42				
Total fiscal year ending June 30, 1884.....	\$71, 895.41	768, 172.42		42, 899.46		\$1, 642, 967.3
September, 1884.....	410, 376.59		\$182, 032.10	25, 229.87		
October, 1884.....	11, 140.37		69, 641.62			
November, 1884.....				12, 627.82		
December, 1884.....	85, 224.98		289, 731.19			
January, 1885.....	350, 239		3, 329.00			
February, 1885.....	606.10		248.14	18, 404.64		
March, 1885.....	40, 842.60		72, 781.09			
April, 1885.....	1, 719.24	\$17, 642.00	351.22	14, 328.56		
May, 1885.....	31, 208.21		31, 846.03	7, 548.37		
June, 1885.....	56, 724.30		73, 548.02			
Total fiscal year ending June 30, 1885.....	\$41, 471.72	\$32, 542.00	722, 817.42	87, 637.29		\$10, 000 2, 991 76.6
July, 1885.....	202.69		204.47			
August, 1885.....	50, 878.56		79, 407.54	48, 314.67		
September, 1885.....	4, 690.89		8, 990.15			
October, 1885.....	12, 607.76		35, 577.30			
November, 1885.....	215.89		221.34	40, 874.47		
December, 1885.....	04, 854.01		100, 417.46			
January, 1886.....	70.09		300.10			
February, 1886.....	19, 508.54		4, 215.81	58, 364.67		
March, 1886.....	11, 576.89		74, 744.97		400.00	
April, 1886.....	10, 416.63		1, 114.50	28, 207.65		
May, 1886.....	2, 268.71		158.78	4, 200.37	60.00	
June, 1886.....	63, 747.17		71, 170.25	727.10	50.00	
Total fiscal year ending June 30, 1886.....	\$38, 049.05		\$60, 800.99	186, 157.43	510, 000 1, 490, 000.00	
July, 1886.....	8, 513.57		6, 017.50	51, 016.50		
September, 1886.....	72, 470.88		73, 300.79	3, 421.27		
October, 1886.....	28, 410.30		5, 022.02			
November, 1886.....	60, 275.10		76, 934.64	47, 712.61	200, 000	
December, 1886.....	1, 533.83		1, 306.72	55, 616.10		
January, 1887.....	7, 308.54		1, 303.68			
February, 1887.....	24, 046.43		87, 902.70	1, 923.37	250, 450	
March, 1887.....	3, 424.84		5, 458.16			
April, 1887.....	21, 091.71		22, 800.82	44, 740.50		
May, 1887.....	68, 421.06		77, 708.53			
Total for eleven months of fiscal year 1887.....	\$73, 026.06		\$60, 411.21	206, 479.45	450, 450 1, 390, 000.00	
Aggregate.....						\$1, 286, 721.3

statement account of "sinking fund, Union Pacific Railroad Company," etc.—Continued.

## RECAPITULATION BY FISCAL YEARS.

	One-half compensation for services rendered, withheld under section 1.	Payments (in cash) on debt section 4.	Compensation for services rendered over and above portion of road, under assignment July 3, 1884.	Interest on sinking fund bonds.	Sinking fund bonds redeemed 2 per cent.	Total by fiscal years.
1870.....	\$200,000.00			\$743.25		\$200,743.25
1871.....	351,694.37			22,254.18		373,948.55
1872.....	285,322.30			10,500.00		295,822.30
1873.....	208,543.43			34,010.34		242,553.77
1874.....	450,110.12			20,000.00		470,110.12
1875.....	751,893.84	\$788,170.42		21,800.38		1,561,864.64
1876.....	641,471.73	631,543.64	\$723,917.42	27,807.23	\$610,000.00	2,635,740.02
1877.....	550,049.65		300,000.00	180,157.45	510,000.00	1,440,207.10
1878 (seven months).....	373,028.26		300,414.21	200,476.85	450,450.00	1,324,369.32
Total.....	3,872,522.85	1,421,714.46	1,443,132.63	\$10,601.48	1,570,450.00	8,328,421.42

## RECAPITULATION OF TOTALS.

one-half compensation under section 2.....	\$3,872,522.85
payments under section 4.....	1,421,714.46
services over non-aided, under assignment July 3, 1884.....	1,443,132.63
interest on sinking fund bonds.....	\$10,601.48
sinking fund bonds redeemed.....	1,570,450.00
Total.....	8,328,421.42
bonds purchased for sinking fund:	
United States 5 per cent. exchanged to 3 per cent.....	\$286,450
United States bonds, July 13, 1882.....	1,530,000
Total.....	1,816,450.00
bonds held in sinking fund:	
United States funded loan of 1867, 4 per cent.....	4,470,650.00
United States Pacific railroad, 5 per cent.....	1,043,000.00
Union and Central Pacific first mortgage, 5 per cent.....	325,000.00
rentals, commissions, etc., paid.....	1,455,401.32
Total.....	6,294,051.32
Balance uninvested June 1, 1887.....	147,120.70

TREASURY DEPARTMENT,  
Washington, D. C., June 8, 1887.

## Bonds purchased for sinking fund, Union Pacific Railroad Company.

	Funded loan of 1861, 5 per cent.	Funded loan of 1867, 4 per cent.	U. S. Pacific R. R., 5 per cent.	Union and Central Pacific, 1st mortgage, 5 per cent.	Premium, etc., paid.	Total by fiscal years.
January, 1870.....	\$20,000				\$2,000.37	
May, 1870.....	120,000				5,000.00	
Total fiscal year ending June 30, 1870.....	\$140,000				7,000.37	\$147,000.37
January, 1871.....	40,000				500.00	
March, 1871.....	10,000				500.00	
May, 1871.....		\$81,300	\$75,000		21,000	
Total fiscal year ending June 30, 1871.....	\$50,000	\$81,300	\$75,000		71,000	\$377,300
July, 1871.....		650	117,000			
April, 1872.....		300	100,000			
Total fiscal year ending June 30, 1872.....		1,250	217,000			\$218,250

\$286,450 funded loan of 1861, 5 per cent., was extended August 31, 1887, over 1, 1882, to 3 per cent.

Bonds purchased for sinking fund, Union Pacific Railroad Company—Continued.

	Funded loan of 1881, 3 per cent.	Funded loan of 1887, 3 per cent.	U. S. Pa- cific R. R. 3 per cent.	Union and Central Pa- cific 1st mortgage, 3 per cent.	Premium, etc., paid.	Total U. S. fund
April, 1884.....	\$1,928,000				\$48,925.00	
Total fiscal year ending June 30, 1884.....	1,928,000				48,925.00	\$1,976,925.00
February, 1885.....		2,400,000			\$28,364.00	
May, 1885.....		800,000			163,448.60	
Total fiscal year ending June 30, 1885.....		2,400,000			231,812.60	\$2,631,812.60
August, 1885.....		318,000			\$6,912.26	
October, 1885.....		187,000			37,026.25	
December, 1885.....		44,000			16,383.80	
February, 1886.....		194,000			43,052.00	
April, 1886.....		480,000			127,548.91	
Total fiscal year ending June 30, 1886.....		1,035,000			230,923.01	\$1,265,923.01
August, 1886.....		200,000			\$9,575.08	
December, 1886.....			428,000		167,854.15	
January, 1887.....			84,000		18,861.25	
February, 1887.....			188,000		78,238.00	
April, 1887.....				1,014,000	\$6,808.00	
May, 1887.....				118,000	4,391.35	
Total for eleven months of fiscal year 1887.....		200,000	600,000	235,000	235,874.25	\$1,235,874.25
Aggregate.....						\$2,498,797.25

\* Loan of July 12, 1887, 3 per cent.

† Union.

‡ Central.

## RECAPITULATION BY FISCAL YEARS.

1879.....	\$182,400				\$6,116.25	\$198,516.25
1880.....	83,450	881,300	975,000		22,870.40	1,968,066.65
1881.....		1,330	288,000		67,079.56	289,409.86
1882.....	1,928,000				48,925.00	2,000,925.00
1883.....		2,041,000			677,804.40	2,718,804.40
1884.....		1,093,000			268,825.00	1,361,825.00
1885 (eleven months).....		200,000	600,000	235,000	235,874.25	\$1,035,874.25
Total.....	1,976,450	4,474,630	1,043,000	238,000	7,455,404.32	\$8,738,084.32

\* \$258,450 funded loan of 1881, 5 per cent., was extended August 21, 1881, at 3½ per cent., and exchanged August 1, 1882, to 3 per cent.

MISCELLANEOUS PAPERS.

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is account of the "sinking fund, Central Pacific Railroad Company," established by the Treasury of the United States under section 3, act May 7, 1878.

	One-half cent per annum for service on bonds, with bond under section 2.	Payments to sinking fund under section 4.	Interest on sinking fund bonds.	Sinking fund bonds redeemed, 2 per cent.	Premium received on sale of sinking fund bonds, 4 per cent.	Total by fiscal year.
	628,547.25					
	61,287.77					
	41,751.16		6438.45			
at year ending 1880	126,136.18		459.75			9128,504.34
	47,548.47		1,319.12			
	51,084.65					
	184.72	\$181,278.51	2,438.25			
	49.44		2,438.25			
	25.65					
	74.10					
	26,632.82		3,438.25			
	45.90					
	182,978.90					
at year ending 1881	224,736.13	181,278.51	8,836.97			442,892.46
	217.85					
	86.76		2,438.25			
	86,578.74					
	734.15					
	1,046.32	229,978.32				
	47,336.37		6,372.25			
	184.86					
	16,265.87					
	58,481.54		2,438.25			
	844.22					
	654.47		4,419.25			
	57,184.00					
at year ending 1882	232,978.44	229,978.32	10,264.90			646,417.36
	78.62		12,311.60			
	84.25	144,438.74				
	268.46					
	66,572.74					
	28,736.97		6,236.72			
	78,236.80					
	3,708.46					
	12,875.77		17,616.33			
	62,186.15					
	837.86		2,438.25			
	10,319.06					
at year ending 1883	278,928.44	144,438.74	42,364.46			484,780.64
	85.46					
	7,408.56		17,616.33			
	254.81					
	241.86					
	296,385.46	78,142.97	3,432.76			
	139,353.85					
	361.94		29,838.25			
	41,407.62					
	7,408.56					
	129,463.76		2,316.25			
	1,811.34					
at year ending 1884	743,641.41	78,142.97	62,601.62			
	642.44		26,893.25			
	176.78					
	158,906.34		7,548.25			
	607.60					
	817.63		17,732.12			
	732.67					

## Statement of account "Sinking fund, Central Pacific Railroad Company," etc.—Cont'd.

	On last compen- sation for ser- vice rendered, withheld under section 2.	Payments in cash under section 4.	Interest on sink- ing fund loans.	Sinking fund bonds redeemed, 3 per cents.	Principal received on sale of sink- ing fund bonds, 4 per cents.	Total by these sources.
April, 1884	\$2,074.37					
May, 1884	22,888.47		\$2,482.75			
June, 1884	5,897.09					
Total fiscal year ending June 30, 1884	30,859.93		25,537.26	\$541,800.00		\$754,297.19
September, 1884	181,323.50		14,772.75			
October, 1884	10.73					
November, 1884			2,432.75			
December, 1884	24,784.20					
January, 1885	2,463.11					
February, 1885	2,824.80		14,772.75			
March, 1885	47,238.85					
April, 1885	553.47					
May, 1885	49,242.00		2,432.75			
June, 1885	58,725.78					
Total fiscal year ending June 30, 1885	391,489.26		40,483.80			\$80,343.2
July, 1885	191.83					
August, 1885	978.80		22,522.75			
September, 1885	58,113.71					
October, 1885			14,202.75			
November, 1885						
December, 1885	28,732.78					
January, 1886	121.50					
February, 1886	.01		24,932.75			
March, 1886	37,314.86			850,000.00		
April, 1886	4.22		2,402.00	430,000.00		
May, 1886	22.04		4,908.75	100,000.00		
June, 1886	2,209.28		798.32	300,000.00		
Total fiscal year ending June 30, 1886	130,621.42		79,862.08	1,580,000.00		1,580,000.00
July, 1886	27,483.78		18,461.41	30,000.00		
September, 1886	50,000.00		1,462.50			
October, 1886	11,034.16					
November, 1886	108,172.82		3,438.75			
December, 1886	44.78		12,311.00			
January, 1887	52.49					
February, 1887	28,172.07		1,461.75	100,000.00		
March, 1887	4,214.90			*100,000.00	554,752.50	
April, 1887			1,901.00			
May, 1887	25,738.38					
Eleven months of fiscal year 1887.	210,108.27		29,128.60	620,000.00	54,752.50	\$77,989.8
Aggregate						\$5,400,124.2

\* Sold 3 per cents.

## RECAPITULATION BY FISCAL YEARS.

1879	\$420,136.18		\$438.75		\$738,884.00
1880	252,740.11	619,129.51	8,470.47		442,092.5
1881	282,070.04	229,078.37	10,264.00		509,117.5
1882	220,025.44	144,428.74	62,244.48		465,140.00
1883	773,911.41	79,144.91	68,481.67		871,042.00
1884	192,358.92			\$541,800.00	784,000.00
1885	348,489.90			\$41,451.00	590,000.00
1886	130,621.42			20,000.00	1,320,000.00
1887 (eleven months)	210,108.27		29,128.60	424,000.00	\$77,989.8
Total	2,574,604.02	\$12,902.48	\$29,004.72	2,150,800.00	\$4,702,860.8

## Account of the "sinking fund, Central Pacific Railroad Company," etc.—Continued.

## RECAPITULATION OF TOTALS.

• half compensation, under section 2.....	\$2,534,892.02
• interest under section 4.....	633,891.48
• interest on sinking fund bonds.....	\$29,895.73
• premium on sinking fund bonds sold.....	54,722.50
• sinking fund bonds redeemed and sold.....	2,150,000.00
<b>Total.....</b>	<b>\$5,003,182.73</b>
<b>Bonds purchased for sinking fund:</b>	
United States 5 per cents, exchanged to 3 per cents.....	\$394,000.00
United States loan July 12, 1882, 3 per cents.....	1,761,800.00
United States funded loan of 1867, 4 per cents.....	197,100.00
<b>Total.....</b>	<b>2,152,900.00</b>
<b>Bonds held in sinking fund:</b>	
Pacific Railroad 6 per cents.....	2,548,000.00
Central Pacific first mortgage 5 per cents.....	5,000.00
Premiums, commission, etc., paid.....	\$47,232.40
<b>Total.....</b>	<b>2,553,232.40</b>
<b>Balance unapplied June 1, 1887.....</b>	<b>50,157.23</b>

THE TREASURY DEPARTMENT,  
Washington, D. C., June 8, 1887.

## Bonds purchased for sinking fund, Central Pacific Railroad Company.

	Funded loan of 1867, 5 per cent.	Funded loan of 1867, 4 per cent.	United States Pacific R. R. bonds, 3 per cent.	Union and Central Pacific R. R. first mortgage 4 per cent.	Premiums, commission paid.	Total by fiscal years.
January, 1879.....	\$26,798				\$1,380.00	
May, 1879.....	84,750				3,231.00	
<b>Total fiscal year ending June 30, 1879.....</b>	<b>\$111,548</b>				<b>\$4,611.00</b>	<b>\$116,159.00</b>
September 1879.....	41,200				864.00	
October, 1879.....	30,250				331.87	
May, 1880.....					15,294.82	
<b>Total fiscal year ending June 30, 1880.....</b>	<b>\$71,450</b>	<b>197,350</b>			<b>16,900.69</b>	<b>267,720.49</b>
July, 1880.....			950		25,183.25	
April, 1881.....			800		111,442.00	
<b>Total fiscal year ending June 30, 1881.....</b>		<b>1,750</b>	<b>1,750</b>	<b>444,000</b>	<b>146,625.25</b>	<b>\$62,275.25</b>
December, 1882, total fiscal year ending June 30, 1883.....	1641,800				18,636.00	532,836.00
May, 1883, total fiscal year ending June 30, 1883.....	949,000				37,000.00	\$27,000.00
January, 1884, total fiscal year ending June 30, 1884.....	329,000				12,400.00	\$32,400.00
January, 1887.....			200,000		328,658.81	
January, 1887.....			578,000		326,000.81	
Feb., 1887.....			429,000		159,570.00	
July, 1887.....					1,563.76	
<b>sum months of fiscal year, 1887.....</b>			<b>2,184,000</b>	<b>0,000</b>	<b>728,258.87</b>	<b>2,912,158.87</b>
<b>Aggregate.....</b>						<b>\$5,003,022.40</b>

## RECAPITULATION BY FISCAL YEARS.

July, 1879.....	\$111,548				\$4,611.00	
June, 1880.....	\$71,450	197,350			16,900.69	
June, 1881.....		1,750	444,000		146,625.25	
June, 1882.....	541,800				18,636.00	
June, 1883.....	949,000				37,000.00	
June, 1884.....	329,000				12,400.00	
(eleven months).....			2,184,000	0,000	728,258.87	
<b>Total.....</b>	<b>\$1,962,798</b>	<b>199,100</b>	<b>2,548,000</b>	<b>0,000</b>	<b>\$47,232.40</b>	

\$194,000 funded loan of 1881, 3 per cent., was extended August 31, 1883, at 7 per cent.  
 August 1, 1882, at 5 per cent.  
 June 12, 1882, 3 per cent.  
 interest.

## Bonds purchased for sinking fund, etc.—Continued.

## UNION PACIFIC RAILROAD COMPANY

1876.			1876.		
Jan. 27	To amount of bonds issued from Feb. 1, 1869, to Jan. 1, 1870.....	125,793,000.00	Jan. 27	By credits for transportation.....	999,721.44
27	To interest from date of issue to June 30, 1869.....	2,681,859.88	27	By interest on same.....	10,700.28
27	To interest on accrued interest.....	45,854.70	27	By balance, June 30, 1869.....	999,431.60
		28,125,721.72			27,729,292.52
Jan. 27	To balance, report 172564	27,729,292.52	Mar. 25	By credit for transportation.....	100,138.11
Mar. 25	To amount of bonds issued from July 1 to Dec. 31, 1869.....	1,577,010.00	25	By interest on same.....	2,472.11
25	To interest same period.....	369,850.96	25	By balance, Dec. 31, 1869.....	100,598.22
25	To interest on accrued interest.....	36,808.73			28,774,122.97
		28,153,001.69			28,153,001.69
25	To balance, report 172566	28,153,001.69	Mar. 29	By credit for transportation.....	55,538.67
		28,153,001.69	29	By interest on same.....	1,812.48
		28,153,001.69		By balance.....	57,351.15
		28,153,001.69			29,884,322.94
29	To balance, report 172792	28,827,078.60	Sept. 2	By credits for transportation.....	182,148.25
Sept. 2	To amount of bonds issued from Jan. 1 to June 30, 1870.....	151,512.00	2	By interest on same.....	3,128.18
2	To interest on said bonds to July 1, 1870.....	9,291.30	2	By balance, June 30, 1870.....	185,276.43
2	To interest on bonds from Jan. 1 to July 1, 1870.....	412,530.00			29,794,199.02
2	To interest on accrued interest.....	61,562.30			29,794,199.02
		29,865,745.20			29,865,745.20
29	To balance, report 172792	29,865,745.20			29,865,745.20
		29,865,745.20			29,865,745.20
1871.			1871.		
Feb. 6	To balance, report 175417	29,760,298.81	Feb. 6	By credits for transportation.....	115,513.10
6	To amount of interest on bonds from July 1 to Dec. 31, 1870.....	817,405.38	6	By interest on same.....	2,121.79
6	To interest on accrued interest.....	76,319.01	6	By balance, Dec. 31, 1870.....	117,634.89
		30,653,014.60			30,653,014.60
6	To balance, report 177329	30,653,014.60	July 21	By credits for transportation.....	265,371.20
July 21	To amount of interest on bonds from Jan. 1 to June 30, 1871.....	817,405.38	21	By interest on same.....	4,212.10
21	To interest on accrued interest.....	68,097.11		By balance, June 30, 1871.....	269,179.30
		31,442,308.11			31,442,308.11
21	To balance, report 180020	31,442,308.11			31,442,308.11
1872.			1872.		
Jan. 9	To amount of interest on bonds from July 1 to Dec. 31, 1871.....	817,095.38	Jan. 9	By credits for transportation.....	224,115.10
9	To interest on accrued interest.....	116,807.03	9	By interest on same.....	4,532.10
		933,902.41	9	By balance, Dec. 31, 1871.....	228,647.20
9	To balance, report 182380	933,902.41			933,902.41
July 24	To amount of interest on bonds from Jan. 1 to June 30, 1872.....	817,095.38	July 24	By credits for transportation.....	317,258.25
24	To interest on accrued interest.....	128,007.00	24	By interest on same.....	2,884.00
		945,102.38	24	By balance, June 30, 1872.....	320,142.25
		945,102.38			945,102.38
		945,102.38			945,102.38



Bonds purchased for sinking fund, etc.—Continued.

UNION PACIFIC RAILROAD COMPANY—Continued.

1871. July 26 Dec. 31	To balance, report 185427 To amount of interest on No. 36, dated Dec. 21, 1871, in favor of Trans- portation United States with interest to June 30, 1872, per report 185428	632,547,248.28	1872. Dec. 31	By balance	632,574,081.81
		632.52			
		632,574,081.81			632,574,081.81
1872. Jan. 1	To balance, report 187283	22,574,641.81	1873. Jan. 1	By credits for transpor- tation	115,302.36
	To amount of interest on bonds from July 1, to Dec. 31, 1872	817,085.36		By interest on same	1,397.81
	To interest on accrued interest	166,145.00		By balance, Dec. 31, 1872	118,796.49
		32,551,892.16			32,476,221.17
		32,551,892.16			32,551,892.16
1873. July 11	To balance, report 187286	32,426,231.27	July 11	By credits for transpor- tation	85,143.77
	To amount of interest on bonds from Jan. 1 to June 30, 1873	817,085.36		By interest on same	1,436.95
	To interest on accrued interest	185,841.20		By balance, June 30, 1873	87,574.72
		34,438,278.43			34,350,160.76
		34,438,278.43			34,438,278.43
1873. Jan. 26	To balance, report 187288	34,350,708.78	Jan. 26	By credits for transpor- tation	228,456.67
	To amount of interest on bonds from July 1 to Dec. 31, 1873	817,085.36		By interest on same	3,088.09
	To interest on accrued interest	213,423.75		By balance, Dec. 31, 1873	232,156.25
		35,381,224.81			31,142,069.48
		35,381,224.81			35,381,224.81
1873. July 10	To balance, report 187310	35,168,069.49	July 10	By credit for transpor- tation	204,884.76
	To amount of interest on bonds from Jan. 1 to June 30, 1874	817,085.36		By interest on same	2,664.28
	To interest on accrued interest	227,278.88		By balance, June 30, 1874	207,299.64
		36,292,648.51			35,089,251.47
		36,292,648.51			36,292,648.51
1873. Feb. 1	To balance, report 187321	36,008,251.47	1875. Feb. 1	By credits for transpor- tation	243,161.79
	To amount of interest on bonds from July 1 to Jan. 31, 1874	817,085.36		By interest on same	2,707.83
	To interest on accrued interest	262,792.18		By balance, Dec. 31, 1874	246,869.26
		37,078,130.01			36,829,449.75
		37,078,130.01			37,078,130.01
1875. July 22	To balance, report 187315	36,829,449.75	July 22	By credits for transpor- tation	411,678.06
	To amount of interest on bonds from Jan. 1 to June 30, 1875	817,085.36		By interest on same	1,488.05
	To interest on accrued interest	287,794.14		By balance, June 30, 1875	413,166.11
		37,934,329.25			413,166.11
		37,934,329.25			37,934,329.25
1875. Feb. 5	To balance, report 187326	37,444,203.54	1876. Feb. 5	By credits for trans- portation	
	To amount of interest on bonds from July 1 to Dec. 31, 1875	817,085.36		By interest on same	
	To interest on accrued interest	207,480.78		By balance,	
		38,468,769.68			

Bonds purchased for sinking fund, etc.—Continued.

UNION PACIFIC RAILROAD COMPANY—Continued.

1876. Feb. 6 Aug. 19	To balance, report 200100 To amount of interest on bonds from Jan. 1 to June 30, 1876	522,154,321.89 517,005.36	1876. Aug. 19	By credits for transpor- tation	5175, 800.00
19	To interest on accrued interest	327,843.00	19	By interest on same	2,100.00
		522,392,570.35	19	By balance, June 30, 1876	188, 000.00 50, 171, 470.27 50, 000, 000.00
1877. Jan. 29	To balance, report 201300	50, 171, 470.27	1877. Jan. 29	By credits for transpor- tation	47, 100.00
29	To amount of interest on bonds from July 1 to Dec. 31, 1876	517,005.36	29	By interest on same	5,500.00
29	To interest on accrued interest	350,048.88	29	By balance, Dec. 31, 1876	48,000.00 50, 200, 000.00 50, 348, 400.00
		50, 348, 419.52	29		
1877. July 28	To balance, report 204701	50, 348, 419.52	July 28	By credits for transpor- tation	400, 120.00
28	To amount of interest on bonds from Jan. 1 to June 30, 1877	517,005.36	28	By interest on same	7,700.00
28	To interest on accrued interest	391,882.52	28	By balance, June 30, 1877	507, 391.00 50, 840, 400.00 51, 347, 791.00
		51, 347, 791.00			
1878. Mar. 8	To balance, report 206300	51, 347, 791.00	1878. Mar. 8	By credits for transpor- tation	507, 000.00
8	To amount of interest on bonds from July 1 to Dec. 31, 1877	517,005.36	8	By interest on same	6,200.00
8	To interest on accrued interest	408,000.00	8	By balance, Dec. 31, 1877	350, 391.00 51, 712, 500.00 52, 062, 891.00
		52, 062, 891.00			
1878. Aug. 10	To balance, report 206804	52, 062, 891.00	Aug. 10	By credits for transpor- tation	718, 760.00
10	To amount of interest on bonds from Jan. 1 to June 30, 1878	517,005.36	10	By interest on same	7,900.00
10	To interest on accrued interest	434,309.84	10	By balance, June 30, 1878	721, 710.00 52, 212, 500.00 52, 934, 210.00
		52, 934, 210.00			
1880. Oct. 6	To balance, report 210034	52, 934, 210.00	1880. Oct. 6	By credits for transpor- tation	500, 000.00
6	To amount of interest on bonds from July 1 to Dec. 31, 1878	517,005.36	6	By interest on same	6,000.00
6	To interest on accrued interest	450,308.41	6	By balance, Dec. 31, 1878	507, 000.00 53, 212, 500.00 53, 719, 500.00
		53, 719, 500.00			
1880. Dec. 28	To balance, report 211032	53, 719, 500.00	Dec. 28	By credits for transpor- tation	1, 100, 000.00
28	To amount of interest on bonds from Jan. 1 to June 30, 1879	517,005.36	28	By interest on same	2, 000.00
28	To interest on accrued interest	407,808.00	28	By balance, June 30, 1879	1, 100, 000.00 54, 312, 500.00 55, 412, 500.00
		54, 312, 500.00			
1881. May 21	To balance, report 212300	54, 312, 500.00	1881. May 21	By credits for transpor- tation	
21	To interest on bonds from July 1 to Dec. 31, 1879	517,005.36	21	By interest	
21	To interest on accrued interest	462,000.00	21	By bal	
		55, 291, 505.36			

Bonds purchased for sinking fund, etc.—Continued.

UNION PACIFIC RAILROAD COMPANY—Continued.

1881.				1881.			
July 31	To balance, report 223296	\$44,538,825.23	July 5	By credits for transportation		\$300,137.51	
July 5	To interest on bonds from Jan. 1 to June 30, 1880	637,095.36	5	By interest on same		3,101.89	
3	To interest on accrued interest	618,071.36	5	By balance, June 30, 1880		303,239.31	
		45,773,991.95				43,478,862.56	
5	To balance, report 225377	45,478,202.56	Oct. 31	By credits for transportation		168,462.45	
Oct. 31	To interest on bonds from July 1 to Dec. 31, 1880	617,095.36	31	By interest on same		1,775.19	
31	To interest on accrued interest	647,258.52	31	By balance, Dec. 31, 1880		190,227.63	
		46,642,713.45				46,642,713.45	
31	To balance, report 227100	46,652,463.83	1882.				
1882.			June 5	By credits for transportation		142,041.74	
June 5	To interest on bonds from Jan. 1 to June 30, 1881	617,095.36	5	By interest on same		1,194.96	
5	To interest on accrued interest	662,479.21	5	By balance, June 30, 1881		144,136.40	
		48,652,060.40				47,867,824.00	
5	To balance, report 228909	47,867,824.00	Sept. 18	By credits for transportation		91,416.14	
Sept. 18	To interest on bonds from July 1 to Dec. 31, 1881	617,095.36	18	By interest on same		832.30	
18	To interest on accrued interest	638,142.36	18	By balance, Dec. 31, 1881		93,248.44	
		49,345,161.72				49,345,161.72	
18	To balance, report 231789	49,352,812.28	1883.				
1883.			June 27	By credits for transportation		226,242.88	
June 27	To interest on bonds from Jan. 1 to June 30, 1882	617,095.36	27	By interest on same		1,664.79	
27	To interest on accrued interest	690,496.61	27	By balance, June 30, 1882		227,907.66	
		50,730,304.65				50,730,304.65	
27	To balance, report 233721	50,502,486.65	Sept. 14	By credits for transportation		362,431.26	
Sept. 14	To interest on bonds from July 1 to Dec. 31, 1882	617,095.36	14	By interest on same		1,801.62	
14	To interest on accrued interest	667,676.81	14	By balance, Dec. 31, 1882		364,232.87	
		52,617,563.72				52,617,563.72	
14	To balance, report 237436	52,628,270.58	Nov. 29	By credits for transportation		117,304.02	
Nov. 29	To interest on bonds from Jan. 1 to June 30, 1883	617,095.36	29	By interest on same		1,538.65	
29	To interest on accrued interest	732,561.26	29	By balance, June 30, 1883		118,842.07	
		53,392,617.17				53,392,617.17	
29	To balance, report 238224	53,089,868.10	1884.				
1884.			Oct. 3	By credits for transportation		586,845.83	
Oct. 3	To interest on bonds from July 1 to Dec. 31, 1883	617,095.36	3	By interest on same		1,081.69	
13	To interest on accrued interest	775,424.29	13	By balance, Dec. 31, 1883		590,927.52	
		54,673,507.74				54,673,507.74	
13	To balance, report 241617	54,689,679.98	Dec. 11				
Dec. 11	To interest on bonds from Jan. 1 to June 30, 1884	617,095.36	11				
11	To interest on accrued interest	698,781.64					
		56,705,807.89					

## U. S. PACIFIC RAILWAY COMMISSION.

Bonds purchased for sinking fund, etc.—Continued.

## UNION PACIFIC RAILROAD COMPANY—Continued.

1884.			1885.		
Dec. 11	To balance, report 248220	\$55,210,344.20	Feb. 3	By credits for transportation	\$480,713.22
1885.				By interest on same	6,874.47
Feb. 5	To interest on bonds from July 1 to Dec. 31, 1884	817,883.36	5		490,587.69
5	To interest on accrued interest	839,312.77	5	By balance, Dec. 31, 1884	58,300,000.00
		50,869,512.33			50,869,512.33
Oct. 13	To balance, report 248215	58,300,000.00	Oct. 13	By credits for transportation	124,892.00
	To interest on bonds from Jan. 1 to June 30, 1885	817,883.36	13	By interest on same	6,874.47
13	To interest on accrued interest	874,004.54	13	By balance, June 30, 1885	430,245.00
		56,151,000.00			57,851,000.00
13	Total balance, report 248203	57,021,851.79	1886.		
1886.			June 24	By credits for transportation	181,000.00
June 24	To interest on bonds from July 1 to Dec. 31, 1885	817,883.36	24	By interest on same	1,000.00
24	To interest on accrued interest	911,500.14	24	By balance, Dec. 31, 1885	184,625.00
		59,330,500.00			59,330,500.00
24	To balance, report 248215	59,330,500.00	1887.		
1887.			Mar. 31	By credits for transportation	180,000.00
Mar. 31	To interest on bonds from Jan. 1 to June 30, 1886	817,883.36	31	By interest on same	1,000.00
31	To interest on accrued interest	927,341.00	31	By balance, June 30, 1886	140,000.00
		60,044,000.00			60,044,000.00
31	To balance, report 250210	60,044,000.00			

RUS. A. FISH,  
Assistant Register.TREASURY DEPARTMENT,  
Register's Office, May 3, 1887.

## KANSAS PACIFIC RAILWAY COMPANY.

1870.			1870.		
Feb. 10	To bonds issued from Nov. 1, 1864 to Jan. 1, 1865	\$6,200,000.00	Feb. 10	By credits for transportation	\$500,000.00
10	To interest on bonds to June 30, 1869	831,813.00	10	By interest on same	7,000.00
10	To interest on accrued interest	24,272.54	10	By balance, June 30, 1869	554,813.00
		7,106,085.54			7,106,085.54
Apr. 2	To balance, report 173025	6,011,832.84	Apr. 2	By credits for transportation	14,000.00
	To interest on bonds from July 1 to Dec. 31, 1869	180,000.00	2	By interest on same	1,000.00
2	To interest on accrued interest	9,260.62	2	By balance, Dec. 31, 1869	14,000.00
		6,200,000.00			
Aug. 17	To balance, report 173029	6,224,305.00	Aug. 17	By credits for transportation	14,000.00
	To interest on bonds from Jan. 1 to June 30, 1870	180,000.00	17	By interest on same	1,000.00
17	To interest on accrued interest	12,441.07	17	By balance	14,000.00
		6,400,127.07			

*Bonds purchased for sinking fund, etc.—Continued.*  
**KANSAS PACIFIC RAILWAY COMPANY—Continued.**

17	To balance, report 115376	\$6,872,381.05	1871			
6	To interest on bonds from July 1 to Dec. 31, 1870	189,090.00	Feb. 8	By credits for transportation		950,798.54
6	To interest on accrued interest	17,977.93	6	By interest on same		825.06
		7,079,450.98	6	By balance, Dec. 31, 1870		64,645.26
						7,079,450.98
2	Total balance, report 117340	4,900,813.98	July 31	By credits for transportation		20,182.27
11	To interest on bonds from Jan. 1 to June 30, 1871	189,090.00	31	By interest on same		659.84
21	To interest on accrued interest	26,721.41	21	By balance, June 30, 1871		20,853.11
		7,205,625.39				7,205,625.39
31	Total balance, report 120232	7,112,774.94	1872			
9	To interest on bonds from July 1 to Dec. 31, 1871	189,090.00	Jan. 9	By credits for transportation		70,498.37
9	To interest on accrued interest	24,362.25	9	By interest on same		963.70
		7,327,166.21	9	By balance, Dec. 31, 1871		71,462.07
						7,327,166.21
8	Total balance, report 123082	7,255,765.06	July 24	By credits for transportation		46,075.39
24	To interest on bonds from Jan. 1 to June 30, 1872	189,090.00	24	By interest on same		581.16
24	To interest on accrued interest	26,749.16	24	By balance, June 30, 1872		46,656.55
		7,471,604.14				7,471,604.14
24	Total balance, report 125888	7,428,710.85	1873			
8	To interest on bonds from July 1 to Dec. 31, 1872	189,090.00	Jan. 8	By credits for transportation		93,574.34
8	To interest on accrued interest	39,711.32	8	By interest on same		1,341.79
		7,647,511.97	8	By balance, Dec. 31, 1872		94,916.13
						7,647,511.97
8	Total balance, report 127291	7,554,895.84	July 11	By credits for transportation		15,016.20
11	To interest on bonds from Jan. 1 to June 30, 1873	189,090.00	11	By interest on same		514.26
11	To interest on accrued interest	37,536.83	11	By balance, June 30, 1873		15,530.46
		7,781,542.72				7,781,542.72
1	Total balance, report 129210	7,704,212.11	1874			
6	To interest on bonds from July 1 to Dec. 31, 1873	189,090.00	Jan. 26	By credits for transportation		123,837.02
6	To interest on accrued interest	43,806.35	26	By interest on same		1,493.81
		7,937,108.47	26	By balance, Dec. 31, 1873		125,330.83
						7,937,108.47
6	Total balance, report 131311	7,872,985.82	July 11	By credits for transportation		66,558.06
11	To interest on bonds from Jan. 1 to June 30, 1874	189,090.00	11	By interest on same		831.79
11	To interest on accrued interest	47,125.94	11	By balance, June 30, 1874		67,389.85
		8,119,090.56				8,119,090.56
1	Total balance, report 133262	8,022,098.79	1875			
2	To interest on bonds from July 1 to Dec. 31, 1874	189,090.00	Feb. 2	By credits for transportation		38,130.80
2	To interest on accrued interest		2	By interest on same		930.57
						39,061.37
						8,271,320.91
						8,271,320.91

*Bonds purchased for sinking fund, etc.—Continued.*  
**KANSAS PACIFIC RAILWAY COMPANY—Continued.**

1875.				1875.			
Feb. 2	To balance, report 186338	\$6,337,349.91	July 23	By credits for transportation	779,044.16		
July 23	To interest on bonds from Jan. 1 to June 30, 1875	128,000.00	23	By interest on same	1,223.71		
23	To interest on accrued interest	57,730.00					
		\$6,473,179.91					
23	To balance, report 187403	\$6,308,804.70	1876.				
1876.			Feb. 5	By credits for transportation	36,704.00		
Feb. 5	To interest on bonds from July 1 to Dec. 31, 1875	169,000.00	5	By interest on same	165.00		
5	To interest on accrued interest	62,815.00	5	By balance, Dec. 31, 1875	37,034.00		
		\$6,468,700.30			\$6,411,965.30		
21	To balance, report 200117	\$6,611,465.34	Aug. 21	By credits for transportation	7,000.00		
Aug. 21	To interest on bonds from Jan. 1 to June 30, 1876	128,000.00	21	By interest on same	77.00		
21	To interest on accrued interest	60,244.00	21	By balance, June 30, 1876	7,124.00		
		\$6,699,509.34			\$6,699,509.34		
21	To balance, report 207561	\$6,801,767.40	1877.				
1877.			Jan. 29	By credits for transportation	67,000.00		
Jan. 29	To interest on bonds from July 1 to Dec. 31, 1876	169,000.00	29	By interest on same	74.00		
29	To interest on accrued interest	78,761.01	29	By balance, Dec. 31, 1876	67,100.00		
		\$6,127,628.50			\$6,127,628.50		
29	To balance, report 204222	\$6,058,471.22	July 29	By credits for transportation	15,000.00		
July 29	To interest on bonds from Jan. 1 to June 30, 1877	128,000.00	29	By interest on same	214.00		
29	To interest on accrued interest	\$0,094.14	29	By balance, June 30, 1877	15,214.00		
		\$6,186,565.36			\$6,186,565.36		
29	To balance, report 206372	\$6,315,000.37	1878.				
1878.			Mar. 8	By credits for transportation	74.00		
March 8	To interest on bonds from July 1 to Dec. 31, 1877	169,000.00	8	By interest on same	1.22		
8	To interest on accrued interest	60,262.40	8	By balance, Dec. 31, 1877	74,074.00		
		\$6,544,262.77			\$6,544,262.77		
8	To balance, report 208805	\$6,593,459.87	Aug. 10	By credits for transportation	100.00		
Aug. 10	To interest on bonds from Jan. 1 to June 30, 1878	128,000.00	10	By interest on same	1.00		
10	To interest on accrued interest	68,723.80	10	By balance, June 30, 1878	100.00		
		\$6,681,675.67			\$6,681,675.67		
10	To balance, report 210831	\$6,681,491.78	1880.				
1880.			Oct. 6	By credits for transportation	212,000.00		
Oct. 6	To interest on bonds from July 1 to Dec. 31, 1878	128,000.00	6	By interest on same	2,000.00		
6	To interest on accrued interest	107,364.76	6	By balance, Dec. 31, 1878	214,000.00		
		\$6,917,036.54			\$6,917,036.54		
6	To balance, report 213708	\$6,963,450.62	Dec. 16	By credits for transportation	200.00		
Dec. 16	To interest on bonds from Jan. 1 to June 30, 1879	128,000.00	16	By interest on same	2.00		
16	To interest on accrued interest	100,813.52	16	By balance, June 30, 1879	200.00		
		\$7,192,264.14			\$7,192,264.14		

## MISCELLANEOUS PAPERS.

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Bonds purchased for sinking fund, etc.—Continued.  
 KANSAS PACIFIC RAILWAY COMPANY—Continued.

1881.	May 21	To balance report 222772	69, 678, 344. 21	1881.	May 21	By credits for transportation	940, 109. 33
27	31	To interest on bonds from July 1 to Dec. 31, 1879	188, 690. 00	21	21	By interest on same	853. 80
21		To interest on accrued interest	101, 280. 30	21	21	By balance, Dec. 31, 1879	40, 655. 82
			2, 898, 726. 60				9, 924, 870. 95
21		To balance, report 222772	2, 923, 673. 68	21			2, 969, 726. 60
27	5	To interest on bonds from January to June 30, 1880	188, 690. 00	21	5	By credits for transportation	77, 267. 40
5		To interest on accrued interest	108, 620. 71	5	5	By interest on same	13. 61
			10, 221, 363. 79	5	5	By balance, June 30, 1880	77, 267. 71
5		To balance, report 222772	10, 144, 682. 30	5	5		10, 144, 682. 46
21	21	To interest on bonds from July 1 to Dec. 31, 1880	188, 690. 00	21	21	By credits for transportation	65, 377. 04
21		To interest on accrued interest	115, 222. 48	21	21	By interest on same	445. 54
			10, 448, 405. 06	21	21	By balance, Dec. 31, 1880	65, 377. 56
21		To balance, report 222772	10, 397, 652. 48	21	21		10, 397, 652. 48
27	5	To interest on bonds Jan 1 to June 30, 1881	188, 690. 00	21	5	By credits for transportation	62, 718. 17
5		To interest on accrued interest	122, 688. 07	5	5	By interest on same	525. 64
			10, 704, 411. 45	5	5	By balance, June 30, 1881	62, 718. 17
21		To balance, report 222772	10, 611, 166. 45	5	5		10, 611, 166. 45
27	18	To interest on bonds from July 1 to Dec. 31, 1881	188, 690. 00	5	18	By credits for transportation	60, 846. 47
18		To interest on accrued interest	130, 144. 80	18	18	By interest on same	700. 00
			10, 844, 401. 48	18	18	By balance, Dec. 31, 1881	60, 846. 47
18		To balance, report 222772	10, 800, 704. 42	18	18		10, 800, 704. 42
27	27	To interest on bonds from Jan 1 to June 30, 1882	188, 690. 00	18	27	By credits for transportation	60, 832. 29
27		To interest on accrued interest	137, 802. 93	27	27	By interest on same	2, 631. 54
			11, 350, 787. 35	27	27	By balance, June 30, 1882	60, 832. 29
27		To balance, report 222772	11, 127, 773. 22	27	27		11, 127, 773. 22
27	20			27	20	By credits for transportation	3, 315. 22
27	20			27	20	By interest on same	—
27			11, 127, 773. 22	27		By balance supplemental to June 30, 1882	—
27		To balance, report 222772	11, 124, 533. 00	27			11, 124, 533. 00
27	14	To interest on bonds from July 1 to Dec. 31, 1882	188, 690. 00	27	14	By credits	—
14		To interest on accrued interest	114, 415. 72	14	14	By interest	—
			11, 459, 259. 71	14	14	By balance	—
14		To balance, report 222772	11, 265, 241. 02	14			11, 265, 241. 02
27	26	To interest on bonds from Jan 1 to June 30, 1883	188, 690. 00	27	26	By	—
26		To interest on accrued interest	151, 587. 35	26	26	By	—
			11, 706, 196. 67	26	26	By	—

Bonds purchased for sinking fund, etc.—Continued.

## CENTRAL BRANCH UNION PACIFIC RAILROAD COMPANY—Contd.

1872.				1872.	
Sept. 14	To balance, report 37550	\$3,407,522.81	Mar. 26	By credits for transportation	
Nov. 26	To interest on bonds from Jan. 1 to June 30, 1873	41,000.00	26	By interest on same	
28	To interest on accrued interest	86,223.48	28	By balance, June 30, 1873	
		3,534,746.29			
Mar. 26	To balance, report 38229	3,534,746.29	1884.		
Oct. 13	To interest on bonds from July 1 to Dec. 31, 1883	41,000.00	1885.	By credits for transportation	
13	To interest on accrued interest	67,560.34	10	By interest on same	
		4,043,306.63	10	By balance, Dec. 31, 1885	
Oct. 13	To balance, report 341823	4,043,306.63	Dec. 11	By credits for transportation	
Dec. 11	To interest on bonds from Jan. 1 to June 30, 1884	41,000.00	11	By interest on same	
11	To interest on accrued interest	72,548.34	11	By balance, June 30, 1884	
		4,156,854.97			
Dec. 11	To balance, report 241810	4,156,854.97	1886.		
Feb. 5	To interest on bonds from July 1 to Dec. 31, 1884	41,000.00	Feb. 5	By credits for transportation	
5	To interest on accrued interest	74,140.90	5	By interest on same	
		4,271,995.87	5	By balance, Dec. 31, 1884	
Feb. 5	To balance, report 26849	4,271,995.87	Oct. 12	By credits for transportation	
Oct. 12	To interest on bonds from Jan. 1 to June 30, 1885	41,000.00	12	By interest on same	
12	To interest on accrued interest	73,429.79	12	By balance, June 30, 1885	
		4,386,425.66			
Oct. 12	To balance, report 181810	4,386,425.66	1886.		
June 24	To interest on bonds from July 1 to Dec. 31, 1885	41,000.00	June 24	By credits for transportation	
24	To interest on accrued interest	82,000.34	24	By interest on same	
		4,509,425.97	24	By balance, Dec. 31, 1885	
June 24	To balance, report 181810	4,509,425.97	1887.		
Sept. 24	To interest on bonds from Jan. 1 to June 30, 1886	41,000.00	Mar. 22	By credits for transportation	
24	To interest on accrued interest	81,254.01	22	By interest on same	
		4,631,679.98	22	By balance, June 30, 1886	
Mar. 22	To balance, report 181810	4,631,679.98			

Transmitted by telegraph  
December 3, 1887.ROR. A. H.  
Auditor



MISCELLANEOUS PAPERS.

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Bonds purchased for sinking fund, etc.—Continued.

CENTRAL BRANCH UNION PACIFIC RAILWAY COMPANY—Continued.

1874	Apr. 7	To balance, report 173807	\$1,812,788.50	Apr. 7	By credits for transportation	\$1,812,788.50	
1874	7	To interest on bonds from July 1 to Dec. 31, 1870	48,000.00	7	By interest on same	48,000.00	
1874	7	To interest on accrued interest	6,412.71	Apr. 1	By balance, Dec. 31, 1869	1,868,304.21	
			1,868,304.21			1,868,304.21	
1874	Aug. 19	To balance, report 173846	1,868,304.21	Aug. 19	By credits for transportation	2,308.00	
1874	19	To interest on bonds from Jan. 1 to June 30, 1870	48,000.00	19	By interest on same	48,000.00	
1874	19	To interest on accrued interest	7,360.91	19	By balance, June 30, 1870	2,308.00	
			1,923,365.12			1,923,365.12	
1874	Feb. 8	To balance, report 179434	1,923,365.12	1874	Feb. 8	By balance, Dec. 31, 1870	1,977,817.17
1874	8	To interest on bonds from July 1, 1870, to Dec. 31, 1870	48,000.00				
1874	8	To interest on accrued interest	2,000.32				
			1,977,817.17				1,977,817.17
1874	July 21	To balance, report 177226	1,977,817.17	July 21	By credits for transportation	1,475.00	
1874	21	To interest on bonds from Jan. 1 to June 30, 1871	48,000.00	21	By interest on same	48,000.00	
1874	21	To interest on accrued interest	17,354.52	21	By balance, June 30, 1871	1,475.00	
			2,037,161.69			2,037,161.69	
1874	Jan. 11	To balance, report 180027	2,037,161.69	1874	Jan. 11	By balance, Dec. 31, 1871	2,098,014.30
1874	11	To interest on bonds from July 1 to Dec. 31, 1871	48,000.00				
1874	11	To interest on accrued interest	13,867.70				
			2,098,014.30				2,098,014.30
1874	July 24	To balance, report 182000	2,098,014.30	July 24	By credits for transportation	4,563.80	
1874	24	To interest on bonds from Jan. 1 to June 30, 1872	48,000.00	24	By interest on same	48,000.00	
1874	24	To interest on accrued interest	14,380.42	24	By balance, June 30, 1872	4,563.80	
			2,160,409.72			2,160,409.72	
1874	Jan. 8	To balance, report 183486	2,160,409.72	1874	Jan. 8	By credits for transportation	1,870.00
1874	8	To interest on bonds from July 1 to Dec. 31, 1872	48,000.00	8	By interest on same	48,000.00	
1874	8	To interest on accrued interest	16,513.22	8	By balance, Dec. 31, 1872	1,870.00	
			2,224,922.94			2,224,922.94	
1874	July 11	To balance, report 187236	2,224,922.94	July 11	By credits for transportation	327.00	
1874	11	To interest on bonds from January 1 to June 30, 1873	48,000.00	11	By same	327.00	
1874	11	To interest on accrued interest	18,455.82	11	By bal	850.00	
			2,291,378.76			2,291,378.76	
1874	Jan. 24	To balance, report 189227	2,291,378.76	1874	Jan. 24	By of bal	2,291,378.76
1874	24	To interest on bonds from July 1 to Dec. 31, 1873	48,000.00	24	By bal		
1874	24	To interest on accrued interest	20,420.50	24			
			2,359,799.26				

Bonds purchased for sinking fund, etc.—Continued.

## CENTRAL BRANCH UNION PACIFIC RAILWAY COMPANY—Continued.

Jan. 26 July 11	To balance, report 181236 To interest on bonds from Jan. 1 to June 30, 1876	61,343,903.45 48,000.00	July 11	By credits for transpor- tation	61.78
11	To interest on accrued interest	22,317.10	11	By interest on same	1
		2,414,278.55	11	By balance, June 30, 1876	2,414.28
July 11 1876	To balance, report 182243	2,414,278.55	1876		2,414.28
Feb. 5	To interest on bonds from July 1 to Dec. 31, 1876	48,000.00	Feb. 5	By credits for transpor- tation	4.7
5	To interest on accrued interest	21,311.75	5	By interest on same	1
		2,482,768.30	5	By balance, Dec. 31, 1876	2,482.7
Feb. 5 July 22	To balance, report 185456 To interest on bonds from Jan. 1 to June 30, 1877	2,478,278.30 48,000.00	July 22	By credits for transpor- tation	7.1
22	To interest on accrued interest	20,348.57	22	By interest on same	1
		2,527,627.86	22	By balance, June 30, 1877	2,527.6
July 22 1876	To balance, report 187845	2,544,088.30	1876		2,527.6
Feb. 5	To interest on bonds from July 1 to Dec. 31, 1876	48,000.00	Feb. 5	By credits for transpor- tation	4.8
5	To interest on accrued interest	20,351.17	5	By interest on same	1
		2,612,389.47	5	By balance, Dec. 31, 1876	2,612.3
Feb. 5 Aug. 19	To balance, report 200116 To interest on bonds from Jan. 1 to June 30, 1878	2,614,355.40 48,000.00	Aug. 19	By balance, June 30, 1878	2,614.3
19	To interest on accrued interest	20,400.85			2,614.3
		2,682,756.25			2,614.3
Aug. 19 1877	To balance, report 202253	2,698,848.05	1877		2,698.8
Jan. 20	To interest on bonds from July 1 to Dec. 31, 1878	48,000.00	Jan. 20	By balance, Dec. 31, 1876	2,775.9
20	To interest on accrued interest	20,845.38			2,775.9
		2,775,891.43			2,775.9
Jan. 20 July 20	To balance, report 204725 To interest on bonds from Jan. 1 to June 30, 1877	2,775,891.43 48,000.00	July 20	By credits for transpor- tation	14.4
20	To interest on accrued interest	20,270.75	20	By interest on same	1
		2,844,062.18	20	By balance, June 30, 1877	2,844.0
July 20 1876	To balance, report 205776	2,844,079.38	1876		2,844.0
Mar. 8	To interest on bonds from July 1 to Dec. 31, 1877	48,000.00	Mar. 8	By credits for transpor- tation	4.1
8	To interest on accrued interest	27,360.37	8	By interest on same	1
		2,920,019.75	8	By balance, Dec. 31, 1877	2,920.1
Mar. 8 Aug. 10	To balance, report 206626 To interest on bonds from Jan. 1 to June 30, 1878	2,920,450.85 48,000.00	Aug. 10	By credits for transpor- tation	4.6
10	To interest on accrued interest	20,764.38	10	By interest on same	1
		2,970,215.23	10	By balance, June 30, 1878	2,970.2

MISCELLANEOUS PAPERS.

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Bonds purchased for sinking fund, etc.—Continued.

CENTRAL PACIFIC RAILROAD COMPANY—Continued.

To balance, report 200115	\$38,216,121.28	1876.	Aug. 31	By credits for transportation	496,427.90
To interest on bonds from Jan. 1 to June 30, 1876	776,553.60	21	21	By interest on same	261.59
To interest on accrued interest	336,750.39	21	21	By balance to June 30, 1876	40,946,767.48
	40,369,427.27				40,369,427.27
To balance, report 202282	40,346,767.48	1877.	Jan. 29	By credits for transportation	27,459.86
To interest on bonds from July 1 to Dec. 31, 1876	776,553.60	29	29	By interest on same	944.42
To interest on accrued interest	432,660.01	29	29	By balance to Dec. 31, 1876	41,574,782.12
	41,567,194.10				41,567,194.10
To balance, report 204324	41,518,782.12	1877.	July 28	By credits for transportation	796,651.89
To interest on bonds from Jan. 1 to June 30, 1877	776,553.60	28	28	By interest on same	8,968.49
To interest on accrued interest	406,010.04	28	28	By balance to June 30, 1877	41,837,711.36
	41,764,351.76				41,764,351.76
To balance, report 206372	41,687,711.36	1878.	Mar. 8	By credits for transportation	121,026.76
To interest on bonds from July 1 to Dec. 31, 1877	776,553.60	8	8	By interest on same	2,666.76
To interest on accrued interest	482,177.73	8	8	By balance to Dec. 31, 1877	42,696,766.25
	42,346,442.71				42,346,442.71
To balance, report 208314	42,080,766.25	1878.	Aug. 10	By credits for transportation	144,086.23
To interest on bonds from Jan. 1 to June 30, 1878	776,553.60	10	10	By interest on same	1,666.66
To interest on accrued interest	515,888.25	10	10	By balance to June 30, 1878	42,326,791.26
	42,373,188.36				42,373,188.36
To balance, report 210334	42,236,761.26	1880.	Oct. 6	By credits for transportation	173,669.32
To interest on bonds from Jan. 1 to Dec. 31, 1879	776,553.60	6	6	By interest on same	2,377.17
To interest on accrued interest	559,359.13	6	6	By balance to Dec. 31, 1879	42,373,294.63
	42,563,583.02				42,563,583.02
To balance, report 212319	42,578,234.63	1880.	Dec. 7	By credits for transportation	254,679.37
To interest on bonds from Jan. 1 to June 30, 1879	776,553.60	7	7	By interest on same	1,342.91
To interest on accrued interest	564,762.44	7	7	By balance to June 30, 1879	42,663,063.29
	42,739,661.67				42,739,661.67
To balance, report 213345	42,483,061.67	1881.	May 21	By credits for transportation	796,716.47
To interest on bonds from July 1 to Dec. 31, 1879	776,553.60	21	21	By interest on same	2,221.65
To interest on accrued interest	617,968.27	21	21	By balance to Dec. 31, 1879	47,691,224.04
	47,878,172.18				47,878,172.18
To balance, report 215227	47,691,224.04	1881.	July 6	By credits for transportation	296,625.90
To interest on bonds from Jan. 1 to June 30, 1880	776,553.60	6	6	By interest on same	1,242.74
To interest on accrued interest	396,122.43	6	6	By balance to June 30, 1880	48,066,182.48
					48,066,182.48

Bonds purchased for sinking fund, etc.—Continued.

## CENTRAL BRANCH UNION PACIFIC RAILROAD COMPANY—Continued.

1877.				1872		
Sept. 14	To balance, report 537500	\$3,807,822.43		Nov. 28	By credits for transportation	\$9,774.48
Nov. 26	To interest on bonds from Jan. 1 to June 30, 1873	45,000.00		28	By interest on same	92.68
26	To interest on accrued interest	45,255.00		28	By balance, June 30, 1873	9,715.84
		3,921,748.51		28		2,971,823.2
Nov. 29	To balance, report 538229	3,921,823.50				2,971,789.9
1884.				1884.		
Oct. 18	To interest on bonds from July 1 to Dec. 31, 1883	45,000.00		Oct. 10	By credits for transportation	10,100.00
18	To interest on accrued interest	63,300.58		10	By interest on same	162.5
		4,429,390.58		10	By balance, Dec. 31, 1883	10,000.00
Oct. 13	To balance, report 541821	4,618,980.82		10		8,015,861.2
Dec. 21	To interest on bonds from Jan. 1 to June 30, 1884	45,000.00		11	By credits for transportation	10
11	To interest on accrued interest	72,549.50		11	By interest on same	10
		4,130,530.31		11	By balance, June 30, 1884	4,130,530.31
Dec. 31	To balance, report 543330	4,130,530.31				4,130,530.31
1885.				1885.		
Feb. 6	To interest on bonds from July 1 to Dec. 31, 1884	45,000.00		Feb. 5	By credits for transportation	10,000.00
6	To interest on accrued interest	72,186.50		5	By interest on same	7.48
		4,283,720.56		5	By balance, Dec. 31, 1884	4,283,720.56
Feb. 5	To balance, report 546549	4,283,720.56				4,283,720.56
Oct. 12	To interest on bonds from Jan. 1 to June 30, 1885	45,000.00		Oct. 12	By credits for transportation	10,000.00
12	To interest on accrued interest	79,035.70		12	By interest on same	10.00
		4,341,816.26		12	By balance, June 30, 1885	4,341,816.26
Oct. 13	To balance, report 548389	4,341,816.26				4,341,816.26
1886.				1886.		
June 24	To interest on bonds from July 1 to Dec. 31, 1885	45,000.00		June 21	By credits for transportation	10,000.00
24	To interest on accrued interest	62,619.15		21	By interest on same	10.00
		4,403,000.97		21	By balance, Dec. 31, 1885	4,403,000.97
June 24	To balance, report 553018	4,403,000.97				4,403,000.97
1887.				1887.		
Mar. 31	To interest on bonds from Jan. 1 to June 30, 1886	10,000.00		Mar. 31	By credits for transportation	10,000.00
31	To interest on accrued interest	82,384.45		31	By interest on same	10.00
		4,577,817.21		31	By balance, June 30, 1886	4,577,817.21
Mar. 31	To balance, report 556217	4,577,817.21				4,577,817.21

TREASURY DEPARTMENT.  
Register's Office, May 3, 1887.ROB. A. FISH,  
Assistant Register.

Bonds purchased for sinking fund, etc.—Continued.

## CENTRAL PACIFIC RAILROAD COMPANY.

1876.						
Feb. 11	To amount of bonds issued Jan. 15, 1865.....	\$1,202,000.00	1876.	Feb. 11	To balance.....	\$1,050,482.83
11	To interest on bonds July 15, 1865.....	683,516.83				
11	To interest on accrued interest.....	40,668.18				
		<u>1,926,184.83</u>				<u>1,050,482.83</u>
11	To balance.....	1,050,482.83	Feb. 13	By credit for transportation.....	72,866.80	
13	To amount of bonds issued during the years 1865-67-'68 and '69.....	31,741,000.00	13	By interest on same.....	1,071.55	
13	To interest on bonds to June 30, 1869.....	1,130,390.35	13	By balance.....	25,553,214.22	
13	To interest on accrued interest.....	35,073.45				
		<u>35,333,953.73</u>				<u>25,553,214.22</u>
13	To balance.....	35,333,953.73	Mar. 18	By credits for transportation.....	44,886.87	
19	To bonds issued from July 1 to Dec. 31, 1869.....	1,778,000.00	19	By interest on same.....	443.54	
19	To interest on said bonds.....	701,088.00	19	By balance.....	25,321,886.31	
19	To interest on accrued interest.....	32,782.82				
		<u>28,985,837.55</u>				<u>25,321,886.31</u>
19	To balance.....	28,985,837.55	Apr. 11	By balance.....	28,411,788.80	
11	To interest on bonds from July 15, 1869, to Jan. 15, 1870.....	70,888.80				
11	To interest on accrued interest.....	10,734.48				
		<u>29,411,788.80</u>				<u>28,411,788.80</u>
11	To balance.....	29,411,788.80	Sept. 10	By credit for transportation.....	47,388.31	
10	To interest on bonds from Jan. 15 to June 30, 1870.....	64,432.68	10	By interest on same.....	488.10	
10	To interest on accrued interest.....	20,441.14	10	By balance.....	29,297,524.45	
10	To interest on bonds from Jan. 1 to June 30, 1870.....	706,578.80				
10	To interest on accrued interest.....	53,448.34				
		<u>30,253,621.68</u>				<u>29,297,524.45</u>
10	To balance, report 175277.....	29,297,524.45	1871.			
11	To interest on bonds from July 1 to Dec. 31, 1870.....	778,438.00	Feb. 11	By credit for transportation.....	77,564.53	
11	To interest on accrued interest.....	59,885.03	11	By interest on same.....	1,930.49	
		<u>30,084,809.48</u>	11	By balance, Dec. 31, 1870.....	30,004,554.85	
11	To balance, report 177293.....	30,084,809.48				<u>30,004,554.85</u>
11	To interest on bonds from Jan. 1 to June 30, 1871.....	778,438.00	July 31	By credit for transportation.....	101,628.29	
11	To interest on accrued interest.....	123,700.05	31	By interest on same.....	948.88	
		<u>30,864,881.60</u>	31	By balance, June 30, 1871.....	29,444.81	
11	To balance, report 180034.....	30,864,881.60				
1872.			1872.			
Jan. 9	To interest on bonds from July 1 to Dec. 31, 1871.....	778,438.00	Jan. 9	By.....		
9	To interest on accrued interest.....	147,831.44				
		<u>31,736,177.96</u>				

## U. S. PACIFIC RAILWAY COMMISSION.

Bonds purchased for sinking fund, etc.—Continued.

## CENTRAL PACIFIC RAILROAD COMPANY—Continued.

1881.				1881.			
July 5	To balance, report 228032	403,292,197.40		Oct. 31	By credits for transportation	6107,427.21	
Oct. 31	To interest on bonds from July 1 to Dec. 31, 1879	770,533.00		31	By interest on same	1,425.36	
31	To interest on accrued interest	663,629.47		31	By balance to Dec. 31, 1880	40,442,724.12	
		40,652,263.47				40,652,263.47	
1882.				1882.			
June 5	To balance, report 227183	40,493,294.78		June 5	By credits for transportation	12,915.90	
6	To interest on bonds from Jan. 1 to June 30, 1881	770,533.00		6	By interest on same	1,722.60	
5	To interest on accrued interest	708,244.44		5	By balance to June 30, 1881	40,577,794.30	
		50,972,031.82				50,972,031.82	
Sept. 14	To balance, report 228076	50,927,754.20		Sept. 8	By credits for transportation	50,972.60	
14	To interest on bonds from July 1 to Dec. 31, 1881	770,533.00		8	By interest on same	1,722.60	
14	To interest on accrued interest	760,570.00		8	By balance to Dec. 31, 1881	40,527,754.10	
		52,258,257.01				52,258,257.01	
1883.				1883.			
June 27	To balance, report 222188	52,257,790.16		June 27	By credits for transportation	211,094.00	
4	To interest on bonds from Jan. 1 to June 30, 1882	770,533.00		27	By interest on same	1,722.60	
27	To interest on accrued interest	781,179.80		27	By balance to June 30, 1882	53,010,227.76	
		53,809,312.96				53,809,312.96	
Sept. 14	To balance, report 226729	53,810,336.79		Sept. 14	By credits for transportation	404,762.60	
14	To interest on bonds from July 1 to Dec. 31, 1882	770,533.00		14	By interest on same	732.10	
14	To interest on accrued interest	831,750.40		14	By balance to Dec. 31, 1882	54,011,198.26	
		55,218,654.35				55,218,654.35	
Nov. 20	To balance, report 227497	54,613,104.42		Nov. 20	By credits for transportation	374,500.30	
20	To interest on bonds from Jan. 1 to June 30, 1883	770,533.00		20	By interest on same	5,257.30	
20	To interest on accrued interest	807,839.68		20	By balance, June 30, 1883	55,078,796.70	
		56,451,502.70				56,451,502.70	
1884.				1884.			
Oct. 13	To balance, report 228225	56,075,100.91		Oct. 13	By credits for transportation	100,853.50	
13	To interest on bonds from July 1 to Dec. 31, 1883	770,533.00		13	By interest on same	921.30	
13	To interest on accrued interest	605,732.13		13	By balance, Dec. 31, 1883	57,057,405.13	
		57,458,478.64				57,458,478.64	
Dec. 11	To balance, report 241810	57,507,480.75		Dec. 11	By credits for transportation	20,425.50	
11	To interest on bonds from Jan. 1 to June 30, 1884	770,533.00		11	By interest on same	220.30	
11	To interest on accrued interest	951,371.39		11	By balance, June 30, 1884	58,399,307.55	
		59,225,421.74				59,225,421.74	
1885.				1885.			
Feb. 6	To balance, report 243330	59,229,767.49		Feb. 5	By credits for transportation	20	
6	To interest on bonds from July 1 to Dec. 31, 1884	770,533.00		5	By interest on same	20	
6	To interest on accrued interest	1,002,229.42		5	By balance, Dec. 31, 1884	59,229,767.49	
		61,071,560.42				61,071,560.42	

Bonds purchased for sinking fund, etc.—Continued.

## CENTRAL PACIFIC RAILROAD COMPANY—Continued.

1883.			1883.		
th. 5	To balance, report 244546	\$80,872,881.27	Oct. 18	By credits for transportation	\$152,474.44
th. 12	To interest on bonds, from Jan. 1 to June 30, 1883	778,653.00	12	By interest on same	1,221.55
12	To interest on accrued interest	1,018,826.44	12	By balance, June 30, 1883	62,544,279.46
		62,544,279.46			
12	To balance, report 246286	62,544,279.46	1884.		
1884.			June 24	By credits for transportation	30,003.74
th. 24	To interest on bonds, from July 1 to Dec. 31, 1883	778,653.00	24	By interest on same	823.04
24	To interest on accrued interest	1,008,774.78	24	By balance, Dec. 31, 1883	64,329,679.60
		64,329,679.60			
24	To balance, report 250200	64,329,679.60	1887.		
1887.			Mar. 21	By credits for transportation	40,368.00
th. 21	To interest on bonds, from Jan. 1 to June 30, 1886	778,653.00	21	By interest on same	745.68
21	To interest on accrued interest	1,150,296.77	21	By balance, June 30, 1886	66,218,254.76
		66,258,545.43			
21	To balance, report 250214	66,258,545.43			
		66,258,545.43			

HOS. A. FISK.  
Assistant Register.TREASURY DEPARTMENT,  
Register's Office, May 3, 1887.

## WESTERN PACIFIC RAILROAD COMPANY.

1879.			1879.		
th. 14	To Union Pacific Railroad Co. (Western Division):		Apr. 24	By balance, Dec. 31, 1869	\$1,726,563.47
	Bonds issued Jan. 1, 1867	\$028,502.00			
	Interest and accrued interest, Jan. 25, 1867, to June 30, 1872	49,298.28			
yr. 23	To interest on bonds, from July 1 to Dec. 31, 1869	9,000.00			
23	To interest on accrued interest	1,481.00			
23	To bonds issued from July 1 to Dec. 31, 1869	220,000.00			
23	To interest from Sept. 3 to Dec. 31, 1869	6,112.50			
23	To bonds issued from July 1 to Dec. 31, 1868	1,000,000.00			
23	To interest from Oct. 28 to Dec. 31, 1869	10,779.27			
		1,726,563.47			
23	To balance, report 174019	1,726,563.47			
Apr. 18	To bonds issued Jan. 22, 1870	277,000.00	Apr. 18	By	47
28	To interest from Jan. 22 to June 30, 1870	8,488.00			
28	To interest from Jan. 1 to June 30, 1870	48,480.00			
28	To interest on accrued interest	8,728.00			
		2,072,759.47			

Bonds purchased for sinking fund, etc.—Continued.

## WESTERN PACIFIC RAILROAD COMPANY—Continued.

1890.				1890.		
Oct. 6	To balance, report 218879	63,409,628.31	Dec. 8	By balance, Dec. 31, 1879	31,873,718.00	
Dec. 8	To interest on bonds from Jan. 1 to June 30, 1879	59,116.80				
8	To interest on accrued interest	44,872.05				
		3,873,718.00				3,873,718.00
8	To balance, report 222180	3,873,718.00	1881.			
May 21	To interest on bonds from July 1 to Dec. 31, 1879	60,116.80	May 21	By balance, Dec. 31, 1879	3,868,933.40	
21	To interest on accrued interest	48,064.74				
		3,980,928.40				3,980,928.40
July 5	To balance, report 225223	3,980,928.40	July 5	By balance, June 30, 1880	3,794,387.20	
5	To interest on bonds from Jan. 1 to June 30, 1880	60,116.80				
5	To interest on accrued interest	51,312.08				
		3,794,387.20				3,794,387.20
Oct. 21	To balance, report 225355	3,794,387.20	Oct. 21	By balance to Dec. 31, 1880	3,802,688.30	
21	To interest on bonds from July 1 to Dec. 31, 1880	59,116.80				
21	To interest on accrued interest	54,422.83				
		3,915,926.83				3,915,926.83
June 5	To balance per report No. 227100	3,915,926.83	1882.			
5	To interest on bonds from Jan. 1 to June 30, 1881	59,116.80	June 5	By balance to June 30, 1881	4,021,304.30	
5	To interest on accrued interest	58,050.12				
		4,022,251.20				4,022,251.20
Sept. 14	To balance per report No. 228074	4,022,251.20	Sept. 14	By balance to Dec. 31, 1881	4,102,316.20	
14	To interest on bonds from July 1 to Dec. 31, 1881	59,116.80				
14	To interest on accrued interest	61,568.74				
		4,142,041.74				4,142,041.74
June 27	To balance per report No. 229180	4,142,041.74	1883.			
27	To interest on bonds from Jan. 1 to June 30, 1882	59,116.80	June 27	By balance to June 30, 1882	4,207,204.30	
27	To interest on accrued interest	63,178.76				
		4,267,396.30				4,267,396.30
Sept. 14	To balance per report No. 230722	4,267,396.30	Sept. 14	By balance to Dec. 31, 1882	4,268,423.40	
14	To interest on bonds from July 1 to Dec. 31, 1882	59,116.80				
14	To interest on accrued interest	64,569.39				
		4,393,522.49				4,393,522.49
Nov. 28	To balance per report No. 231591	4,393,522.49	Nov. 28	By balance to June 30, 1883	4,227,608.10	
28	To interest on bonds from Jan. 1 to June 30, 1883	59,116.80				
28	To interest on accrued interest	72,739.67				
		4,527,558.16				4,527,558.16



## MISCELLANEOUS PAPERS.

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Bonds purchased for sinking fund, etc.—Continued.

## WESTERN PACIFIC RAILROAD COMPANY—Continued.

To balance per report No. 248270	\$4,527,078.16	1884. Oct. 13	By balance to Dec. 31, 1883	\$4,662,491.63
To interest on bonds from July 1 to Dec. 31, 1883	50,116.40			
To interest on accrued interest	75,665.57			
	<u>4,652,859.13</u>			<u>4,652,859.13</u>
To balance per report No. 241422	4,681,891.53	Dec. 11	By balance to June 30, 1884	4,802,778.26
To interest on bonds from Jan. 1 to June 30, 1884	50,116.00			
To interest on accrued interest	81,769.50			
	<u>4,934,664.23</u>			<u>4,934,664.23</u>
To balance per report No. 242344	4,934,664.23	1885. Feb. 5	By balance to Dec. 31, 1884	4,946,491.81
To interest on bonds from July 1 to Dec. 31, 1884	50,116.40			
To interest on accrued interest	81,966.35			
	<u>5,066,734.01</u>			<u>5,066,734.01</u>
To balance, report 243350	5,066,734.01	Oct. 13	By balance to June 30, 1885	5,066,734.01
To interest on bonds from Jan. 1 to June 30, 1885	50,116.00			
To interest on accrued interest	83,780.05			
	<u>5,200,630.06</u>			<u>5,200,630.06</u>
To balance, report 248290	5,200,630.06	1886. June 30	By balance to Dec. 31, 1885	5,248,125.50
To interest on bonds from July 1 to Dec. 31, 1885	50,116.40			
To interest on accrued interest	83,741.22			
	<u>5,341,987.12</u>			<u>5,341,987.12</u>
To balance, report 250010	5,341,987.12	1887. Mar. 11	By balance to June 30, 1886	5,405,560.28
To interest on bonds from Jan. 1 to June 30, 1886	50,116.00			
To interest on accrued interest	88,329.30			
	<u>5,484,005.58</u>			<u>5,484,005.58</u>
To balance, report 250218	5,484,005.58			

URY DEPARTMENT,  
Register's Office, May 3, 1887.

ROS. A. FISH,  
Assistant Register.

## SIOUX CITY AND PACIFIC RAILROAD COMPANY.

To amount of bonds issued from Jan. 1, 1886, to June 30, 1887	\$1,638,320.00	1879. Feb. 8	By credits for transportation	\$16.27
To interest on bonds	98,508.00	8	By balance	1,727,002.07
To interest on accrued interest	2,194.18			
	<u>1,739,022.18</u>			<u>1,727,002.07</u>

## U. S. PACIFIC RAILWAY COMMISSION.

Bonds purchased for sinking fund, etc.—Continued.

## BIJOUX CITY AND PACIFIC RAILROAD COMPANY—Continued.

[illegible]

Bonds purchased for sinking fund, etc.—Continued

## SIOUX CITY AND PACIFIC RAILROAD COMPANY—Continued.

11	To balance, report 194352	\$2,242,262.35	1874.	July 11	By credits for transportation	\$1,975.75
11	To interest on bonds from Jan. 1 to June 30, 1874	42,842.00		11	By interest on same	12.00
11	To interest on accrued interest	12,522.21		11	By balance, June 30, 1874	1,087.77
		2,312,585.77				2,312,585.77
16	To balance, report 192290	2,312,585.77	1875.	Feb. 3	By credits for transportation	42.81
2	To interest on bonds from July 1 to Dec. 31, 1874	42,842.00		2	By interest on same	43
2	To interest on accrued interest	22,522.24		2	By balance, Dec. 31, 1874	43.84
		2,381,970.01				2,381,970.01
2	To balance, report 192292	2,381,970.01	1875.	July 29	By credits for transportation	2,288.03
22	To interest on bonds from Jan. 1 to June 30, 1875	42,842.00		29	By interest on same	20.51
22	To interest on accrued interest	22,522.24		29	By balance, June 30, 1875	2,304.54
		2,452,334.25				2,452,334.25
26	To balance, report 197383	2,452,334.25	1876.	Feb. 5	By credits for transportation	22,864.03
5	To interest on bonds from July 1 to Dec. 31, 1875	42,842.00		5	By interest on same	9.61
5	To interest on accrued interest	22,522.24		5	By balance, Dec. 31, 1875	22,873.64
		2,524,614.25				2,524,614.25
6	To balance, report 206112	2,524,614.25	1876.	Aug. 21	By credits for transportation	424.22
21	To interest on bonds from Jan. 1 to June 30, 1876	42,842.00		21	By interest on same	2.79
21	To interest on accrued interest	22,522.24		21	By balance, Jan. 30, 1876	427.01
		2,610,014.41				2,610,014.41
21	To balance, report 202399	2,610,014.41	1877.	Jan. 29	By balance, Dec. 31, 1876	2,647,250.71
29	To interest on bonds from July 1 to Dec. 31, 1876	42,842.00				2,647,250.71
29	To interest on accrued interest	22,522.24				2,647,250.71
		2,687,250.71				2,687,250.71
29	To balance	2,687,250.71	1877.	July 27	By credits for transportation	22,168.52
27	To interest on bonds from Jan. 1 to June 30, 1877	42,842.00		27	By interest on same	261.62
27	To interest on accrued interest	22,522.24		27	By balance, June 30, 1877	22,419.14
		2,752,666.24				2,752,666.24
27	To balance, report 206371	2,752,666.24	1878.	Mar. 8	By credits for transportation	5,620.85
8	To interest on bonds from July 1 to Dec. 31, 1877	42,842.00		8	By interest on same	67.08
8	To interest on accrued interest	22,522.24		8	By balance, Dec. 31, 1877	5,618.47
		2,778,050.54				2,778,050.54
8	To balance, report 208610	2,778,050.54	1878.	Aug. 10	By credits for transportation	
10	To interest on bonds from Jan. 1 to June 30, 1878	42,842.00		10	By interest on same	
10	To interest on accrued interest	22,522.24		10	By balance, June	
		2,843,414.78				

Bonds purchased for sinking fund, etc.—Continued.

## SIOUX CITY AND PACIFIC RAILROAD COMPANY—Continued.

1873				1890.		
Aug 10	To balance, report 310004	\$2,334,636.58		Oct. 6	By credits for transportation	\$ 128.51
1890.				6	By interest on same	117.25
Oct. 6	To interest on bonds from July 1 to Dec. 31, 1878	48,848.80				2,334,872.54
6	To interest on accrued interest	36,788.80		6	By balance, Dec. 31, 1878	2,334,872.54
		2,440,253.08				
	To balance, report 313039	2,432,007.31		Dec. 6	By credits for transportation	4,000.00
Dec. 6	To interest on bonds from Jan. 1 to June 30, 1879	48,848.80		6	By interest on same	4,000.00
6	To interest on accrued interest	36,788.80				2,440,007.31
		2,515,644.91		6	By balance, June 30, 1879	2,515,644.91
	To balance, report 322216	2,511,818.35				
1891.				May 21	By credits for transportation	2,250.00
May 21	To interest on bonds from July 1 to Dec. 31, 1879	48,848.80		21	By interest on same	4,250.00
21	To interest on accrued interest	41,604.04				2,511,818.35
		3,002,271.19		21	By balance, Dec. 31, 1879	3,002,271.19
	To balance, report 322224	2,999,891.71				
July 6	To interest on bonds from Jan. 1 to June 30, 1880	48,848.80		July 6	By credits for transportation	2,250.00
6	To interest on accrued interest	41,647.18		6	By interest on same	4,250.00
		3,102,387.69				2,999,891.71
	To balance, report 322604	3,100,747.86		Oct. 21	By credits for transportation	4,250.00
Oct. 31	To interest on bonds from July 1 to Dec. 31, 1880	48,848.80		21	By interest on same	4,250.00
31	To interest on accrued interest	46,572.84				3,100,747.86
		3,275,170.50		21	By balance, Dec. 31, 1880	3,275,170.50
	To balance, report 3227101	3,267,717.02				
1882				1882.		
June 6	To interest on bonds from Jan. 1 to June 30, 1881	48,848.80		June 6	By credits for transportation	18,500.00
6	To interest on accrued interest	40,121.94		6	By interest on same	18,500.00
		3,355,746.76				3,267,717.02
	To balance, report 322972	3,355,040.50		Sept. 18	By credits for transportation	11,500.00
Sept. 18	To interest on bonds from July 1 to Dec. 31, 1881	48,848.80		18	By interest on same	11,500.00
18	To interest on accrued interest	51,803.01				3,355,040.50
		3,455,700.17		18	By balance, Dec. 31, 1881	3,455,700.17
	To balance, report 323103	3,444,589.00				
1883.				1883.		
June 27	To interest on bonds from Jan. 1 to June 30, 1882	48,848.80		Jan. 27	By credits for transportation	5,300.00
27	To interest on accrued interest	54,488.09		27	By interest on same	5,300.00
27	To amount received on account of judgment of the Court of Claims, report 323627	45,087.42				3,444,589.00
		3,593,914.40		27	By balance, June 30, 1882	3,593,914.40

Bonds purchased for sinking funds, etc.—Continued.

## SIOUX CITY AND PACIFIC RAILROAD COMPANY—Continued.

1892.				1892.			
Sept. 14	To balance, report 233719.	\$3,568,563.12		Sept. 14	By credits for transportation	\$13,936.58	
	To interest on bonds from July 1 to Dec. 31, 1892.	48,819.00		14	By interest on same	118.51	
14	To interest on accrued interest	89,897.80		14	By balance, Dec. 31, 1892.	25,163.09	
		3,686,280.02				3,671,135.63	
16	To balance, report 237496.	3,671,135.63		Nov. 26	By credits for transportation	1,000.21	
Nov. 26	To interest on bonds from Jan. 1 to June 30, 1893.	48,822.00		26	By interest on same	21	
26	To interest on accrued interest	81,284.47		26	By balance, June 30, 1893.	1,028.45	
		3,781,268.00				3,781,268.00	
1894.				1894.			
Oct. 13	To balance, report 239333.	3,781,171.15		Oct. 13	By credits for transportation	9,636.06	
	To interest on bonds from July 1 to Dec. 31, 1893.	48,842.00		13	By interest on same	67.04	
13	To interest on accrued interest	84,653.33		13	By balance, Dec. 31, 1893.	8,694.02	
		3,893,676.28				3,893,676.28	
18	To balance, report 241009.	3,893,676.28		Dec. 11	By credits for transportation	243.85	
Jan. 11	To interest on bonds from Jan. 1 to June 30, 1894.	48,842.00		11	By interest on same	1.16	
11	To interest on accrued interest	67,689.87		11	By balance, June 30, 1894.	247.11	
		4,009,301.78				4,009,301.73	
11	To balance, report 243373.	4,009,301.73		1895.			
Feb. 5	To interest on bonds from July 1 to Dec. 31, 1894.	48,842.00		Feb. 5	By credits for transportation	20,413.85	
5	To interest on accrued interest	71,158.34		5	By interest on same	254.65	
		4,120,262.36		5	By balance, Dec. 31, 1894.	20,668.47	
8	To balance, report 244548.	4,090,593.68				4,090,593.26	
Oct. 13	To interest on bonds from Jan. 1 to June 30, 1895.	48,842.00		Oct. 13	By credits for transportation	27,187.54	
13	To interest on accrued interest	71,138.21		13	By interest on same	74.73	
		4,222,561.46		13	By balance, June 30, 1895.	27,183.29	
13	To balance, report 246338.	4,196,829.11				4,222,561.46	
Nov. 24	To interest on bonds from July 1 to Dec. 31, 1895.	48,842.00		1896.			
24	To interest on accrued interest	57,012.37		June 24	By credit for transportation	12,443.52	
		4,321,251.66		24	By interest on same	299.21	
24	To balance, report 252917.	4,308,585.32		24	By balance, Dec. 31, 1895.	12,443.76	
Mar. 21	To interest on bonds from Jan. 1 to June 30, 1896.	48,819.00				4,308,585.23	
21	To interest on accrued interest	80,408.26		1897.			
		4,437,803.19		Mar. 31	By credits for transportation		
31	To balance, report 254216.	4,437,803.19		31	By interest on same		
				31	By balance		

TREASURY DEPARTMENT.  
Register's Office, May 2, 1897.

Early in November additional letters calling for further information were addressed to the Treasury, War, Navy, Interior, and Post-Office Departments. These letters, with the answers of the respective departments, and the exhibits accompanying the same, are as follows:

UNITED STATES PACIFIC RAILWAY COMMISSION,  
10 Wall Street, New York, November 5, 1887.

SIR: The United States Pacific Railway Commission, which has been charged by Congress with the duty of furnishing information respecting the working and financial management of the bond-aided Pacific railroads and their relations to the Government, request that you will kindly cause to be furnished to it information on the following points; the particulars asked for being necessary for the preparation of complete answers to the interrogatories set forth by Congress in the act creating the Commission:

By section 6 of the act of July 1, 1862, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," the bond-aided roads were required to transmit dispatches over their telegraph lines, and to transmit mails, troops, and munitions of war, supplies, and public stores on said railroad for the Government whenever required to do so by any Department thereof. They were further obligated to give the Government at all times the preference in the use of the same at fair and reasonable rates of compensation, not to exceed the amount paid by private parties for the same kind of service. They were also required to apply annually out of the net earnings a given percentage toward the payment of the bonds and interest.

By section 6 of the act of 1878, commonly known as the Thurns act, the Union Pacific and the Central Pacific Railroad companies were prohibited from paying dividends when in default of payment to the Government on bond and interest account or sinking-fund account, or interest on any lien prior to that of the Government.

By section 9 of the same act they were required to settle obligations with the Government and to perform all the requirements of that act within six months after such performances might be due, under penalty of forfeiture.

By the act of March 3, 1873 (sec. 4), the Union Pacific Railroad Company was required to keep its books, records, correspondence, and all other documents open to inspection by the Secretary of the Treasury, or to such persons as he may delegate for that purpose.

Will you kindly inform us whether the obligations herein enumerated have been fully complied with; also whether the companies have been in default on bond and interest account or sinking-fund account, or failed to conform to section 9 of the act of 1878 referred to.

It has been charged by the bond-aided railroad companies that the Government has improperly withheld payments due to them on account of half transportation and on account of transportation on non-aided lines.

Will you kindly furnish us with all the facts in your possession with regard to that matter, and with a copy of the circular of the Secretary of the Treasury dated September 11, 1885, relative to withholding compensation from such railroads; also a statement of the total amounts by the Government to bond-aided companies for half transportation; also copies of circulars of instruction or directions of officers relative to settlements of said companies.

in the course of the investigation made by the Commission complaint made by the officers of the Central Pacific Railroad Company that Government had been carrying credits for the transportation of non-aid lines to bond an interest account, which was a flat payment, and to other accounts where they might obtain interest on their credits. The Commission would be glad to know whether that statement is in accordance with the fact, and, if so, the grounds on which the Department proceeded in the matter.

The Commission also desires information as to whether any rebates or deductions have been made by the bond-aided railroads from full freight rates in transportation services rendered for the Government, the companies having granted rebates in large numbers and for large amounts to private shippers.

At Omaha it was stated to the Commission that by the act of 1866, which authorized the construction of railway bridges across navigable streams and regulates the use thereof, the railroad companies operating over such bridges are required to make no higher charge for the transportation of freight or passengers for the Government over such bridges than is charged as mileage rate going or coming over the road adjoining the bridges. It was stated by Edward Rosewater, a witness before the Commission, that the mileage rate on the railroad adjoining the bridge at Omaha was 5 cents per mile for quite a long time over the Omaha and Pacific Railroad, and that while the bridge did not really measure more than 2 miles in length (though, with its approaches, it was claimed by the company to measure 3.7 miles), yet the charge for transportation of the public has been 50 cents for each person and \$10 per car load for freight, the charge for coal amounting to \$1 per ton. The Commission would like to be informed whether the rates charged to the Government for transportation over this bridge were or were not computed on the basis of the mileage rate on the road adjoining the bridge.

It was also charged by the same witness that coal transported for the Government from Rock Springs to Omaha cost the Government \$14 per ton, while citizens of Omaha obtained the same coal for \$10.50 per ton. At Cheyenne it was stated to the Commission that while (between January, 1879, and September, 1881) coal from Rock Springs was sold at Cheyenne for \$5.50 per ton, the same coal delivered to Camp Carlson was charged to the Government at the rate of \$5.50 per ton. Is there any information in the possession of your Department bearing on this matter? If so, will you kindly furnish it to the Commission?

The Commission also desires your Department to compute the value of July 1, 1888, of the respective obligations from the bond-aided railroads to the United States, including all interest accrued and due to the maturity of the debt, crediting to interest payments on the principal and interest account, discounting the aggregate at 3 per cent. per annum, and crediting against the result the amount now held in the sinking fund.

I have the honor to remain, very respectfully, your obedient servant,  
ROBERT E. PATTISON,

Chairman.

Wm. O. S. FAIRCHILD,

Secretary of the Treasury, Washington, D. C.

TREASURY DEPARTMENT,  
OFFICE OF THE SECRETARY,  
Washington, D. C., November 28, 1887.

SIR: In answer to your communication of the 5th instant, requesting certain information necessary for the preparation of complete answers to the interrogatories set forth by Congress in the act creating the Pacific Railway Commission, I have the honor to state that the compensation from time to time found due for services performed for the Government over the bond-subsidized Pacific railroads is disposed of as follows:

UNION PACIFIC RAILWAY COMPANY.

One half of the service over the aided lines of this company is credited to bond and interest account, and the other half to the sinking fund account created by the act of May 7, 1878. The whole of the compensation for service over the non-aided lines is also withheld, and, with the company's consent, applied to the sinking fund account.

KANSAS PACIFIC RAILWAY COMPANY.

The whole of the aided service is applied to bond and interest account, and the whole of the non-aided service is applied to the sinking fund account of the Union Pacific Railway Company.

CENTRAL PACIFIC RAILROAD COMPANY.

Compensation due for service over the aided lines of this company is withheld and applied as in the case of the Union Pacific Company—one-half to the bond and interest account and one-half to the sinking fund account. The company claiming payment in money for service over the non-aided or leased lines, no disposition has for some time past been made of amounts found due for such service. The amount compounded at this date is not definitely known as reports have not been received from all the Departments, but it is believed that it will not exceed \$400,000.

SIOUX CITY AND PACIFIC RAILROAD COMPANY.

One-half of the aided service is credited to bond and interest account, and the other half, with the whole of the non-aided service, is suspended, as in the case of the Central Pacific.

CENTRAL BRANCH UNION PACIFIC COMPANY.

The whole of the aided and non-aided service is withheld and applied to bond and interest account.

The reasons for withholding payment for non-aided service are fully set forth in circulars issued by the Department September 11, 1885, and June 23, 1887, copies of which are inclosed.

I also inclose a copy of a communication from the Third Auditor of the Treasury with reference to the tariff rates of these companies, and other matters in relation thereto; also a communication from the Government actuary, containing computations on the basis submitted by you of the value, as of July 1, 1888, of the respective obligations of these roads.



The cash payments by the Government to these companies for half transportations, under the acts of 1862 and 1864 and subsequent rulings of the Department, are as follows:

Union Pacific .....	\$2,382,646.29
Kansas Pacific .....	1,144,913.19
Central Pacific .....	827,669.42
St. Louis City and Pacific .....	51,005.96
Central Branch Union Pacific .....	37,731.87

The amounts paid by the Government for interest accruing on bonds issued in aid of the construction of these roads, and the amounts respectively repaid by the companies to November 1, 1887, are as follows:

Name of road.	Paid by United States.	Repaid by companies.
Union Pacific .....	\$21,494,613.79	\$11,801,842.49
Kansas Pacific .....	7,042,093.86	3,339,248.31
Central Pacific .....	22,804,981.07	6,104,612.25
Western Pacific .....	2,141,383.14	9,387.06
St. Louis City and Pacific .....	1,855,084.29	187,929.82
Central Branch Union Pacific .....	1,833,598.28	218,124.12
Total .....	74,731,731.34	22,092,218.03

With regard to the obligations laid upon the Union Pacific and Central Pacific companies by the act of May 7, 1878, I have to state that payment of the amounts found due by the Court of Claims and by the United States Commissioner of Railroads have been made as follows:

#### UNION PACIFIC COMPANY.

Deposited with assistant treasurer at Boston, July 26, 1881, \$69,358.83 on sinking-fund account for the year ending December 31, 1880.

Deposited with assistant treasurer at Boston, June 21, 1881, \$718.514.60 on sinking-fund account for the year ending December 31, 1883.

Deposited with Treasurer United States, April 16, 1885, \$633,541.03 on sinking-fund account for the year ending December 31, 1884; also \$263,162.99 on bond and interest account for the same year. These amounts were adjudged by the Court of Claims to be due under the sinking-fund act from July 1, 1878, up to the close of the calendar year 1884.

Deposited with assistant treasurer at Boston, December 4, 1886, \$155,246.69 on bond and interest account for the year ending December 31, 1885.

#### CENTRAL PACIFIC COMPANY.

Deposited in the Treasury November 26, 1879, \$181,329.51 on sinking-fund account for six months ending December 31, 1878.

Deposited in the Treasury November 20, 1880, \$220,076.32 on sinking-fund account for the year ending December 31, 1879.

Deposited in the Treasury April 30, 1881, \$144,436.74 on sinking-fund account for the year ending December 31, 1880.

Deposited in the Treasury December 26, 1882, \$70,149.91 on sinking-fund account for the year ending December 31, 1881.

Deposited in the Treasury November 22, 1879, \$609,080.69 on account of bond and interest account, being 5 per cent. of net earnings from

November 6, 1869, to June 30, 1873, and \$39,191.27 deposited November 17, 1879, on bond and interest account, being 5 per cent. of net earnings for six months ending December 31, 1873.

Deposited in the Treasury August 23, 1866, \$10,011.36 on bond and interest account, being an amount awarded to the Central Pacific Company by the Court of Commissioners of Alabama Claims.

I may add that the requirements of section 4 of the act of March 3, 1873, so far as known at this time, have been satisfactorily complied with.

Respectfully, yours,

HUGH S. THOMPSON,  
Acting Secretary.

Hon. ROBT. E. PATTISON,  
Chairman Pacific Railway Commission,  
No. 10 Wall Street, New York.

TREASURY DEPARTMENT, THIRD AUDITOR'S OFFICE,  
Washington, D. C., November 12, 1881.

SIR: I have the honor to acknowledge the receipt of the extract of a communication addressed by the chairman of the United States Pacific Railway Commission to the Secretary of the Treasury on the instant. It will be understood that my report relates only to such kinds of transportation service as are settled in this office.

(1) Copies of all tariffs, orders, classifications, or other publications in which the Pacific railroad companies purport to set out their rules and charges to the general public are procured by this office, and are its basis for settlement for transportation service rendered to the United States. Whenever the companies offer special or "cut" rates to the public the accounting officers, of course, apply such rates to United States transportation. It has not been the practice of these companies to make rebates or deductions in favor of the United States; they have uniformly demanded the full rates, which their tariffs, etc., purport to be their charges to the general public.

I have no knowledge to what extent, if any, these companies make rebates or deductions to private shippers. Information of such instances would not reach the accounting officers, unless by pure chance, and then in no number affording ground for an opinion whether a company sought to make the exception the rule and the rule the exception. To elicit information of that kind would require a searching investigation into all dealings between the companies and private parties; and that investigation could be successfully made only by some commission or officer clothed with special authority. The accounting officers have neither the opportunity nor the legal authority to make it.

(2) *Omaha Bridge rates.*—For many years the Union Pacific Railway Company has made in its tariffs special rates upon the section, nearly 4 miles, which includes the bridge and its approaches, viz: 30 cents per passenger, and 5 cents per 100 pounds on freight, being much higher than on any other 4 miles of its road. The accounting officers considered that the act of February 24, 1871 (16 Stat., 430), brought this bridge within the provision, made in the act of July 25, 1866 (14 Stat., 244), which forbids higher charges for United States transportation on the several bridges, which the act related than are charged per mile on the roads leading to the bridges. Hence they refused to allow higher rates on the Omaha bridge section than were charged for equal distances on other parts of the road.

The company, being indisposed to accept this construction, refrained for several years from presenting for settlement any accounts covering service on the bridge section. When it resumed presentation of such accounts, it was again met by this construction. Thereupon it carried the question into the Court of Claims, where the point was ruled in the company's favor. The Government took the case, on this point, to the Supreme Court, where also the decision was in the company's favor. (*Vide* 20 C. Cls. R., 77; 117 U. S. R., 359.)

The Supreme Court having decided that the company is entitled to charge the Government the same bridge-rates which it charges the general public, the accounting officers, of course, follow that rule.

(3) *Coal rates Rock Springs to Omaha.*—The public tariff-rates of the Union Pacific during the period indicated were \$14 per ton, and the Government paid those rates. I have no information what rates were actually paid by private parties at Omaha.

(4) *Coal rates to Camp Curdin and to Cheyenne.*—After five days' search through immense masses of settled accounts of the Central Pacific without finding a single shipment of coal, or any other supplies, bound for Camp Curdin, inquiry was made at the Adjutant-General's office whether there ever was a post at that place, and if so, when established, etc. Information is verbally given by that office that a post never was there established. At the Quartermaster-General's office it is said that it was once proposed to establish a post there, but the recommendation was not approved; that, if troops were ever there, it was merely as at a temporary halting-place, and not to make it a point to which supplies were shipped. At all events, an immense search in the Central Pacific accounts covering the period indicated has not brought to light a single instance of any kind of shipment for that point.

During the period indicated in the chairman's communication, the tariff-rate of the Union Pacific coal, from Rock Springs to the town of Cheyenne, was \$7 per ton. The Government coal, however, was not shipped to the town, but to Russell (Cheyenne Depot), which is on a ranch road, and 3.3 miles beyond the town of Cheyenne. The tariff charge on the branch road (Cheyenne to Russell) was \$1 per ton. The Government paid \$8 per ton from Rock Springs to Russell.

Very respectfully,

JNO. S. WILLIAMS,  
Auditor.

Wm. C. S. FAIRCHILD,  
Secretary of the Treasury.

UNITED STATES TREASURY DEPARTMENT,  
Washington, D. C., November 10, 1887.

Sir: In conformity with your instructions of the 5th instant, "to compute the value as of July 1, 1888, of the respective obligations from the bond-aided railways to the United States, including all the interest accrued and to accrue to the maturity of the debt, crediting to interest payments on the bond and interest account, discounting the aggregate at 3 per cent. per annum, and crediting against the result the amount now held in the sinking fund," I would say that with regard to all said roads the interest accrued and to accrue to maturity is \$114,261,247.50, and the principal to be paid at maturity is \$64,023,512, together amounting to \$178,284,759.50.

Payments on the bond and interest account by the railways to November 1, 1887, are \$22,002,312.43; estimated payments to be made on said account from November 1, 1887, to July 1, 1888, are \$480,000, together making \$22,482,312.43. After crediting this amount to the railways a balance remains of \$156,312,447.07. Discounting this at 3 per cent. per annum to the date of maturity gives \$122,423,057.75. Crediting the sinking fund as it now is (November 1, 1887), \$4,902,720.56, gives as the value on July 1, 1888, \$117,520,337.17.

## UNION PACIFIC RAILWAY COMPANY.

(Including Kansas Pacific Railway Company.)

The interest accrued and to accrue to the maturity of the debt is \$50,364,776.14, and the principal to be paid at maturity is \$23,530,519, making a total for these companies of \$73,894,295.04.

Payments on the bond and interest account by these companies to November 1, 1897, are \$16,344,691.94; estimated payments to be made on said account from November 1, 1897, to July 1, 1899, are \$335,400, together making a total of \$16,780,091.94. After crediting this amount an aggregate tensine of \$77,087,000. Discounting this at 3 per cent. per annum to July 1, 1897, the average date of maturity, gives \$9,647,645.30.

Crediting the sinking fund as of November 1, 1897, \$5,159,688.02, gives as the value July 1, 1897, \$4,487,957.28.

## CENTRAL PACIFIC RAILROAD COMPANY.

(Including Western Pacific Railway Company.)

The interest accruing and to accrue to the maturity of the debt for these companies is \$29,244,924.41, and the principal to be paid at maturity is \$27,855,980, together amounting to \$57,100,904.41.

Payments on the bond and interest account by these companies to November 1, 1897, are \$6,903,722.25; estimated payments to be made on said account from November 1, 1897, to July 1, 1899, are \$134,000, together making \$141,903,722.25. After crediting this amount the remaining aggregate will be \$70,316,465.00. Discounting this at 3 per cent. to December 31, 1897, the average date of maturity, gives \$35,154,611.34. Crediting the sinking fund as of November 1, 1897, \$2,710,196.76, gives the value as of July 1, 1897, \$22,444,414.58.

## CENTRAL BRANCH UNION PACIFIC RAILROAD COMPANY.

The interest accrued and to accrue to the maturity of the debt, for the company, is \$2,826,006.26, and the principal to be paid at maturity is \$1,600,000, together amounting to \$4,426,006.26.

Payments on the bond and interest account by this company, to November 1, 1897, are \$316,124.12; estimated payments to be made on this account, from November 1, 1897, to July 1, 1899, are \$6,900, together making \$722,024.12. After crediting this amount the aggregate will be \$4,103,984.14.

Discounting this amount at 3 per cent. per annum, to October 19, 1894, the average date of maturity, gives \$3,255,575.90, which would also be the value as of July 1, 1897, as this company has nothing to its credit in the sinking fund.

## SIOUX CITY AND PACIFIC RAILROAD COMPANY.

The interest accrued and to accrue to the maturity of the debt, with regard to the company, is \$2,840,235.89, and the principal to be paid at maturity is \$1,085,320, together making \$3,925,555.89.

Payments on the bond and interest account to November 1, 1897, are \$131,951.05; estimated payments from November 1, 1897, to July 1, 1899, to be made on said account, are \$2,700, together making \$134,651.05. After crediting this amount the aggregate will be \$3,790,904.84. Discounting this at 3 per cent. to January 1, 1898, the average date of maturity, gives \$3,404,326.65, which would also be the value as of July 1, 1897, as this company has nothing to its credit in the sinking fund.

Yours respectfully,

E. B. ELLIOTT,  
Government Attorney.Hon. HUGH S. THOMPSON,  
Assistant Secretary of the Treasury.TREASURY DEPARTMENT, OFFICE OF THE SECRETARY,  
Washington, D. C., Jan 23, 1898.

Memoranda in regard to settlement of Pacific Railroad accounts.

## UNION PACIFIC.

Separate settlements will be made for transportation service over the aided and non-aided lines, one-half of the aided service to be applied to interest account, and the other half, with the whole of the non-aided service, to be credited to sinking fund account.

## KANSAS PACIFIC.

Settlements will be made for transportation service over the aided and non-aided lines, the whole of the aided service to be applied to interest account, and of the non-aided service to be credited to the sinking-fund account of the line.

## CENTRAL BRANCH UNION PACIFIC.

Settlements will be made for transportation service over the aided and non-aided lines, the whole to be applied to the interest account of the company.

## SIOUX CITY AND PACIFIC.

Settlements will be made for transportation service over the aided lines and interest for service over the non-aided lines, one-half of the aided service to be applied to interest account and the other half, with the whole of the non-aided service, expended by the Secretary of the Treasury.

## CENTRAL PACIFIC.

Settlements will be made for transportation service over the aided and non-aided lines, one-half of the aided service to be applied to interest account, and half to the sinking-fund account. Requisitions issued for settlements for service will be suspended in the Secretary's office until otherwise ordered.

(Circular.—Pacific Railroad earnings.)

TREASURY DEPARTMENT, OFFICE OF THE SECRETARY,  
Washington, D. C., September 11, 1885.

Following decision of the Second Comptroller of the Treasury, in regard to compensation of the Central Pacific Railroad Company for services rendered for the Government, it is published for the information and guidance of all concerned:

TREASURY DEPARTMENT, SECOND COMPTROLLER'S OFFICE,  
Washington, D. C., August 28, 1885.

For the motion of the Central Pacific Railroad Company, before the Secretary of the Treasury, for a revocation or modification of Department order or circular of January 12, 1884, with reference to the disposition to be made of the earnings of the company for Government transportation.

## REPORT.

The Central Pacific Railroad Company was originally incorporated under the laws of California, prior to July 1, 1862, but its corporate powers were enlarged by an act of Congress approved July 1, 1862, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," and further corporate rights and privileges were conferred upon it by an act of Congress approved July 2, 1864, entitled "An act to amend the act of

July 1, 1862, in relation to the Central Pacific Railroad Company, accepted of all the conditions imposed and benefits conferred by these acts, and is, therefore, to that extent to be regarded in the same light as if re-incorporated by act of Congress.

Provisions of these acts Government aid was extended to the company in the form of its road to the extent of a free grant of a right of way through the public lands, together with ten alternate sections per mile on each side of the road on the public lands, within the limits of 20 miles, and a loan of \$15,000 per mile in Government bonds for each mile of the completed road, which, by the act of 1862, was to be repaid upon the property of the company; but by the act of 1864 the loan was changed to that of a mortgage of an equal amount executed by the company. Section 11 of the act of 1862, it was provided that the grants made to the company upon the condition that the company should pay the bonds at maturity, and that at all times transmit dispatches over their telegraph line, and transport troops, munitions of war, supplies, and public stores upon their railroad line for the Government whenever required to do so by any department thereof, and that the Government should have the preference in the use of the same for all purposes, reasonable rates of compensation, not to exceed the amounts paid by private

parties for the same kind of service, and it also provided that "all compensation for services rendered for the Government shall be applied to the payment of the bonds and interest until the whole amount is fully paid."

Section 5 of the act of 1864 so far modified this provision as to require "that only one-half of the compensation for services rendered for the Government by said company shall be required to be applied to the payment of the bonds issued by the Government in aid of the construction of said road."

Section 6 of the act of 1863 also provided that after the road was completed, and until the Government bonds and interest were paid, "at least five per centum of the net earnings of said road shall also be annually applied to the payment thereof."

The road was completed to Ogden and a junction there effected with the Union Pacific road in or about the year 1863. The number of miles constructed by aid of land grants and Government loans was 644.

About the time of the completion of its road the company adopted the policy of leasing or constructing branch and parallel lines, in aid of some of which land grants were issued, pursuant to various acts of Congress, and this policy was carried out to such an extent that in 1894 the company operated about 2,400 miles, of which it owned in round numbers 1,350 miles and leased 1,050 miles. Of the 2,400 miles operated by the company, 1,000 miles were what were termed land-grant roads.

Very soon after the completion of its road, the question came before the accounting officers in the Treasury Department as to the basis upon which compensation for Government services was to be computed and retained for the payment of its bonds and interest, under the acts of 1862 and 1864—that is, whether one-half of the compensation earned by the company in the service of the Government upon its entire system of roads, including non-aided as well as aided lines, should be retained by the Secretary of the Treasury and applied in payment pro rata of the interest falling due annually upon the bonds of the United States issued in aid of the company, or whether these earnings should not be apportioned pro rata between the bonded and the non-bonded portions of the company's roads, and only one-half of the amount earned upon the bonded portion be retained for the purposes aforesaid.

It was then held by the accounting officers that one-half of the entire earnings of the company in the Government service, without reference to any discrimination between aided and non-aided lines, should be retained and applied as aforesaid.

This construction of the acts of 1863 and 1864 was acquiesced in by the company, and, so far as I can learn, no objection or protest was made or entered against the action of the accounting officers.

The entire Government loan being upwards of \$27,000,000, and the interest upon it being over \$1,500,000 the amounts to be applied under this construction of the law proved to be entirely inadequate to extinguish the interest annually falling due upon the bonds of the Government issued to the company; and in 1873 interest had accrued thereon, and remained unpaid, to the amount of several millions of dollars, which the revenues due to the company from the United States, under the acts of 1862 and 1864, were insufficient to liquidate. This evidently led to the passage of the act of 1873, the second section of which, subsequently incorporated in the Revised Statutes, section 5240, directed the Secretary of the Treasury to withhold all payments to any railroad company and its assigns on account of freight or transportation over their respective roads of any kind in the amount of payments made by the United States for interest upon bonds of the United States issued to any such company and which shall not have been reimbursed, together with the five per centum of the net earnings due and not applied as provided by law. And a subsequent section provided that the company might bring suit in the Court of Claims to recover the price of such freight or transportation, and in such suit the right of the company to recover the same upon the law and the facts of the case should be determined, as also the rights of the United States upon the merits of all the points presented by it in answer thereto.

It was apparently the view of Congress that the unpaid accrued interest upon the Government-aided bonds constituted a debt of the company to the United States, which was then due and payable, and which might be offset against the one-half of the earnings of the company for Government transportation which the act of 1864 required to be paid to the company; and that by directing the Secretary of the Treasury to withhold payment and compelling the company to resort to the Court of Claims to recover the same, and, under the act of 1864, this set-off might be made available.

But the Supreme Court of the United States, in the case against the Union Pacific Railroad Company, decided in October, 1875 (21 U. S., 72), held that the company could not be required to pay the interest annually accruing upon its bonds until the maturity of the principal, which would not occur until 1897, and the object which the Federal legislation sought to accomplish by the passage of the act of 1873 was thereby frustrated.

Meanwhile the accrued interest upon these bonds was accumulating at a rapid rate, and in 1875 amounted to more than \$13,500,000; and Congress again undertook to

provide some security to the Government against future loss from this source; and on May 7, 1878, passed what is commonly known as "the Thurman act," and which, in brief, was entitled "An act to alter and amend the act of eighteen hundred and sixty-two, and also to alter and amend the act of eighteen hundred and sixty-four," the first section of which provided that the net earnings mentioned in the act of 1862 should be ascertained by deducting from the gross amount of the earnings of the company certain items of expenditure enumerated and excluding certain other items named, and that this section should take effect June 30, 1878, and be applicable to all computations of net earnings thereafter.

The second section provided "that the whole amount of compensation which may, from time to time, be due to said several railroad companies, respectively, for services rendered for the Government shall be retained by the United States, one-half thereof to be presently applied to the liquidation of the interest paid and to be paid by the United States upon the bonds so issued by it as aforesaid to each of said corporations severally, and the other half thereof to be turned into the sinking fund, hereinafter provided, for the uses therein mentioned."

Section 3 established a sinking fund, and section 4 provided "that there shall be carried to the credit of said fund on the first day of February in each year the one-half of compensation for services heretofore named rendered for the Government by said Central Pacific Railroad Company not applied in liquidation of interest; and, in addition thereto, the said company shall, on said day of each year, pay into the Treasury, to the credit of said sinking fund, the sum of one million two hundred thousand dollars, or so much thereof as may be necessary to make the five per centum of the net earnings of said road, payable to the United States under said act of eighteen hundred and sixty-two, and the whole sum earned by it, as compensation for services rendered for the United States, together with the sum by this section required to be paid, amount in the aggregate to twenty-five per centum of the whole net earnings of said railroad company, ascertained and defined as hereinbefore provided, for the year ending on the thirty-first day of December next preceding."

Subsequent sections of the act make provision for the dual disposition of the sinking fund and for its application eventually to the liquidation of the debts of the company, especially those which had priority over the lien of the bonds held by the United States. At the time of the passage of this act the company was operating as a company over 2,200 miles of road, being over 1,336 miles in excess of the 864 miles originally constructed by Government aid.

After the passage of the Thurman act the accounting officers adjusted the accounts of the Central Pacific Railroad Company for transportation services rendered by it over any and all portions of its various lines, without reference to the fact whether the same had been built by Government aid, and the whole amount of the earnings of the company for such transportation was covered into the Treasury and applied in the manner required by the provisions of that act. And this practice continued until May 21, 1881, when the then First Comptroller of the Treasury, upon appeal from the decision of the Sixth Auditor as to the right of the Utah and Northern Railway Company to payment for its services in carrying the mails of the United States, held that payment must in that instance be made by the Government to the railway company. The Utah and Northern Railway Company was neither owned nor leased by the Union Pacific Railroad Company, but, in the language of the decision (see Lawrence, page 188), was "controlled" by that company.

While the First Comptroller discussed many questions which were not pertinent to the decision of the appeal then under consideration, and indicated his views thereon, yet, in a concluding paragraph of the opinion, he declares that "it is not intended to decide any question beyond that presented by the facts of this case."

This decision of the Comptroller seems to have been regarded by the then Secretary of the Treasury as deciding that the Government had no right, either under the act of 1873, or the Thurman act, or the supplementary act of March 3, 1878, to withhold payment from the Pacific Railroad Companies for transportation services performed for the Government, except over such portions thereof as had been built by aid of Government bonds; and a circular order or letter to that effect was promulgated by the Treasury Department June 27, 1881.

The Second Comptroller, however, who had the adjustment of the accounts of the War and Navy Departments and of the Indian service, took a different view of the question, and held that it was the duty of the Secretary to withhold payment of all moneys due these companies for Government transportation, and adjusted the accounts of the companies of which he had jurisdiction in accordance therewith.

The Secretary of the Treasury seems to have become dissatisfied with the circular letter of June 27, 1881, and on January 12, 1881, issued another letter upon the subject, which recites that it is deemed advisable to submit the question to Congress, and that thereafter all balances ascertained by the accounting officers to be due for these services should be certified, without suggestion as to the mode of payment, and thus reported to the Secretary subject to the future disposition of Congress. The

body was then in session, but took no action in the premises, and again met adjourned without providing any solution of the question.

Since January 12, 1894, these accounts have been adjusted and certified in accordance with the provisions of the circular of that date; and, so far as they relate to earnings of the Central Pacific Company upon the non-aided portions of its line monies earned in the Government service have neither been covered into the Treasury and applied as required by the provisions of the Thurman act, nor has the money been paid or received any credit for them whatever. This action has been made, in which the company seek, in effect, to have the order of June 1894, revoked, and that of June 27, 1893, revived and enforced. The action, very wide scope, and its proper determination involves the true construction of provisions of the Thurman act which require that all compensation due the carrier services rendered the Government shall be retained by the Secretary of the Treasury and applied as therein directed.

It is insisted by the counsel for the company that this act is in terms, or by necessary implication, limited in its operation in this respect to the earnings for Government transportation over those portions of the company's lines in aid of which subsidies had been issued, and that both the Supreme Court of the United States and the Circuit Courts of Claims have so held in repeated adjudications upon the subject. I am not assent to this proposition; but if the Federal Judiciary have so decided, it should close all discussion of the point by the executive branch of the Government. I examined all of the authorities cited by counsel, and I do not find that in any case was the precise question here presented considered or decided. The cases most directly relied upon by the company are the *United States v. Kansas Pacific R. Co.* (19 U. S., 435; 12 C. Cl., 237); *Samson v. Denver Pacific Railway Co.* (19 U. S., 440; 12 C. Cl., 392). But both of these cases arose before the passage of the Thurman act, and the construction of that act was not, and could not have been the subject of judicial determination.

In the former case the principal question decided was, that the subsidy be paid by the Government was only a lien upon that portion of the road which had been built by the aid thereof; and in the latter case it turned out that the company had not been the recipient of any subsidy bonds at all.

In the former case there was some discussion as to what constituted net earnings under the acts of 1862 and 1861, and the court reiterated the rule laid down in the case of *The Union Pacific Railroad Company v. The United States*, (19 U. S., 442;) and while that case also arose before the Thurman act, it will be observed that the court, at page 419, when undertaking to define net earnings under the acts of 1861 and 1862, says, "These earnings, however, must be regarded as embracing earnings and income derived by the company from the railroad proper, and appendages and appurtenances thereof, including its ferry and bridge at Omaha, and all its property and apparatus legitimately connected with its rail road. And in the *Denver Pacific Railway case*, the court, in a foot-note, says that exemption of the road from all liability to have its compensation for Government transportation withheld is based upon the fact that the company was not indebted to the United States; and Attorney-General Devens, in an opinion dated June 11 (18 Opinion, 617,) advised the retention of all compensation to the Central Pacific Company, upon all its lines and branches, until the question could be judicially determined, holding that it was not disposed of in either of the cases referred to the Supreme Court, in later cases, known as "*The Sinking-fund Cases*," (19 U. S., 442;) where the validity of the Thurman act was directly assailed, explicitly decides the question was still an open one. They confirm the constitutionality of the Thurman act, and hold that the establishment of the sinking fund created by it is a valid regulation of the administration of the affairs of the companies, promotion of the interests of the public and of the corporations, and is warranted under the authority which Congress has, by way of amendment, to change or modify the privileges, and immunities granted by it; and at page 731 the Chief-Justice says: "It is not necessary now to inquire whether, in ascertaining the net earnings of the company for the purpose of fixing the amount of the annual contributions to the fund, the earnings of all the roads owned by the present corporation are to be taken into account, or only of those in aid of which the land grants were made or subsidy bonds issued. The question here is only as to the power of Congress to establish the fund at all. If disputes should ever arise as to the manner of stated accounts, they can be settled at some future time."

It is not probable that such language would have been used at the very time which the decisions of the *Kansas Pacific* and the *Denver Pacific* cases were given, if the court had regarded those decisions as settling the question of the right to which the Government had the right to withhold compensation under the Thurman act.

The only remaining decision to which my attention has been called is that of the *Pacific Railroad case* in 15 Court of Claims, 335. It was there held that the



and act did not extend to earnings by the Union Pacific Railway of the Kansas Pacific Company, which had become consolidated with it on the 24th of January, 1880, and the decision was based upon the ground that the consolidation had taken place after the passage of the Thurman act, and that the Kansas Pacific was nowhere referred to in that act; and the court, at page 330 says, "We are therefore led to the conclusion that section 2 of the act of 1878 was intended to apply only to the Union Pacific and Central Pacific roads as they then stood, and to their respective liabilities to the Government based on the bonds issued to them, respectively, by the Government."

Under this ruling the Government would have the right to retain the earnings of the Central Pacific for transportation over those roads which comprised its lines on the 7th day of May, 1878, when the Thurman act was passed, which will be found to have included nearly 2,800 miles of its roadway.

If the language employed in the Thurman act is to be given its ordinary and obvious meaning, there would seem to be but little room for doubt that it was the intention of Congress that the United States should retain the whole amount of compensation which might, from time to time, be due to the company from the Government, and that no separation or apportionment of its earnings between the aided and non-aided lines of the company was contemplated by the law-making power.

It would be difficult to employ words more pointed or explicit in this respect than those in which the second section of the act is expressed. And here it may be observed that it does not necessarily follow that if the net earnings referred to in the first and fourth sections of the act should be limited to the income of the company derived from the operation of the subsidized portion of its lines, the same limitation must be applied to the compensation to be retained under the second section.

Upon whatever basis the net earnings might be computed, and whether the compensation due the company from the United States exceeded the 25 per cent. of the net earnings provided for in section 4 or not, there were manifest reasons of propriety and sound public policy which required that the United States should be prohibited from making any money payments to the company on account of its Government service.

The company then owed the United States more than \$13,500,000 of accrued interest, and without charging the company any interest upon the interest from the time when the Government was compelled to liquidate it, yet the interest was accruing annually upon the principal of the Government subsidy bonds at the rate of over 4,000,000.

It was not probable that the annual earnings of the company upon all its lines, of every character, in the Government service would ever equal this sum, to say nothing of the amount which must annually be reserved in order to extinguish the accrued interest upon the maturity of the bonds. This would require, in any view of the question, the reservation by the United States of the sum of \$2,300,000 annually, but as a matter of fact the total compensation due the company from the United States, in any one year, has not exceeded one-half of that sum.

Take, for example, the earnings of the company as shown by the railroad commissioner's report for the year which ended June 30, 1884, and we find that the charges to the company for Government transportation amounted to \$918,478.26, which if prorated over the aided and non-aided lines, gives \$463,241.23 as the share of the former, and \$455,237 as that of the latter. The net earnings of the aided line were \$2,046,122.76, or 44 per cent. of which is \$901,530.68.

If the position of the company is tenable, the United States could not retain more than this amount from the moneys due from the Government to the company, but could be compelled to pay to the company, in each, \$256,947.57, although there was still due the United States from the company, for interest which had accrued in that year, the sum of \$1,000,000, which was unprovided for.

It is not probable that Congress, which was charged with the duty of protecting the public funds from loss or waste, ever intended any such consequences to flow from an enactment the declared purpose of which was to provide adequate security for the Government.

One of the plain objects of the Thurman act was to put a stop to the further payment by the Government of money to a corporation which was largely its debtor. It was undertaken to accomplish this by the passage of the act of 1878, section 5200 of the Revised Statutes, but under the decisions of the Court of Claims this statute afforded no adequate remedy, and Congress was again called upon to legislate upon the subject, and the result was the passage of the act in question.

The change of language or form of expression from the act of 1878 is also significant. In section 3 of that act, which relates to the Government service and compensation therefor, and also to the retention of 5 per cent. of the net earnings, the reference in each case is to the road built by Government aid, while the reference in section 2 of the Thurman act is to the amount of compensation which may be due to the company from the United States.

There are also other internal evidences, furnished by the act of 1872, which lead to the same conclusion. The fourth section speaks of the earnings in the Government service as "the whole sum earned by it (the company) as compensation for services rendered for the United States." It also provides as the maximum amount to be contributed by the company to the sinking-fund the sum of \$1,200,000, which, with the whole sum earned in the Government service and the 5 per cent. of net earnings, was designed to make up in the aggregate 25 per cent. of the net earnings of the company. But no such sum would have been necessary if the present contention of the company is well founded, for the reports of that year show that, computing the amount due the company from the United States and the 5 per cent. of net earnings upon the basis which the company now insists upon, they would amount to within \$62,000 of the 25 per cent. of the net earnings of the subsidized portion of the road.

Congress apparently contemplated that the full sum of \$1,200,000 might be required to make up the 25 per cent. of net earnings referred to in the act; but this could only happen in case the entire earnings of the company were intended; and, by making the necessary computations, it will be found that in each year subsequently the amount so required falls but little short of the sum named in the act.

The recitals in the act are also proper to be considered in determining its meaning and scope. In this act we find various recitals, by way of preamble, and among others, the declaration that the Western Pacific Railroad Company has since its incorporation, and since the original incorporation of the Central Pacific Railroad Company, become merged in and consolidated with the latter under the name of the Central Pacific Railroad Company, and that "diverse other railroad companies have been merged in and consolidated with said Central Pacific Railroad Company."

Congress was legislating, not with reference to the Central Pacific Railroad Company as presently organized, consisting only of that line of road which had been constructed by the aid of Government lands, but it was dealing with a company which had already absorbed many other companies, and which had taken on new character and incorporated into its railway system so many lines of connection that its mileage had increased nearly threefold; and whenever, in the act, it speaks of the earnings of the company, or of the compensation due to the company from the United States, the language must be construed with reference to the existing status of the corporation at the time the earnings are realized or the compensation becomes due. Unless this construction is adopted, it will be difficult to determine what the earnings of the aided portions of the company's lines are, or what proportion of the compensation due it for Government service has been earned upon the aided lines, for the system is managed by the company as an entirety, the earnings and expense going into a common pool, and no separation can be made which must not depend on a measure upon arbitrary rules to be adopted by the company.

If mileage is to be adopted as the standard by which the earnings of the subsidized portion of the road are to be measured, it would be within the power of the company to absorb other connecting and parallel lines in which its stockholders may be interested, and the operation of which might be less profitable than that of the original line of the company to such an extent as to reduce the share of the subsidized portion to a minimum, or, if the company owned and controlled parallel lines, it might divert the transportation in the Government service over those lines, and thus leave nothing due to be claimed under the Thuman act.

The Auditor of Railroad Accounts, in his report to the Secretary of the Interior for the year ending June 30, 1879, at page 40, appreciating the consequences detrimental to the interests of the Government which would result from such a construction of the statutes, and after demonstrating, by reference to the reports of the company, that the net earnings per mile had been reduced from \$6,569.57 in 1871 and 1872, to \$4,332.42 in 1877 and 1878, by an increase of the mileage of the company's roads, says that, "If the Government 5 per cent. is to be computed on the amount of net earnings ascertained on the basis of mileage pro rata, these railroad companies have only to lease enough unprofitable lines, of which they may be themselves the owners, to reduce the Government 5 per cent., or 25 per cent. even, to a mere pittance."

There can be no question that under section 5260 of the Revised Statutes all the moneys due the company on account of freight or transportation were to be withheld to the amount of payments made by the United States for interest upon bonds loaned by them to any such company, in addition to the 5 per cent. of net earnings which the act of 1872 authorized to be retained, and that Congress understood that the act of May 7, 1878, was not intended to permit the payment of any sum directed to be withheld by section 5260 is evidenced by the provision in chapter 183 of the laws of 1879, which directs the manner in which the Secretary of the Treasury shall make the entries upon the books of the Department in the adjustment of the accounts of the Pacific railroad companies. It is there provided that, for the proper adjustment of the accounts of the Central Pacific Company, and other companies enumerated, for services which have been or might thereafter be performed for the Government for transportation of the Army and of the mails, the Secretary of the Treasury was authorized

take such entries upon the books of the Department as will carry to the credit of said companies the amount so earned, or to be earned, by them during each fiscal year and withheld under the provisions of section 3260 of the Revised Statutes and the act of Congress approved May 7, 1878. The reference here is to the entire earnings of the company for Government transportation, without limitation or apportionment, and be direction to the Secretary is explicit and unequivocal that the whole amount due the company from the United States shall be carried to its credit under the acts aforesaid. And so in the deficiency bill passed April 30, 1878, seven days before the passage of the Thurman act, in the clause making an appropriation for the transportation of the Army, there was inserted a proviso that no part of this sum should be paid to any railroad company, or to its assigns, on account of freight or transportation over their respective roads, unless there be an excess due such company after charging the amount of payments made by the United States for interest upon the bonds of the United States issued to any such company; but the same shall be paid to the Secretary of the Treasury, to be by him withheld, as directed by existing law, on this condition of the statutes, and the decisions of the courts upon the subject, and no regard for the protection of the public interests would seem to require the Secretary of the Treasury to follow the letter of the law and withhold payment of all moneys due the company for Government transportation. No injustice will be done, and no loss will accrue to the company in consequence of the adoption of this course, or all of the moneys withheld will be carried to the credit of the company, and either presently applied in the extinguishment *pro rata* of the interest upon the subsidy bonds, which it is obligated to pay, or else safely invested for the benefit of the company, to be ultimately devoted, with its accumulation of interest, to the payment of the obligations of the company when they mature. The debtor company is in no way harmed, while the Government, as a creditor, is, to this extent, made more secure.

With reference to the order of the late Secretary of January 12, 1884, it is difficult to see how it can longer be upheld. It was evidently intended only to be temporary in its operation, and it anticipated that some explanatory or remedial legislation by Congress would be had. But two sessions have since passed, and that body has manifested no disposition to further legislate upon the subject. Under this order, an approximate estimate shows that over nine hundred thousand dollars are now held in suspense, having been neither paid to the company nor credited to them under the Thurman act. It is clear that the Government can not properly refuse to act at all in the matter. It should either pay this money over to the company, or else it should cover it into the Treasury and invest and apply as required by the act of 1878. As the result of this review of the statutes and decisions upon the subject, I would respectfully submit the following recommendations:

First. That the circular letter or order of the Secretary of the Treasury of June 27, 1883, and that of January 12, 1884, be both revoked.

Second. That the amount of compensation due the company for Government service, heretofore audited by the accounting officers and not applied because of the directions in said order of January 12, 1884, should be covered into the Treasury, and so-half thereof applied to the extinguishment of interest which has meanwhile accrued on the Government subsidy bonds, and the other half credited to the sinking fund, as required by the Thurman act.

Third. Hereafter the accounting officers of the Treasury adjust the accounts of the company for compensation due it for Government transportation, and direct that the whole amount of such compensation be retained by the Secretary of the Treasury and applied in the manner pointed out by that act.

Fourth. No decision of the Supreme Court of the United States affecting the question having been made since the opinion of Attorney-General Devens, dated June 18, 1880 (16 Opinions, 517), was rendered, a further reference of the questions here involved to the Department of Justice would seem to be unnecessary.

I. H. MAYNARD,  
Second Comptroller.

Department Circular No. 81, of June 27, 1883, and circular letter of January 12, 1884, are hereby revoked, and all compensation now due or which may hereafter become due the Central Pacific Railroad Company for services rendered for the Government will be withheld and applied as indicated in the above decision.

DANIEL MANNING,  
Secretary.

UNITED STATES PACIFIC RAILWAY COMMISSION,  
19 Wall Street, New York, November 5, 1887

*Sir:* The United States Pacific Railway Commission, which has been created by Congress with the duty of furnishing information

the working and financial management of the bond-aided Pacific railroads and their relations to the Government, request that you will kindly cause to be furnished to it information on the following points—the particulars asked for being necessary for the preparation of complete answers to the interrogatories set forth by Congress in the act creating the Commission.

In the course of the investigation of the Commission, complaint has been made by the bond-aided companies, especially by the Central and Union Pacific Companies, that the War Department has discriminated against them by sending troops and munitions of war over other roads when they could have been transported as well or better over the bond-aided lines.

At Kansas City, Hon. John P. Usher charged that in 1886 coal had been sent to Fort Riley, Kans., over the Missouri, Kansas and Texas road, and that the Kansas Pacific Railroad Company should have been given the transportation of the coal.

Will you kindly inform the Commission as to the policy of the War Department with reference to such transportation, and if such discriminations have occurred, will you kindly specify the instances, the amounts involved, and the reasons therefor.

By section 6 of the act of July 1, 1862, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," the bond-aided roads were required to transmit dispatches over their telegraph lines, and to transport mails and munitions of war, supplies and public stores on said railroad for the Government whenever required to do so by any department thereof. They were also required to give the Government the preference in the use of the same at fair and reasonable rates of compensation, not to exceed the amount paid by private parties for the same kind of service.

The Commission would be glad to know whether so far as your Department is concerned, those provisions of law have been complied with. The Commission is also required by act to ascertain "the average cost per annum of Government transportation in the region now traversed by the Pacific Railroads between the year 1850 and the completion of said roads, also the average cost since such completion." If there are any records in your Department which will furnish this information or any part of it, we will be obliged if you will present it in such form as will enable the Commission to answer the question.

I have the honor to remain, very respectfully, your obedient servant,

ROBERT E. PATTISON,

*Chairman.*

HON. WILLIAM C. ENDICOTT,

*Secretary of War, Washington, D. C.*

WAR DEPARTMENT,  
Washington City, November 9, 1887.

SIR: In reply to your letter of the 5th instant, requesting certain information in regard to the relations between the bond-aided Pacific railroads and the War Department, I beg to inclose a letter of the 5th instant from the Quartermaster-General upon the subject, which, it is

It was never customary before the establishment of railroad communication to ship troops and stores overland from the Mississippi River to the Pacific Ocean; they were first sent to New York city and thence via Panama or Cape Horn.

The information in these statements is in some degree not exact, having been gleaned from records of the office not kept with the view of tabulation for such purposes, but may be considered approximately correct.

Very respectfully, your obedient servant,

S. B. HOLABIRD,  
Quartermaster General U. S. Army.

The SECRETARY OF WAR.

the same kind of service, it is respectfully reported that, so far as known to this office, these railroad companies have not declined to give the Government the preference in such cases.

As to the charges made for telegraph service, it is remarked that these railroad companies hold that they are not subject to the law of July 21, 1860, empowering the Postmaster-General to fix annually the rates to be paid by the Government for telegraphic messages, and that they claim the "commercial rates" for such service; that is, the rates paid by the public generally.

No judicial decision upon this point is known to have been rendered; the decisions of the accounting officers of the Treasury upon the question do not seem to be uniform. Settlements have been made at the high commercial rates, but it is thought at present the Government rates only are allowed, and the whole matter is in an undefined state, owing to a claim upon the part of the Government that payment for all messages which pass over the lines of telegraph constructed along these roads, whether owned and operated by the railroad companies, the Western Union Telegraph Company, or any other company, should be withheld and applied upon the indebtedness of the respective railroads for bonds issued in their behalf. This claim on the part of the Government has resulted in the accumulation of a large number of unsettled and unadjusted accounts for public telegrams sent along the lines of these railroads.

As to the rates charged by these railroad companies for the transportation of United States troops and property, it is remarked that the rule has been to allow those rates for similar service which appear in the published tariffs of the railroad companies, supplemented by the certificate of the auditor of the company upon each account that the rates charged were the current and lowest rates charged the public at time of service.

Complaints have reached this office that these railroad companies discriminate against the United States in favor of private shippers, and in such cases an investigation of the subject has been made, and the facts reported to the accounting officers of the Treasury in transmitting the accounts for settlement. In connection with this subject attention is especially invited to Senate Report No. 504, Forty-sixth Congress, second session, wherein will be found the opinion of the Judiciary Committee of the Senate, and various reports of the Quartermaster's Department upon this subject.

With reference to the request of the Commission for assistance to enable it to report upon "the average cost per annum of Government transportation in the region now traversed by the Pacific Railroads between the year 1850 and the completion of said roads, also the average cost since such completion," I have the honor to invite attention to the inclosed copy of a report of the Quartermaster-General made September 29, 1884, to the honorable the Secretary of War, upon a request of the Commissioner of Railroads for similar information. The mass of information contained in this report was carefully collected at the time from the records of this office. The record has been carried to the year 1887, and is respectfully submitted for the information of the Commission.

Very respectfully, your obedient servant,

S. B. HOLABIRD,  
*Quartermaster-General, U. S. Army.*

THE SECRETARY OF WAR.

UNION PACIFIC RAILWAY COMPANY, EQUITABLE BUILDING,  
San Francisco, Cal., May 23, 1886.

DEAR SIR: I desire to call your attention to a matter of considerable importance to the Union Pacific Railway Company, in which the United States is a very large debtor. This company finds itself at many points in competition with other lines in the transportation of Government freights, the greater part of which, I am informed, are moved under orders from your Department. The rates at which these payments go forward are, under the laws of competition, the same over the lines of this company as they are over the lines of its rivals. The first impression, therefore, is that it is an economical for the Government to offer its shipments to one line as another. This, however, is a mistake. The Union Pacific Company, as you are doubtless fully advised, has received from the United States upwards of \$33,000,000 5 per cent. bonds, the amount of which it is under obligation to repay, together with the interest which may accrue thereon, at their maturity, some time between 1890 and 1899.

By judicial construction of the company's charter the principal of these bonds and the accumulated interest thereon have been held to be not repayable by the company until the maturity of the bonds, except in so far as the application of certain amounts contingent upon the amount of Government transportation and the amount of company's net earnings are concerned.

Under the company's charter, and under the provisions of the Thurman act, one-half of the entire amount earned by this company from the transportation of Government freight, troops, mails, etc., is retainable by the United States and presently applicable to the extinguishment of the debt and the accrued interest. The United States, in engaging the Union Pacific to perform its transportation, therefore, not only strengthens the company in its ability to discharge its obligations to the United States, but it exercises an option reserved under the charter, of declaring to be precisely one-half of the debt equal to one-half of the total earnings derived from the Government transportation. In other words, the Government is at liberty to immediately apply on the debt 50 per cent. of these transportation charges, when in the course of each application payment of the amount thus applied would be postponed till the maturity of the debt, some thirteen years hence.

From a computation which I have caused to be made it appears that on each \$1,000 earned by the company from Government transportation and retainable by the United States on account of the debt and on the increased net earnings resulting from its transportation, there will accrue to the United States as interest (reckoning the debt as worth 3 per cent. per annum) \$214.50. This accumulation of interest inures directly to the benefit of the United States, as it is independent of the accumulations of interest on the sinking fund established under the "Thurman act," which latter are to the benefit of the company. Thus, while a service valued at \$1,000 when ordered by a rival company requires the payment by the United States of that amount in cash, the performance of the same service by the Union Pacific Company allows the Government to retain and at once apply to the extinguishment of the debt an amount which would not otherwise be applicable until 1898. It may therefore be said that under the charter relations existing between the United States and a company the company's charges to the Government are about 20 per cent. less than are the charges of its competitors, although apparently the same. Possibly the importance of these considerations has not been fully recognized in your Department. They present themselves to me as having force and character, and which your Department may desire to entertain. It is, of course, wholly in the interest of the company that I address you in relation to these matters. Any increase, however, in the company's business which may come from an increase in its services to the United States must be, as I have pointed out, to the mutual advantage of both parties.

I remain, very respectfully, yours,

CHARLES F. ADAMS, Jr.,  
President.

WILLIAM C. ENDICOTT,  
Secretary of War, Washington, D. C.

[First indorsement.]

Respectfully referred to the Quartermaster-General for remark.  
By order of the Secretary of War.

JOHN TWERDALE,  
Chief Clerk.

WAR DEPARTMENT, June 6, 1886.

(Second Indorsement.)

QUARTERMASTER-GENERAL'S OFFICE,  
Washington, D. C., June 9, 1895.

Respectfully returned to the honorable the Secretary of War, inviting attention to the inclosed copy of report of the Quartermaster-General, dated February 7, 1895, and to the decision of the Secretary of War (Boston, dated February 6, 1895), in which the question is discussed whether the United States should use an inclosed railroad instead of one not inclosed, charges being the same.

A. B. HOLABIRD,  
Quartermaster-General, U. S. A.

WAR DEPARTMENT,  
QUARTERMASTER-GENERAL'S OFFICE,  
Washington, D. C., February 7, 1895.

SIR: I have the honor to submit the inclosed communication of the shipping quartermaster at Portland, Oregon, making the following inquiry:

"In making shipments from this city to points east of the Missouri and Mississippi Rivers, such as Chicago, New York, Washington, etc., shall I issue bills of lading over the Oregon Railway and Navigation Company and Northern Pacific Railroad to Saint Paul, or over the Oregon Railway and Navigation Company and Union Pacific, say, to Omaha?"

The extension of the Oregon Short Line, a road owned and operated by the Union Pacific (bonded) Railway, in conjunction with the Oregon Railway and Navigation Company's railroad at Huntington, has opened a new route of traffic between Oregon points and points east of the Mississippi River, and has brought the Union Pacific Railway into sharp competition with the Northern Pacific Railroad for this business.

As a matter of fact, the Quartermaster's Department, by taking advantage of the new route, via the Union Pacific Railway, would save a large amount of money with appropriation "Transportation of the Army," because in transporting United States troops and military supplies, say, between Portland, Oregon, and Chicago, Ill., the only payments to be made out of that appropriation would be for the transportation from Portland to Huntington (404 miles), and from the Mississippi River to Chicago (124 miles).

From Huntington to Granger (540 miles), over the Oregon Short Line, the money value of such transportation is withheld for future disposition by Congress, under decision of the honorable the Secretary of the Treasury, of January 15, 1894, relating to settlements with railroads owned, leased, and operated by the bonded Pacific railroads.

From Granger to Council Bluffs (840 miles), over the main line Union Pacific Railway, the money value of such transportation is applied to the debt of that railway company to the United States, under the provisions of the act of May 7, 1878 (Twenty-third law).

From Council Bluffs to the Mississippi River, say, Davenport, Iowa, over the Chicago, Rock Island and Pacific Railroad (317.75 miles), 50 per cent. of tariff rates is paid out of a special appropriation for land-grant railroads made by Congress.

Compare these facts with those arising out of the use of the Northern Pacific Route for transportation between Portland and Chicago, and the following result is reached:

From Portland, Oregon, to Brainerd, Minn. (1,774 miles), over the Oregon Railway and Navigation Company and Northern Pacific Railroad, full tariff rates must be paid out of the appropriation "Transportation of the Army." Although the Northern Pacific is a land-grant railroad, yet, under the law, no deduction is made from its accounts for military transportation.

From Brainerd, Minn., to Watab, Minn. (55 miles), over the old Western Minnesota Railroad, now operated by the Northern Pacific Railroad Company, 50 per cent. of tariff rates is paid out of the special appropriation for land-grant railroads made by Congress.

From Watab to Minneapolis, over the Saint Paul and Northern Pacific Railroad (74.55 miles), operated by the Northern Pacific Railroad Company, full tariff rates must be paid.

From Minneapolis to 11 miles south of Warren, Wis., 185 miles, over the Saint Paul, Minneapolis and Manitoba Railroad, and the Chicago, Saint Paul, Minneapolis and Omaha Railway, 50 per centum of tariff rates is paid out of the special appropriation for land-grant railroads.

From 11 miles south of Warren to Chicago (218 miles), over the Chicago and North-western Railway, full tariff rates must be paid.

Thus by the Union Pacific Railway route, Portland to Chicago (2,124 miles), the transportation over 361 miles only is payable out of the Army transportation appo-



proportion, and for the transportation over the remaining 1,737 miles, settlements are made as explained above.

While by the Northern Pacific route between the same points, 2,322 miles, the transportation over 2,067 miles is payable out of appropriation for Army transportation, and for the transportation over the remaining 255 miles, settlements are made per cent. of tariff rates, as explained above.

The Northern Pacific Railroad Company was paid by the Quartermaster's Department for transportation services during the year 1881-'82, \$100,341.00 out of the appropriation "Army Transportation." The Union Pacific Railway was paid nothing for such services over the Oregon Short Line, and the main line of its railway. It is therefore apparent that there would be a great saving by the use of the Union Pacific route in this case, and as pertinent thereto the following directions of the honorable the Secretary of the Treasury, of June 27, 1883, are quoted:

"Whenever practicable, and more economical to do so, it is desirable that shipments of Government freight be made over railroads which have received aid in bonds or lands from the United States."

This Union Pacific route has been opened for a few weeks only; its transportation rates have not been received at this office; a definite comparison of rates cannot therefore be made.

It may be assumed, I think, that the rates over both routes to Eastern points are the same. A difference of but 2 miles in the relative distances by each route between Portland and Chicago, indicates that the time and rate schedules will be about the same over both routes.

It may be stated as a rule the Quartermaster's Department distributes its business impartially among the railroads. Where two roads, one land-grant, the other non-land-grant, run between the same points, the non-land-grant railroad is not boycotted, and the work all given to the railroad already subsidized by the Government; the usually traveled, least expensive, route is the guide of the department; and non-subsidized roads generally drop their rates to equal those of the subsidized roads in military transportation.

But competition between a bonded and non-bonded railroad opens other questions; the amounts withheld from bonded railroads are placed to their credit; virtually they are payments to the railroad, and in a broad view the United States pays to these bonded roads for their work a full equivalent of the cash money paid to non-bonded roads for like service.

Practically these very bonded railroads view this matter in this light, for they make every effort to secure Government business, knowing that they will not receive cash.

The question is respectfully submitted to the honorable the Secretary of War for any instructions he may wish to give.

Should he not give instructions, a division of the business will naturally be made, provided the ultimate cost to the United States shall be the same; all other conditions made the same.

Very respectfully, your obedient servant,

S. B. HOLABIRD,  
Quartermaster-General U. S. Army.

THE SECRETARY OF WAR.

[First Indorsement.]

It appearing that the actual cost to the Government is the same, whether cash is paid out or a credit of equal amount given, no reason is seen to change the practice of the Quartermaster's Department as indicated by the Quartermaster-General.

By order of the Secretary of War.

JOHN TWEEDALE,  
Chief Clerk.

WAR DEPARTMENT, February 6, 1885.

WAR DEPARTMENT, July 10, 1885.

[Third Indorsement.]

As between a railroad which has received aid in bonds from the United States and a non-bonded railroad, it is undoubtedly to the interest of the War Department to use a bonded railroad, for a great saving thereby results to the Army appropriation, the charges for transportation over such roads not being payable from appropriations under control of the War Department. It is evident also that it is to the interest of the Government to use a bonded railroad, for although, in the language of the predecessor, "the actual cost to the Government is the same whether cash or credit for an equal amount given" (if the question of interest is not as still as the indebtedness of the road to the Government is reduced by all of the transportation service performed for the Government, the amount of the debt is thus rendered more certain; and therefore when the question

# U. S. PACIFIC RAILWAY COMMISSION.

*maps, etc., reported by the Quartermaster-General November 16, 1861.*

The Isthmus:	
<i>(cont.)</i>	
Signal officer.....	\$25
Signal man, landress, etc.....	\$50
Subsisted by contractor.	
<i>(cont.)</i>	
Provisions on the steamer.....	pounds.. 75
Across the Isthmus.....	do..... 2
25 pounds across the Isthmus to be paid for at 15 cents per	
Freight:	
<i>(cont.)</i>	
Shipped to Vancouver or Oregon, in June, 1863:	
<i>(cont.)</i>	
Signal officer.....	\$25
Soldier, etc.....	0
<i>(cont.)</i>	
.....	30
.....	per ton.. 1
.....	do..... 10
<i>(cont.)</i>	
Signal officer.....	\$300
Each enlisted soldier.....	150
Including transit of Isthmus.	

## Baggage:

Extra baggage, 15 cents per pound.

Provisions to San Francisco or Port Vancouver, via the Isthmus:

To Aspinwall.....	per ton.. 10
Across the Isthmus.....	do..... 200
From Panama to San Francisco.....	do..... 50

Bay, \$300 a ton of 2,000 pounds.

Agents of the line think that when the railroad across the Isthmus shall be completed the freight across will not exceed one-fourth of the above, \$75 a ton, say, \$100 for the whole distance via Cape Horn to San Francisco or Benton.

From Baltimore, 90 cents per cubic foot, \$1.50 per barrel barrel.

From New York, \$5.00 per barrel for flour, 60 cents per cubic foot for other packages.

Same rates apply to camp and garrison equipage and clothing, as all such freight by outgoing vessels is charged for by the cubic foot.

*Rates for passengers and freight paid in currency by the Quartermaster's Department for the transportation of United States troops and military stores between New York City & Omaha and San Francisco, via the Pacific railroads, from the date of their opening for transportation to 1867.*

[The rates of third-class freight adopted being about the average of all.]

Year.	From New York City (3,320 miles).		From Omaha (1,915 miles).		Year.	From New York City (3,320 miles).		From Omaha (1,915 miles).	
	Officers and soldiers.	Stores per 100 pounds.	Officers and soldiers.	Stores per 100 pounds.		Officers and soldiers.	Stores per 100 pounds.	Officers and soldiers.	Stores per 100 pounds.
1869.....	\$142.00	\$5.77	\$111.00	\$5.00	1880.....	\$128.00	\$4.00	\$100.00	\$3.00
1870.....	140.00	5.20	100.00	5.00	1881.....	125.00	4.00	100.00	3.00
1871.....	140.00	4.70	100.00	5.25	1882.....	111.00	4.00	100.00	2.50
1872.....	140.00	4.65	100.00	5.25	1883.....	127.35	4.00	100.00	2.50
1873.....	140.00	4.85	100.00	5.50	1884.....	129.85	4.00	100.00	2.50
1874.....	140.50	1.90	100.00	5.50	1885.....	120.00	4.00	100.00	2.50
1875.....	138.00	4.00	100.00	5.00	1886.....	112.50	4.00	100.00	2.50
1876.....	138.00	4.00	100.00	5.75	1887.....	94.00	3.95	100.00	2.10
1877.....	139.00	3.00	100.00	5.75		100.50	3.95	100.00	2.10
1878.....	130.00	4.00	100.00	5.75		95.75	3.95	100.00	2.10
1879.....	140.00	4.00	100.00	5.75		101.75	3.95	100.00	2.10

\* Unlimited rate.

^ Limited rate.

- In May, 1884.

## QUARTERMASTER'S OFFICE,

New Orleans, La., September 23, 1864.

SIR: In reply to your communication of the 12th instant I have the honor to state there has been no regular line of steamers or sailing vessels between this and San Francisco, either via the Isthmus or Cape Horn since 1858. In that year a company started a steamship named the *Centroscolos* between here and the west, but only two or three trips were made. I can not learn what the charges were either freight or passage, as there is no trace of said company now in exist-

ence. The exception of the above, up to and including 1860, the only route of travel from here to San Francisco was via New York or Havana where connections were made with the Greytown or Aspinwall steamers; but neither at that time nor are any through rates from here been in operation.

of passage from Saint Louis to New Orleans in 1860 was.....	\$25.00
for 100 pounds .....	1.00
on opening of the Mississippi River to the 30th of June, 1864, the regu-	
lar rates have been:	
passage.....	20.00
freight per 100 pounds.....	.60

of boats, such as the *Grand Republic* in 1868 and the *Natchez* later, charged \$25 per ton, and in times of "opposition" rates were much lower, but the above were charged by regularly organized companies.

The Pacific and Mississippi Steamship Company failed in 1870. The Saint Louis and New Orleans Packet Line and the Merchants' Southern Packet Line ran their boats from 1871 to 1878, and the Anchor Line, organized in 1876, is the only one now in operation.

There are no records of the old lines now in this city, and the foregoing information was obtained from the agent of the Anchor Line and from the steam-boat men who are now running on the Mississippi River for thirty years.

Very respectfully, your obedient servant,

J. W. SCULLY,

Major and Quartermaster U. S. Army.

QUARTERMASTER-GENERAL, U. S. ARMY,  
Washington, D. C.

## WAR DEPARTMENT, Washington, July 12, 1861.

SIR: In making settlements with railroad companies for transportation of military supplies, please observe the following as a general basis:

Freight on men, munitions, and supplies, accompanying regiments, first-class local freight will average about as follows:

	Cents.
per 100 pounds.....	10
.....	15
.....	25
.....	40
.....	50
.....	75
.....	90

In transportation of horses in small lots, the following are the usual estimates of railroad companies:

	Pounds.
.....	3,000
.....	4,000
.....	5,000
.....	6,000
.....	7,000
.....	8,000
.....	9,000

For loads, thirteen or fourteen horses, usually charged.....

All other supplies forwarded by freight trains, all charged local rates according to classification of property, which will usually average, on provisions and heavy freights, 2 to 3 cents per ton of 2,000 pounds per mile. Dry-goods, clothing, and light goods will average 3 to 5 cents per ton of 2,000 pounds per mile.

Respectfully, etc.,

THOMAS A. SCOTT,  
General Manager.

Major SIBLEY,  
Quartermaster's Department.

#### REPORT OF THE COMMITTEE.

*Resolved*, That the rates offered to the Government for the transportation of passengers shall be 2 cents per mile, allowing to each soldier not exceeding 80 pounds of luggage—this to include those things ordinarily carried by a soldier in heavy marching order, and tents.

*Resolved*, That the rates for the transportation of freights shall be (under the four classifications last made by the four Atlantic trunk lines, with the additions hereto annexed) the same as for the time being are charged for general transportation either local or through; but upon these rates, both local and through, there shall be made a reduction of 10 per cent. upon all transportation ordered by the Government through its proper officers; *Provided*, That, the rates for 50 miles or less shall not exceed on first class, 5 cents; on second class, 4½ cents; on third class, 4 cents, and on fourth class, 3 cents per ton per mile; and that on distances above 50 miles the rate shall not exceed on first class, 3 cents; on second class, 2½; on third class, 2 cents, and on fourth class, 1½ cents per ton per mile; and that whatever the distance ordered, the full length is ordered shall govern the rate whether the freight passes over one or many roads; *And further provided*, That in the application of the maximum rates to distances over 50 miles no increased distance shall be charged a less price, and the distance shall be estimated on both freight and passengers by the shortest lines, allowance being made for intermediate distances between terminal stations of connecting lines. It shall be the duty of each company to furnish the Secretary of War and to the Quartermaster-General copies of their through and local tariffs, and when changes are made to notify them of the same.

*Resolved*, That it is the opinion of this convention that the Secretary of War should make such compensation as will be equitable to those roads whose expenses are enhanced by reason of being in or near the seat of war.

*Resolved*, That Hon. Erasmus Corning, Samuel M. Felton, and Thomas L. Jewett be a committee on the part of this convention to confer and co-operate with the Secretary of War and the Quartermaster-General from time to time, with authority to take such action as may be necessary to produce harmonious and satisfactory results in the business relations of the Government with the railroads of the United States.

#### SPECIAL CLASSIFICATION.

*First class*.—Drums, twice first class; haversacks, canteens, camp kettles, and mess-pans, wagon covers, furniture and camp stools, hard bread, powder in barrels, books, etc., clothing.

*Second class*.—Gun carriages, caissons, forges and light artillery mounted, wagons and ambulances, loaded out, 25 feet in length, estimated at 12,000 pounds, other lengths of cars in proportion. Tents and tent poles, sabers in boxes, cattle, and horses reckoned at 12,000 pounds to a load for a car 25 feet long, and other sizes of cars in proportion.

*Third class*.—Fixed ammunition, small-arms ammunition, Sibley tent-stoves.

*Fourth class*.—Cannon and mortars not mounted, cannon balls and shells, lumber, and timber, down load, pack, hay—hay reckoned at 12,000 pounds to a car load.

GENERAL ORDER, 1  
No. 2.

QUARTERMASTER-GENERAL'S OFFICE,  
Washington, D. C., February 22, 1892.

By authority of the Secretary of War the old tariff rates prescribed by the circular of the Quartermaster-General of May 1, 1882, will cease to apply in settlement for railroad transportation on war orders issued on the first day of March, 1892.

Officers of the Quartermaster's Department are informed that unless a more favorable arrangement can be made with the railroad companies, separately or in

tion, either for fixed periods or in such cases as it arises, settlement may be made at the rates of the public tariff, at date of service, of the railroad company or road line performing the transportation.

Stores paying railroad transportation accounts will be careful to provide themselves with authentic and official copies of the tariff of the railroads performing the service in force at the dates of service.

In forms of transportation orders and of bills of lading now in use, or as they may be modified by the revised regulations of the Quartermaster's Department, will be added to, and also the Government classification of stores and general method of settlement of accounts until further orders.

No restrictions hitherto existing upon payments to railroads which have received use of lands from the Government are still in force.

D. H. RUCKER.

*Acting Quartermaster-General, Bvt. Major-General, U. S. Army.*

UNITED STATES PACIFIC RAILWAY COMMISSION,  
10 Wall Street, New York, November 5, 1887.

SIR: The United States Pacific Railway Commission, which has been created by Congress with the duty of furnishing information respecting the working and financial management of the bond-aided Pacific roads and their relations to the Government, request that you will cause to be furnished to it information on the following points, particulars asked for being necessary for the preparation of complete answers to the interrogatories set forth by Congress in the act creating the Commission.

In the course of the investigation, complaint has been made by the owners of the bond-aided Pacific railroads that the United States Government had discriminated against them by sending seamen across the Continent via Panama instead of by rail over the bond-aided roads, by sending material and supplies by way of Panama and by Cape Horn instead of over their roads. This complaint is based on the supposition that it was the duty of the Government, all else being equal, to give the transportation to bond-aided roads in preference to other lines.

You kindly inform the Commission what has been the policy of the Department respecting this transportation, and if such diversions have occurred, kindly state the specific instances, the amounts involved, and the reason therefor.

Section 6 of the act of July 1, 1862, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the road for postal, military, and other purposes," the bond-aided roads were required to transmit dispatches over their telegraph lines, and to transport mails, troops, and munitions of war, supplies and public stores and railroad for the Government whenever required to do so by any act of Congress. They were also required to give the Government preference in the use of the same at fair and reasonable rates of compensation, not to exceed the amounts paid to private parties for the same kind of service.

The Commission would be glad to know whether, so far as your Department is concerned, those provisions have been complied with.

Very respectfully, your obedient servant,

ROBERT E. PATTISON,

*Chairman.*

W. C. WHITNEY,

*Secretary of Navy, Washington, D. C.*

NAVY DEPARTMENT,  
Washington, November 14, 1892.

SIR: I have the honor to acknowledge the receipt of your letter of the 5th instant, requesting to be furnished with information on the several points therein presented, with regard to the alleged discrimination against the bond-aided Pacific railroads in the transportation of men and freight to the Pacific coast; and asking whether the conditions of the act of July 1, 1892, requiring preference to be given to the Government in the use of the railroad and telegraph line from the Missouri River to the Pacific Ocean in the transmission of telegraphic dispatches and the transportation of mails, troops, and munitions of war, supplies and public stores on said railroads have been complied with. In reply I have to inclose herewith a copy of a circular letter, addressed to the chiefs of the several Bureaus of the Department, and copies of the several replies thereto.

Very respectfully,

D. B. HARMONY,  
*Acting Secretary of the Navy.*

HON. ROBERT E. PATTERSON,  
*Chairman U. S. Pacific Railway Commission,*  
10 Wall street, New York.

(Circular to the Bureaus.)

NAVY DEPARTMENT, November 7, 1892.

SIR: Please report to the Department, without delay, on the following points mentioned in a communication from the chairman of the United States Pacific Railway Commission:

I. Have there been any discrimination against the bond-aided Pacific railroads by sending scows across the continent via Panama instead of by rail over such roads?  
II. The same as to sending material and supplies by way of Panama and by Cape Horn, instead of over those roads.

III. What has been the policy respecting this transportation, and if such discriminations have occurred, state the specific instances, the amounts involved, and the remedy therefor.

IV. The chairman states that "By section 5 of the act of July 1, 1892, entitled 'An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes,' the bond-aided roads were required to transmit dispatches over their telegraph lines and to transmit mails, troops, and munitions of war, supplies and public stores on said railroads for the Government whenever required to do so by any department thereof. They were also required to give the Government the preference in the use of the same at fair and reasonable rates of compensation, not to exceed the amounts paid to private parties for the same kind of service," and asks whether those provisions have been complied with.

Very respectfully,

D. B. HARMONY,  
*Acting Secretary Navy.*

NAVY DEPARTMENT, BUREAU OF STEAM ENGINEERING,  
Washington, November 8, 1892.

SIR: Replying to Department's circular, dated the 7th instant, regarding points presented in a communication from the chairman of the United States Pacific Railway Commission, I have the honor to report that so far as this Bureau is concerned, it has never discriminated against "the bond-aided Pacific railroads," in sending freight to the Pacific coast, and has no reason to believe that its charges for transportation of the small amount of freight which has been sent by this Bureau are in excess of that charged to private parties for same kind of service.

Respectfully,

W. W. MELVILLE,  
*Chief of Bureau.*

Hon. W. C. WHITNEY,  
*Secretary of the Navy.*

## NAVY DEPARTMENT, BUREAU OF CONSTRUCTION AND REPAIR.

Washington, D. C., November 3, 1887.

SR: In reply to the Department's circular of the 7th instant, you are respectfully informed that this Bureau is not aware of any discrimination against the bond-aided railroads. In point of fact, all material sent to California by this Bureau are shipped through the Quartermaster-General of the U. S. Army, and the accounts for same are settled by the Fourth Auditor.

I am, sir, very respectfully, your obedient servant,

T. D. WILSON,

Chief Constructor, U. S. Navy, Chief of Bureau.

Com. W. C. WHITNEY,  
Secretary of the Navy.

## NAVY DEPARTMENT, BUREAU OF MEDICINE AND SURGERY.

Washington, November 8, 1887.

SR: Referring to circular of November 7, I have the honor to state that all shipments of stores, and all transfers of sick or insane men, under charge of this Bureau, have been, and are, made over the Pacific railroads. No shipments or transfers have been made to or from California, either via Panama or Cape Horn.

Very respectfully,

F. M. GUNNELL,

Chief of Bureau.

Com. W. C. WHITNEY,  
Secretary of the Navy.

## BUREAU OF YARDS AND DOCKS, NAVY DEPARTMENT.

Washington, November 8, 1887.

SR: In reply to the several interrogatories contained in the Department's circular to Bureaus, dated November 7 instant, this Bureau has the honor to report that it has no knowledge of any discrimination having been made against the bond-aided Pacific railroads, to which reference is made in Paragraphs I, II, and III. The evidence enumerated in section 6 of the act of July 1, 1868, referred to in Paragraph have, so far as this Bureau is aware, been complied with.

Very respectfully, your obedient servant,

D. B. HARMONY,

Chief of Bureau.

Commodore D. B. HARMONY, U. S. N.,  
Acting Secretary of the Navy.

## BUREAU OF ORDNANCE, NAVY DEPARTMENT.

Washington City, November 8, 1887.

SR: In reply to the Department's circular to the Bureaus of the 7th instant, I have the honor to report that there has been no discrimination against the bond-aided railroads in the transportation of material, so far as this Bureau is concerned; the provisions of the law specified have been complied with, as required by the Department circular No. 18, of June 23, 1881.

I am, sir, your obedient servant,

M. SICARD,

Chief of Bureau.

Com. W. C. WHITNEY,  
Secretary of the Navy.

## BUREAU OF NAVIGATION, NAVY DEPARTMENT.

Washington, November 8, 1887.

SR: In compliance with the Department's circular of the 7th instant, I have the honor to report that materials and supplies under the cognizance of this Bureau, which require shipment from eastern stations to the Pacific coast of the United States, invariably forwarded overland through the Army quartermasters' offices at New York, Philadelphia, and Washington, in accordance with previous orders from the Department.

Shipments to that coast are made by way of Panama or Cape Horn.

Very respectfully, your obedient servant,

J. G. WALKER,

Chief of Bureau.

Com. SECRETARY OF THE NAVY,  
Navy Department.

## NAVY DEPARTMENT, BUREAU OF EQUIPMENT AND RECRUITING.

Washington, December 10, 1901.

SIR: Replying to the circular letter of the Department, dated the 7th instant, in reference to points presented in a communication from the chairman of the United States Pacific Railway Commission, the Bureau would respectfully say in answer to the first question that there has been no discrimination against the bond-aided railroads by this Bureau in the matter of transportation of enlisted men.

When the Bureau has had occasion to send men from east to west or vice versa they have been uniformly carried by the Pacific Mail Steamship Company, via Panama, on account of the cheaper transportation compared with overland route, the difference by the former route being in favor of the Government at least 50 per cent.

In reply to the second question, it is the custom of the Bureau to send all freight overland, as required by Department circular No. 18, of June 23, 1891, the cost of all transportation being paid by the Fourth Auditor of the Treasury on the certificate of the Army quartermaster at Chicago, approved by the Bureau.

The reply of the Bureau to question number one and two seems to answer questions "three" of the circular letter.

In reply to the fourth question, that the provisions of section 6 of the act of July 1, 1892, have been complied with; the matter of payment for telegraphing being somewhat similar to that for transportation of freight, the Bureau paying for some grams over the bond-aided lines, but simply certifying to the service, and the billings settled by the Fourth Auditor of the Treasury.

Very respectfully, your obedient servant,

W. S. SCHLEY,  
Chief of Bureau.

Hon. W. C. WHITNEY,  
Secretary of the Navy.

## NAVY DEPARTMENT, BUREAU OF PROVISIONS AND CLOTHING.

Washington, D. C., December 8, 1901.

SIR: I have to report upon the following points presented in Department's circular to the Bureau, under date of the 7th instant:

(1) "Has there been any discrimination against the bond-aided Pacific railroads by sending seamen across the continent via Panama instead of by rail over our roads?"

Answer. This Bureau is not cognizant of any such discrimination.

(2) "The same as to sending materials and supplies by way of Panama and Cape Horn, instead of over these roads."

Answer. The files of this Bureau do not show that any discrimination has been made against the said roads in sending materials and supplies via Panama and Cape Horn. In fact the custom has prevailed for years in this Bureau, and continues to prevail, to deliver all supplies pertaining to it to the Quartermaster's Department of the Army, to be shipped over said roads to San Francisco.

(3) "What has been the policy respecting this transportation, and if such diversions have occurred, state the specific instances, the amount involved and the cause therefor?"

Answer. No diversions have occurred.

(4) "By section 6 of the act of July 1, 1892, etc."

Answer. This Bureau is of the impression that the provisions of the law referred to in the fourth paragraph of said circular have been complied with in so far as the Bureau of Provisions and Clothing is concerned.

Very respectfully,

JAMES FULTON,  
Paymaster-General U. S. Navy.

The SECRETARY OF THE NAVY,  
Navy Department.

## UNITED STATES PACIFIC RAILWAY COMMISSION.

10 Wall Street, New York, November 4, 1901.

SIR: The United States Pacific Railway Commission, which has been charged by Congress with the duty of furnishing information respecting the working and financial management of the bond-aided Pacific railroads and their relations to the Government, request that you will



kindly cause to be furnished to it information on the following points, the particulars asked for being necessary for the preparation of complete answers to the interrogatories set forth by Congress in the act creating the Commission.

By section 6 of the act of July 1, 1862, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," the bond-aided roads were required to transmit dispatches over their telegraph lines, and to transport supplies and public stores on said railroad for the Government whenever required to do so by any department thereof. They were also required to give the Government at all times the preference in the use of the same at fair and reasonable rates of compensation, not to exceed the amount paid by private parties for the same kind of service.

The Commission would be glad to know whether, so far as your Department is concerned, those provisions of the law have been complied with.

In a letter of Commissioner William A. J. Sparks to yourself, dated Washington, D. C., May 31, 1867, and transmitted to this Commission, containing a statement of all land patents granted to bond-aided railroads, there was given, at the close, a recapitulation showing the number of acres selected, the estimated number of acres unselected, and the estimated number of acres granted. The total of the acres selected and the estimated number of acres unselected, when added together, do not equal the "estimated number of acres granted." This is a seeming discrepancy which the Commission has not been able to reconcile. Will you be good enough to have an explanation afforded?

The Central Pacific Railroad officials declare that when the Union and Central Pacific Railroads were completed the Government raised the price of land to double the minimum valuation; that settlement was begun upon railroad lands alone, and that at the present time there is twice as much railroad land under cultivation as there is of land obtained by the settler direct from the Government. Can you arrange to have the Commission placed in possession of the facts bearing on these statements? Can you give an estimate of the comparative cost to settlers of Government and of railroad land?

The Central Pacific Railroad Company claims that it has observed all the obligations imposed upon it, and that there has been no delinquency on its part in connection with the patenting of lands granted to it by the Government. They further declare that there has never been a time when the Government was able to meet the requirements of the company with reference to land patents as promptly as the patents were asked for, and that they have lost over \$500,000 through the Government's delay, as well as large sections of mineral lands which, at the time of the completion of the road, were not known to be mineral lands.

The officers of that road also allege that on March 23, 1869, there was a suspension of the issuance of the patents by order of the Secretary of the Interior, which suspension lasted a considerable time; that in November, 1869, the granting of one-half of the patents due to the company was suspended for a failure of the company to complete the road; that suspension of land applications, which were made as early as 1867 "for further examination," are still held in abeyance; that intervals of two years elapse between dates of survey of lands and dates of final approval of those surveys by the surveyors-general.

The officials of the same company charge that the rates for surveying the lands covered by the grant, as fixed by the Commissioner of the General Land Office, have been so low as to wholly arrest the progress of surveys within the grant.

Two instances are cited in support of this charge by the officials referred to, who say that—

During the year 1886 the surveyor-general for the State of Nevada advertised for bids for survey relating to 345 townships of land within the limits of the grant to the Central Pacific Railroad Company in that State: that those 345 townships (embracing about one-half the area of the lands granted to the Central Pacific Railroad Company in the State of Nevada) are still unsurveyed. Specifications for these surveys and the amount which should be allowed as fees for the surveys were advertised, and the bids were to have been offered (according to the advertisement) on November 1st of that year. On the date on which these bids were to be opened not one bid had been received. The proposals had been rejected in their entirety by the surveyors. A like result has attended the offers of the Government for the completion of the surveys of land in California; and on the 1st of July, 1888, the surveyor-general of California returned to the Treasury of the United States the entire amount of the appropriations which had been made by Congress for the completion of the surveys of land in that State, notifying the Commissioner of the General Land Office at the same time that no responsible surveyor would enter into a contract for the completion of the surveys, as the rate of compensation offered by the Commissioner was entirely too low.

The statement of the land agent of the Central Pacific Railroad Company would indicate that the excess of applications for patents over the number of patents issued is 622,000 acres. The letter of the Commissioner of the General Land Office dated May 31, 1887, indicates that applications for 546,000 acres are pending. A difference in dates may account for this seeming discrepancy.

The railroad officials charge that one-half the lands have not been surveyed because of the policy of the Commissioner of the General Land Office; that surveying for the past two years has been almost wholly suspended, and that the Commissioner of the General Land Office has imposed onerous and unreasonable rules of practice in connection with the disapproval of the mineral character of the land.

They further charge that on June 30, 1882, the then Commissioner of the General Land Office reported that his Bureau was several years in arrears, and that from 1882 to 1886 the number of acres pending before the Department on account of railroad land grants has increased from 2,000,000 to 16,000,000 acres; that the present Commissioner had examined and certified but 100,000 acres in one year, out of a total of over 16,000,000 acres, while the average in the previous years had been 684,000 acres; and at the present rate it would require one hundred and sixty years to dispose of pending applications, and that the company could select 1,000,000 acres next year if pending patents were acted upon.

As to these complaints the Commission would be glad to have the views and information of the Interior Department.

The land commissioner of the Kansas Pacific road declares that his company applied for and paid the fees for patents on 1,000,000 acres of land since 1881, and that up to this time no patents have been granted. If this declaration be correct the Commission will feel obliged for a statement of the causes of delay.

In the examination of the books of the Union Pacific Railroad Company, at Omaha, it was ascertained that that company had been acquiring the ownership of coal lands by making entries in the names of various individuals and by paying the costs of the entries. Are there any facts in the possession of the Interior Department that in any way connect that company with such ownership?

At Kansas City, Hon. John P. Usher, counsel for the Union Pacific Company, insisted that the company had a claim for old sections in the diminished Delaware reserve. Can you kindly inform me as to the facts respecting this claim?

In the letter heretofore referred to from the Commissioner of the General Land Office to the Secretary of the Interior, dated May 31, 1887, here appears a statement that applications for patents on 4,310.17 acres of land selected by the Sioux City and Pacific Railroad Company are still pending. As that company disposed of all its rights to its land grant in 1874, the Commission desires to be informed as to whether these pending applications are of recent date, or whether they were before the years mentioned and whether the claim is a legal and just one.

Will you be good enough also to inform the Commission whether the bond-aided roads have observed all the duties imposed upon them in connection with their land grants; also what time was consumed by the companies in applying for patents after surveys had been made?

Will you also be good enough to cause to be furnished to the Commission a statement of the balances on deposit each year by each such company for surveying, selecting, and conveying lands. Also copies of calls made by the Secretary of the Interior upon bond-aided railroad companies for payment of costs of selection under the act of June 10, 1886.

Also a statement showing to what extent the bond-aided railroad companies have been selling or transferring uncertified lands.

In connection with the work of the Bureau of Railroads, the Commission desires to ask:

(1) Whether it has been the practice of the Commissioner of Railroads to disallow all insufficient vouchers?

(2) Upon what matters, if any, there are existing differences between the bond-aided companies and the Government?

(3) A statement of the unadjusted accounts between said companies and the Government and the reasons therefor.

(4) In the years 1870, 1872, and 1878, it appears on a superficial examination that the Sioux City and Pacific Railroad Company had net earnings in excess of the interest on its first mortgage bonds, but did not pay a percentage on its net earnings for those years into the Treasury. Do these facts tally with the records, if there be any, for those years in the office of the Commissioner of Railroads?

(5) The president of the Sioux City and Pacific Railroad Company stated to the Commission that the company which he represented had refused to pay its percentage of net earnings for recent years into the Treasury because of the refusal of the Government to allow the company credits for transportation. To what extent does the information in possession of the Commissioner of Railroads bear out this assertion?

A prompt answer to this letter is earnestly solicited in view of the fact that the Commission has only a few weeks in which to prepare its final report for submission to the President. It should be stated that the Commission has been unable to present these matters to your notice at an earlier date because most of the matters referred to were brought out in testimony in California.

I have the honor to remain, very respectfully, your obedient servant,  
ROBERT E. PATTON,

Chairman.

Hon. L. Q. C. LAMAR,

Secretary of the Interior, Washington, D. C.

DEPARTMENT OF THE INTERIOR,  
Washington, November 30, 1867.

SIR: In answer to your request, in letter of 4th instant, for certain information relating to the bonded Pacific railroads, I inclose herewith copy of report of 28th instant from the Acting Commissioner of the General Land Office, with its inclosures; also copy of report of to-day from the Commissioner of Railroads.

Very respectfully,

D. L. HAWKINS,  
Assistant Secretary.

CHAIRMAN PACIFIC RAILWAY COMMISSION.

DEPARTMENT OF THE INTERIOR,  
GENERAL LAND OFFICE,  
Washington, D. C., November 23, 1867.

SIR: I am in receipt, through reference by the Department for report, of a letter from Hon. Robert B. Pattison, chairman of the Pacific Railway Commission, asking on behalf of said Commission to be furnished with certain information respecting the bonded Pacific railroads, in reply to which I have the honor to submit the following:

(1) Reference is made to section 8 of the act of July 1, 1862 (12 Stat. 489), which requires the roads therein mentioned to transmit dispatches over their telegraph lines and to transport supplies and public stores over their railroads for the Government when required to do so by any Department thereof, and to give the Government at all times the preference in the use of the same at fair and reasonable rates of compensation, not to exceed the amount paid by private parties for the same kind of service. Information is asked whether these provisions have been complied with so far as this Department is concerned.

The roads in question furnish transportation for the agents and officers of this office engaged on public business when required to do so upon the order of this office and the Department. Only the regular tariff rates are charged for such transportation. The companies mentioned do not own the telegraph lines along the lines of their respective roads, and hence do not transmit official telegrams.

(2) Reference is made to my letter of May 31 last, addressed to you, and by you transmitted to the Commission, at the close of which is a recapitulation showing the number of acres selected, the estimated number of acres granted, and the estimated number of acres unselected by the bonded railroad companies. It is stated that the total of acres selected and the acres unselected when added together do not equal the number of acres granted, and an explanation of this seeming discrepancy is asked.

An examination of the recapitulation in question shows that as respects the Union Pacific, Central Pacific, and Kansas Pacific railroads the number of acres selected, when added to the number of acres unselected, equal the estimated numbers of acres granted.

With respect to the Central Branch Union Pacific, Western Pacific, and Sioux City and Pacific railroads, the table in question shows only the number of acres selected, the number unselected and the number granted being omitted. This omission is explained on page 21 of the letter, where it is stated that as said roads have selected practically all the lands within the limits of their respective grants which were

subject thereto, except perhaps isolated tracts, no estimate of the number of acres granted would be submitted.

The recapitulation was intended to show the number of acres of the classes mentioned embraced within the grant for each particular road. It was not expected that the sum of the first and third columns would be equal to the third. Had such been the case, an estimate of the number of acres granted and the number remaining unselected would have been made and inserted in the proper column.

The nearest estimate of the number of acres granted to the three roads last mentioned that can be given at this time, or in advance of a final adjustment of the grants, is the number of acres selected by each of said companies as set forth in my letter above referred to.

(3) It is stated that the Central Pacific Railroad officials declare that when the Union and Central Pacific railroads were completed, the Government raised the price of land to double the minimum valuation, and that at the present time there is twice as much railroad land under cultivation as there is of land obtained by the settler direct from the Government. Request is made to have the Commission placed in possession of the facts bearing on these statements, and for an estimate of the comparative cost to settlers of Government and of railroad land.

Neither the act of July 1, 1862, nor July 2, 1864, contain any specific provisions increasing the price of the alternate sections reserved to the United States within the limits of the several grants made thereby.

The price of such alternate reserved sections was, however, regulated by general law (act March 3, 1850, 10 Stat., 244), which fixed the price of alternate reserved sections along the limits of all railroads, in aid of the construction of which public lands had been or might thereafter be granted, at \$2.50 per acre.

By act of Congress approved March 3, 1869 (15 Stat., 30), it was provided that nothing in the Pacific railroad act of July 1, 1862, and the acts amendatory thereof should be construed to authorize the withdrawal or exclusion from settlement and entry under provisions of the pre-emption or homestead laws of the even-numbered sections along the routes of the several roads therein mentioned which had been or might hereafter be located. It was further provided that such sections should be rated at \$2.50 per acre, and be subject to entry only under the homestead and pre-emption laws. The act did not change the price of such lands, but left the same as fixed by the act of 1853.

I am unable to give any information respecting the quantity of railroad land under cultivation as compared to the quantity obtained from the Government by settlers.

Neither can I furnish an estimate of the comparative cost to settlers of Government and of railroad lands, being without information as to the prices charged by the railroad companies for their lands.

(4) It is stated that the Central Pacific Railroad Company claims that it has observed all the obligations imposed upon it and that there has been no delinquency upon its part in connection with the patenting of its lands; that there has never been a time when the Government was able to meet the requirements of the company with reference to land patents as promptly as the patents were asked for, and that they have lost over \$400,000 through the Government's delay, as well as large sections of mineral lands which at the time of the completion of the road were not known to be mineral lands.

It is also stated that the officers of the Central Pacific Railroad allege that on March 22, 1869, there was a suspension of the issuance of pa

but it is obvious from subsequent correspondence of was ordered in view of the joint resolution approve Stat., 66), then pending in Congress, which authorized of a board of five eminent citizens to examine and report of the Union Pacific and Central Pacific Railroad.

By letter dated November 3, 1869, Secretary Cox the Commission appointed to examine the Union Pacific Railroad had reported, and its report been the basis of an adjustment of the accounts between and said companies, authorized this office to continue of lands to such companies under their grants as directed. In addition to the bonds retained by the security for the completion of said roads in matters one-half of the lands ready for patenting, viz, sections were to be suspended until further directions from

The other half, viz, sections 1, 5, 9, etc., were entered as fast as surveys and other preliminaries were

On February 1, 1870, Secretary Cox revoked the 22, 1869, so far as the same related to the Western Company.

November 13, 1874, Secretary Dolans, by direction revoked the partial suspension of November 3, 1869 sale of patent to the Union Pacific and Central Pacific for all lands inuring to them, the Commissioners appear year to re-examine said roads having reported that pleted as first-class railroads, fully complying with law and the instructions of the Department.

In regard to the statement of the company that it a time when the Government was able to meet the company with reference to land patents as promptly asked for, I have to say that said statement is not a records of this office. On the contrary, it appears been issued within an short periods after selections were consistent with proper and careful examination

## SAN FRANCISCO DISTRICT.

Date of selection.	No. of acres.	Date of patent.	Acres patented.
.....	1,418.47	June 23, 1867	2,160.61
.....	.....	Mar. 25, 1869	17.90
.....	13,231.80	June 29, 1867	4,302.28
.....	.....	May 31, 1870	8,511.71
.....	3,693.28	June 23, 1867	5,808.58
.....	.....	Mar. 25, 1869	22.70
.....	2,303.77	Mar. 25, 1869	2,303.77
.....	2,652.74	Mar. 25, 1869	2,448.13
.....	52,984.34	Mar. 25, 1870	368.62
.....	100,000.15	Mar. 25, 1870	52,007.53
.....	12,421.86	May 21, 1870	102,615.80
.....	.....	Apr. 3, 1872	9,809.21
.....	40,457.50	Dec. 24, 1872	39,840.10
.....	9,440.67	Feb. 24, 1873	6,312.00
.....	.....	May 7, 1874	414.74
.....	1,151.17	Aug. 28, 1874	215.20
.....	.....	Nov. 25, 1874	41.56
.....	10,124.17	Nov. 25, 1874	10,124.17
.....	2,261.24	July 22, 1875	2,261.24
.....	1,002.23	Nov. 22, 1875	1,002.23
.....	.....	July 15, 1880	460.50
.....	3,374.86	Sept. 5, 1878	1,774.40
.....	442.34	June 6, 1879	240.00
.....	.....	Nov. 25, 1884	292.34
.....	658.07	July 15, 1880	278.07
.....	.....	July 21, 1881	240.40
.....	10,812.50	June 28, 1883	11,512.50
.....	218.84	.....	.....
.....	2,133.04	Oct. 4, 1884	2,353.84
.....	3,881.14	.....	.....

y in acreage between the selections and patents is due upon examination it was found that portions of the 1 not inure to the grant, being excepted therefrom by is appropriations or reservations, or that at the time prepared portions of the selected lands were covered adverse claims, or were involved in cases pending be- ent. In the latter class, where the cases were finally of the company, the lands involved were included in immediately subsequent to final decision, but the time ring this communication has not been sufficient to fol- when each particular tract was patented to the com-

st No. 2, selected December 11, 1866, embracing 13,231 observed that 4,502.28 acres thereof were patented to June 29, 1867, while 8,511.71 acres thereof were not ay 31, 1870.

the delay in this case was that it was found upon ex- he selected lands omitted from the first patent were with the company's constructed road. On January 21, ut accepted evidence of construction of that section of id lands, and within a short time thereafter, on May o were carried into patent. The complaint of the com- are lost large sections of mineral lands through official patents, which at the time of the complat own to be mineral lands, seems hardly wort

always endeavored to exclude from pe- ral lands, and to exercise the greatest

taining whether or not the lands selected were mineral in character; but notwithstanding the care which has been exercised numerous complaints have been received that lands known to be mineral have been patented.

If the efforts of this office have resulted in many cases in turning the Government lands to which the company was not entitled, and which were excepted from the railroad grant by the express terms thereof, said company certainly has no right to complain, and the fact that it has complained is indicative of a disposition and desire to wrongfully acquire title to lands to which it has and can have no legal right.

As to selection lists No. 22 and 24 and part of list No. 23, still remaining unpatented, action was suspended thereon for a time because the principle governing the company's right to the lands was involved in a case pending before the Department which was finally determined in favor of the company December 16, 1886. (*Case of Rees vs. U. P. R. R. Co.*, 6 L. D. 277.)

Action is still suspended on said lists for the reason that in certain railroad selections in California it was required by this office, as a precautionary measure, that special affidavits should be filed by the company, showing the non-mineral character of the lands selected, substantially the same as are required in agricultural cases generally. This requirement was resisted by the company interested, and the matter is now pending on appeal before the Department. If said requirement is finally sustained it will be proper to require non-mineral affidavits as to the lands embraced in the lists referred to. Otherwise, said lists will be examined and patents prepared thereon as soon as the question above stated is settled.

(5) The statement of the company as to the rapid increase of pending railroad selections between the years 1883 and 1886, and the small proportion thereof which has been examined and certified by this office, is substantially correct. The present Secretary of the Interior has, however, given directions for the adjustment of railroad land grants as rapidly as possible, and said directions are being carried into effect to the full extent of the ability of the clerical force of this office available for that purpose.

(6) The discrepancy existing between the statement of the land agent of the Central Pacific Railroad Company and the letter of the Commissioner of the General Land Office, dated May 31, 1887, as to the excess of applications for patents over the number of patents issued, may be accounted for by the fact that many of the lands applied for by the company, whose claim thereto has been finally rejected, are included in the company's statement and omitted from said letter, and the further fact that selections have been made by the company and included in its statement since the statement contained in said letter was prepared.

(7) In regard to pending selections by the Kansas Pacific Railroad Company, I have to say that in the fall of 1883 the agent of the State of Kansas, Hon. S. J. Crawford, filed in this office a brief setting forth that said company had abandoned its grant of lands by failure to construct its road, wholly or in part, on the line indicated by its map of general route, and for this reason action on the company's selections was suspended by Commissioner McFarland. The matter is now in process of examination and will probably be settled in a short time.

(8) In response to the inquiry as to whether there are any facts in the possession of this Department that in any way connect the Union Pacific Railroad Company with the ownership of coal lands to which said company has acquired title by making entries in the name of



various individuals and by paying the cost of the entries, I have to say that a special investigation of certain entries at Omaha disclosed that most, if not all, the parties making the entries were at the date of entry in the regular employ of the Union Pacific Railroad Company and admitted that they did not pay for the lands, but refused to volunteer any further information for fear of impairing their relations with said company. If desired, the names of the entrymen referred to, with a description of the lands entered and the report of the special investigation, can be furnished.

(9) Inquiry is made concerning the facts connected with the claim of the Union Pacific Railroad Company for odd sections of land in the diminished Delaware Reserve. In the treaties between the United States and the Delaware Indians, of May 30, 1860, and July 2, 1861, the Delawarees agreed to sell to the Leavenworth, Pawnee and Western Railroad Company (afterwards the Union Pacific Railroad Company, Eastern Division), at their appraised value, the surplus lands, both odd and even sections, within their reservation, not included in their home reserve. During the years 1867 and 1868 three patents, covering 223,800.81 acres of land, appraised at \$280,052.824, were issued to the Union Pacific Railroad Company, Eastern Division, under said treaties. It is presumed that these are the lands referred to.

(10) The pending selections by the Sioux City and Pacific Railroad Company, amounting to 1,937.79 acres, made since the year 1863, are considered valid, if found upon examination to be free from adverse claim. The fact that the company has heretofore disposed of its land grants is not considered material in considering the question by this office as to what lands passed under its grant. A statement is inclosed showing the amount of deposit at the end of each year for surveying by each of the six bond-aided roads.

(11) The Commission also asks whether the bond-aided roads have observed all the duties imposed upon them in connection with their land grants and what time was consumed by the companies in applying for patents after survey had been made. A request similar in character was made by the Commission in a letter dated June 23 last.

To give this information in detail would require a statement showing the dates of survey of each of the numerous townships and parts of townships within the limits of the grants in question, together with the dates of selection of the lands in such townships. To furnish the information in this form, with the force at the command of this office, would be impracticable.

It will perhaps be sufficient to say, however, that the Western Pacific, the Sioux City and Pacific, and the Central Branch Union Pacific made their selections without any unusual delay. All, or about all, the lands within the limits of said grants were surveyed at the dates of the completion of the respective roads, and the bulk of the lands as to which there was no question were selected within the course of three or four years.

It is obvious, however, that the Union Pacific, the Kansas Pacific, and the Central Pacific Railroad companies have been guilty of unreasonable delay in making their selections. For instance, the grant to the Union Pacific Railroad Company in the State of Nebraska amounts to about 4,853,844 acres. Of these all but about 245,000 acres had been surveyed prior to the completion of the last section of the road in 1869, and the survey of the remaining lands was completed during the year 1877. Although ten years have elapsed since the completion of the survey within the limits of its grant in said State the company

selected but 3,024,444 acres, the same being less than two-thirds of its grant therein.

The grant to said company in the State of Colorado amounts to about 530,000 acres, of which about 150,000 were surveyed at the date of the completion of the road in 1869, and all of which are now surveyed. It has selected but 640 acres in said State, and that was of an even-numbered section, selected under the special indemnity act of June 22, 1874.

Its grant in Wyoming amounts to about 5,016,000, of which all but about 50,000 acres have been surveyed; two-thirds of which was surveyed prior to 1876. Up to this time it has selected but 80,317 acres in said Territory.

Its grant in Utah amounts to about 850,000, of which about 65,000 acres were surveyed at date of the completion of the road in 1869. About one-half the grant was surveyed prior to 1876, and about 570,000 acres are still unsurveyed. The company has selected but 42,380 acres in said Territory.

The grant to the Kansas Pacific Railroad Company to the State of Kansas amounts to about 4,000,000 acres. Of this amount all but about 208,000 acres was surveyed at the completion and acceptance of the last section of said company's road, which occurred October 11, 1872, and surveys of the whole were completed during the year 1876. Although thirteen years have elapsed since the completion of the surveys, the company has selected but 1,716,671.90 acres—less than one-half its grant in the said State.

Its grant in the State of Colorado is estimated at about 2,000,000 acres. Of this about 1,200,000 acres were surveyed prior to 1876, and the survey of the whole was completed during the year 1883. It has selected altogether in said State but 71,590.03, or less than one-twentieth of its grant therein. The grant to the Central Pacific Railroad Company in the State of California is estimated at 1,600,000 acres. Of this amount about 1,000,000 acres were surveyed prior to the completion of said company's road, and all but about 60,000 acres are now surveyed. The company has selected 819,768.37 acres, or about one-half of its grant in said State.

The grant to said company in the State of Nevada amounts to about 5,100,000 acres, of which about 700,000 acres were surveyed at the date of the completion of the road and about 2,000,000 are now surveyed. The company has selected 517,312.23 acres, or about one-fourth of the surveyed lands within its grant in said State.

Its grant in the Territory of Utah amounts to about 1,300,000 acres. Of this about 250,000 acres were surveyed at the date of the completion of the road in 1869, and about 850,000 acres are now surveyed. The railroad company made no selections whatever in said Territory until February, 1884, nearly fifteen years after the completion of its road, and has selected, all told, but 517,312.23 acres therein.

(12) Owing to pressure of business no lists of lands have as yet been prepared for patenting under act of May 10, 1894, and no calls made by this Department on the bond-aided companies for payment of cost of selections under said act.

(13) This office has no information showing to what extent the bond-aided railroad companies have been selling or transferring surveyed lands.

(14) Referring to the statement that intervals of two years elapse between the dates of survey of lands and dates of final approval of the surveyor-general, I have to state that as no particular contracts

surveys which have been thus delayed are mentioned it is not practicable for this office to make a definite reply to the allegation, but if such delays have occurred they may have been due to the failure on the part of the deputy surveyor to make returns promptly upon completion of his field work, or to inadequate appropriations for clerical services in the office of the surveyor-general which rendered it impracticable to construct the necessary plats and prepare transcripts of field notes within a reasonable time after the receipt of the returns.

Heretofore it has been the practice in the offices of the several surveyors-general to cause the returns of surveys to be examined, and if upon such office examinations the surveys appeared to have been properly executed the requisite plats and transcripts were prepared, the surveys approved and the duplicate plats and field notes forwarded to this office for final action. The examinations in the field during the past years (and especially in California) have proved conclusively that a very large proportion of the surveys executed under contracts made prior to the incoming of the present administration were fraudulent in character.

Under date of April 1, 1887, the United States surveyor-general of California advised this office that he had approved several surveys and accounts contracted under his predecessor, but in future he should refuse to do so except under special instructions or after the work had been verified in the field. In reply the surveyor-general was advised that his approval or rejection of a survey was a matter within his own judgment and discretion, and that this office would not instruct him in the matter of approval, but that in case he rejected a survey he should do so formally and notify the deputy accordingly. Soon after assuming the duties of his office, Commissioner Sparks deemed it proper, in view of developments made by field examinations and of the complaints against the inaccuracy of surveys in many localities, to suspend action in the matter of acceptance of and payment for surveys until the same could be examined in the field. Owing to the limited means placed at his disposal of this office for the conduct of field examinations, and the large number of surveying returns subsequently received, this rule caused delay in the acceptance of surveys in many cases, but the number of fraudulent and defective surveys in several surveying districts which have been brought to light by the rigid examinations of the past two years fully justifies the conclusion to suspend final action upon surveying returns until the true character of the work could be ascertained.

Under date of April 5, 1886, the surveyor-general of Nevada was advised of the apportionment to his district of the sum of \$10,000 from the appropriation for the fiscal year ending June 30, 1886. He was instructed that the contracts must state specific rates, and that only the minimum rates per mile provided in the appropriation act would be allowed without special authority from this office, and that if a survey was proposed for which augmented rates were necessary the surveyor-general must forward a statement showing the reason why the survey is required and specifically why augmented rates should be allowed, setting forth the character of the land and all particulars necessary to the formation of a judgment by the commissioner upon the question of authorizing such contract. The instructions stated further that the present policy of this office is to confine the survey of public the agricultural lands embracing existing settlement or any contiguous to such settlements and within regular progress of settlement. In a letter dated May 13, 1886, the surveyor-general of Nevada was advised of the instructions from this office dated April 5, 1886, and

surveyors in his district would not compete for the execution of surveys at the minimum rates allowed by said instructions, that Nevada is not an agricultural State and presents no attractions for the settler; that there are not a dozen quarter-sections in the State worth settling upon; that the grazing interest is, after mining, the main industry; that the demand for lands now comes from the present and prospective cattle interests who desire to occupy the valleys embracing the creeks and springs for stock purposes. In reply he was informed that from the admissions in his letter, which present the existing condition of the land, agricultural, and grazing interests of Nevada in a frank and satisfactory manner, it was evident that further surveys in the interest of actual settlers under the provisions of the homestead and pre-emption laws are not needed at present, and that "under existing official regulations and the present status of the industries of the State of Nevada, the only surveys permissible are of the lands situate on either side of the line and within the limits of the Central Pacific Railroad Company. If any surveys can be effected thereon you are requested to present the data regarding the same for my examination and action."

Contracts aggregating \$8,948 were subsequently awarded. One of these contracts falling within the railroad grant was approved; the others were rejected as not complying with regulations.

By letter dated September 22, 1886, the surveyor-general of Nevada was advised of the appropriation of \$30,000 per act of August 4, 1886, for surveying the public lands in Nevada, and was instructed that the lands within the grant to the railroad company should be surveyed in reference to other lands.

He was authorized to list and call for bids for the survey of all remaining unsurveyed lands situate on either side of the line of the railroad within the granted limits in the State of Nevada at rates of mileage not to exceed the maximum allowed by law.

Contracts to the entire amount of the appropriation have been let for surveys within the railroad grant in Nevada and the surveys are now in process of execution.

In the matter of the apportionment for the survey of public lands in California during the fiscal year ending June 30, 1886, the records show that under date of February 10, 1886, the surveyor-general was advised of the apportionment of the sum of \$17,500 for surveys in that State. He was informed that under contracts for the subdivision of a township the survey of such township must be completed in its entirety, unless natural obstacles render such completion absolutely impossible; that the practice of surveying the easier portions of a township and omitting the more difficult portions would not be permitted; that his first attention must be given to closing up the fractional surveys which had theretofore been made in that manner, and that except as stated "you will confine the expenditure of the present appropriation exclusively to agricultural lands and will restrict township surveys to lands within the range of the progress of settlement." Contracts will not be made for the survey "of townships remote from settlement nor for the survey of forests nor of heavily timbered lands."

The restrictions as to surveying rates in California were the same as given to the surveyor-general of Nevada in a letter of April 5, 1886, cited above.

Under date of March 24, 1886, the surveyor-general of California, referring to office letter of February 10, 1886, urged that augmented rates be allowed for all the surveys to be contracted in his district.

To this request this office replied April 2, 1886, that it was not disposed to give general authority to contract for surveys at the

quoted rates, and insisted upon the presentation of all the facts showing the necessity for the survey of lands requiring augmented rates before sanctioning the letting of contracts at such rates.

On March 20, 1886, the surveyor-general submitted a list of townships in southern California, which he proposed putting under contract, the cost, about \$5,000, to be paid from amounts deposited by the Central Pacific Railroad Company and its branches, and requested, in view of the rough and mountainous character of the lands, that augmented rates be allowed in the letting of this contract.

By letter dated April 8, 1886, the surveyor-general was authorized to invite proposals for the survey of the townships named, at rates not exceeding \$13 per mile for standard and meander lines; \$11 for township and \$7 for section lines, the same being the augmented rates provided in the act approved March 3, 1885, for the survey of "lands heavily timbered, mountainous, or covered with dense undergrowth."

On May 21, 1886, the surveyor-general advised this office that notice inviting bids for this work had been posted in his office and in the United States land office at Los Angeles, as required by instructions, but no bids had been received. On April 14, 1886, the surveyor-general submitted a list of eleven townships in southeastern California which he deemed advisable to put under contract for survey, payable from the regular appropriation, and stated that from information obtained through settlers and others it appeared that the country sought to be surveyed was of such a character that a survey could not be made at the rates allowed, and requested to be permitted to enter into contract for the survey of said townships at augmented rates under section 2405, Revised Statutes, United States, viz, \$13 for standard parallels, \$16 for township and \$14 for section lines.

To this request the office replied under date of April 24, 1886, that—

The augmented rates specified in section 2405, Revised Statutes, for the survey of lands densely covered with forest or thick undergrowth (\$13, \$16, and \$14) are allowable only at my discretion.

The act approved March 3, 1885, making appropriation for the survey of public lands, specifically provides that the Commissioner may allow for the survey of lines through heavily timbered, mountainous, or covered with dense undergrowth, \$13, \$14, and \$7 per mile for standard, township, and section lines, respectively, with lesser augmented rates for Oregon and Washington Territory.

In view of this later enactment, which limits my discretion to given rates, I do not deem it proper to consider those named in section 2405 of the Revised Statutes, United States, and must decline to authorize you to contract for surveys thereunder.

An application dated April 12, 1886, by Mr. Jerome W. Madden, land agent of the Southern Pacific Railroad Company, for the survey of certain lands in southern California, was filed in this office by Hon. Leland Stanford, United States Senator, and under date of May 3, 1886, the surveyor-general was authorized to advertise for proposals for the survey, and the restrictions as to minimum rates and timber lands were waived in this instance.

Under date of May 23, 1886, in replying to a letter from the surveyor-general, dated May 14, he was advised that—

Until the implied restriction of the Revised Statute rates shall have been modified or omitted in the act making appropriation for public surveys, I do not deem it expedient to entertain any suggestion as to their allowance.

From the foregoing it will appear that the only contract let by the surveyor-general of Nevada within the railroad grant, and payable from the appropriation for the year ending June 30, 1886, was approved by this office, and that the entire appropriation of \$30,000 for surveys in Nevada during the year ending June 30, 1887, has been applied to surveys within the railroad grant and contracts therefor duly approved.

JANUARY 1, 1873.

Leavenworth.  
Lawrence. Kansas City.

to Eastern Division  
\$240,000.00

Grant, \$3,000,000.00

Grant, \$1,500,000.00

Leavenworth Branch  
\$800,000.00

As to surveys in California the surveyor-general was authorized to advertise for proposals at not exceeding the minimum rates allowed by the appropriation act, and instructed in all cases where surveys were proposed for which augmented rates were necessary to forward a full statement of the reason why the survey was required, why augmented rates should be allowed, and all particulars necessary for this office to judge of the propriety of authorizing contracts for such work. No new tracks were let even at the augmented rates allowed by the appropriation act, and this office regarded said act as limiting its discretion to the rates therein named and declined to authorize surveys at the rates named in section 2105, Revised Statutes of the United States.

The acts making appropriations for public land surveys for the fiscal years ending June 30, 1887 and 1888, make no provision for augmented rates.

The Commission's letter is herewith returned.

I am, sir, very respectfully, your obedient servant,

S. M. STOCKSLAGER,  
*Acting Commissioner.*

Hon. L. Q. C. LAMAR,  
*Secretary of the Interior.*

DEPARTMENT OF THE INTERIOR,  
OFFICE OF COMMISSIONER OF RAILROADS,  
Washington, November 30, 1887.

SIR: I received yesterday for the second time the questions of the chairman of the "U. S. Pacific Commission" referred to me by the Department on the 7th instant, but returned unanswered, for the reason then given. Upon verbal instructions given yesterday I now reply to them.

In connection with the work of the Bureau of Railroads, the Commission desires to ask:

(1) Whether it has been the practice of the Commissioner of Railroads to disallow all insufficient vouchers?

Answer. I have found none. Had I, they would have been treated as an honest man treats counterfeit money.

(2) Upon what matters, if any, there are existing differences between the bonded companies and the Government?

Answer. The only such differences that occur to me are two cases between the Union Pacific Railway Company and the Government—whether the earnings of the Union Pacific Company's bridge at Omaha and those of its Pullman sleeping-cars, are liable for a percentage to the Government; this Department decided that it was. The company paid, but instituted suit in the Court of Claims to recover the two sums.

(3) A statement of the unadjusted accounts between said companies and the Government and the reasons therefor?

Answer. There are none such.

(4) In the years 1870, 1872, and 1878 it appears on a superficial examination that the Sioux City and Pacific Railroad Company had net earnings in excess of the interest on its first-mortgage bonds, but did not pay a percentage on its net earnings for those years into the Treasury. Do these facts tally with the records, if there be any for those years, in the office of the Commissioner of Railroads?

Answer. The United States circuit court, District of Iowa, in its October term, 1876, decided that the Sioux City and Pacific Railroad Com-

pany's earnings up to October 31, 1874, were not more than sufficient to pay the interest on its first-mortgage bonds, and the Supreme Court affirmed the decision, and the records of this office show that the earnings of the road from November 1, 1874, to June 30, 1879, were not equal to the interest on the first-mortgage bonds, therefore nothing was due from the company to the Government in all that period.

(5) The president of the Sioux City and Pacific Railroad Company stated to the Commission that the company which he represented had refused to pay its percentage of net earnings for recent years into the Treasury because of the refusal of the Government to allow the company credits for transportation. To what extent does the information in possession of the Commissioner of Railroads bear out this assertion?

Answer. There is no information in this office to bear out the assertion of the president of the Sioux City and Pacific Railroad Company. This company instituted suit in the Court of Claims April 13, 1886, to recover one-half of the Government transportation on the aided portion of the road and the entire transportation on the non-aided portion from October, 1879, to July, 1884. Judgment was rendered against the United States, and on August 23, 1886, the sum of \$83,766.80 was paid the company in cash.

Respectfully submitted.

J. E. JOHNSTON,  
Commissioner.

HON. L. Q. C. LAMAR,  
Secretary of the Interior.

*Sioux City and Pacific Railroad Company.*

De.				Cr.			
Date.		Field.	Office.	Date.		Field.	Office.
1880. Dec. 31	To balance .....	\$178.00	\$21.44	1880. July 21	By deposits .....	\$178.00	\$21.44
1882. Dec. 31	To balance .....	248.41	62.67	1879. Jan. 1	By balance .....	178.00	31.06
		248.41	62.67	1883. Feb. 27	By deposits .....	76.72	21.91
						248.41	62.67

*Western Pacific Railroad Company.*

1885. Dec. 31	To balance .....	\$683.00	\$346.08	1884. Dec. 26	By deposits .....	\$711.00	
				28	do .....		\$250.00
				Oct. 13	do .....	162.00	96.00
		162.00	346.08			903.00	346.00
1887. Dec. 31	To balance .....	1,321.00	496.08	1887. Jan. 1	By balance .....	801.00	346.08
				Feb. 26	By deposits .....	313.00	
				26	do .....		183.00
				Aug. 16	do .....	185.00	
		1,321.00	496.00		do .....		33.00
						1,321.00	496.08
1888. Dec. 31	To balance .....	3,629.50	1,322.00	1888. Jan. 1	By balance .....	1,321.00	496.08
				Feb. 8	By deposits .....	120.00	43.00
				Jan. 7	do .....	2,078.00	793.00
		3,629.50	1,322.00			3,629.00	



## Western Pacific Railroad Company—Continued.

De.				Cr.			
Date.		Field.	Office.	Date.		Field.	Office.
1870				1880			
Dec. 31	To balance .....	\$5,956.18	\$1,000.30	Jan. 1	By balance ..	\$5,956.18	\$1,000.30
				Jan. 14	By deposits ..	2,325.86	400.20
		5,956.18	1,000.30			8,282.04	1,400.50
1871.				1871.			
Dec. 31	To balance .....	4,378.70	2,718.00	Jan. 1	By balance ..	5,956.18	1,400.50
				Feb. 2	By deposits ..	1,983.32	624.11
				July 25	do .....	50.10	25.00
				Aug. 14	do .....	418.00	81.40
		4,378.70	2,718.00			8,378.70	2,714.00
1871.				1872.			
Sept. 30	To expenditures ..	128.46	*12.85	Jan. 1	By balance ..	6,378.70	2,714.00
Nov. 30	do .....	2,379.37	*327.47	Jan. 1	By deposits ..	708.50	34.00
Aug. 31	do .....	418.00	*41.00	June 3	do .....		
Dec. 31	To balance .....	2,385.64	2,400.00			8,075.70	2,748.00
		8,075.70	2,748.00				
1875.				1876.			
Feb. 31	To expenditures ..	201.00	*20.10	Jan. 1	By balance ..	5,394.64	2,424.00
Aug. 30	do .....	282.00	*28.20	Aug. 6	By deposits ..	708.00	1.00
Jan. 31	do .....	280.00	*28.00			6,102.64	2,425.00
Feb. 24	do .....	1,753.04	*175.30				
Jan. 14	do .....	253.21	*25.32				
Dec. 31	To balance .....	2,385.29	2,302.18				
		1,004.84	2,421.00				
1877.				1878.			
Dec. 31	To balance .....	2,221.29	2,220.10	Jan. 1	By balance ..	2,302.29	2,220.10
				Jan. 25	By deposits ..	18.00	18.00
		2,221.29	2,238.10			2,320.29	2,238.10
1878.				1878.			
Oct. 29	To expenditures ..	1,210.00		Jan. 1	By balance ..	2,320.29	2,238.10
10	do .....	1,753.00		Feb. 12	By deposits ..	20.00	10.00
23	do .....		261.22	Oct. 31	do .....	13.00	4.00
Aug. 29	do .....	100.00		31	do .....	24.00	12.00
Dec. 31	To balance .....	379.29	1,004.00			2,377.29	2,262.10
		3,399.29	2,338.10				
1880.				1879.			
Dec. 31	To balance .....	335.22	1,037.00	Jan. 1	By balance ..	249.29	2,000.00
				Mar. 2	By deposits ..	70.00	25.00
				2	do .....	15.00	2.00
		335.22	1,037.00			334.29	1,027.00
1881				1881.			
Dec. 31	To balance .....	707.15	2,081.43	Jan. 1	By balance ..	335.29	1,027.00
				June 28	By deposits ..	4.00	2.00
				30	do .....	264.00	121.00
		707.15	2,081.43			707.29	2,081.00
1882.				1882.			
Dec. 31	To balance .....	781.61	2,067.25	Jan. 1	By balance ..	707.29	2,081.00
				Jan. 1	By deposits ..	5.00	1.00
				July 24	do .....	72.00	24.00
		781.61	2,067.25			784.29	2,067.00
1884.				1884.			
Dec. 31	To balance .....	1,154.12	2,210.12	Jan. 1	By balance ..	784.29	2,067.25
				Sept. 10	By deposits ..	27.17	79.00
				Oct. 17	do .....	282.24	64.12
		1,154.12	2,310.02			1,354.12	2,210.42

\* Estimated.

Central Pacific Railroad Company.

Central Pacific Railroad Company.								Ch.
Ja.								
Date.		Field.	Office.	Date.		Field.	Office.	
1865.				1865.				
Dec. 31	To balance.....	\$2,012.00	\$251.00	May 25	By deposits....	\$2,512.00		
		2,012.00	251.00	28	do.....		\$255.00	
1866.				1866.				
Dec. 31	To balance.....	\$,274.57	1,638.00	Jan. 1	By balance....	2,512.00	255.00	
				Jan. 10	By deposits....	1,001.67		
				10	do.....		513.00	
				Nov. 13	do.....	1,821.00		
				13	do.....		438.00	
		\$,274.57	1,638.00			\$,274.57	1,638.00	
1867.				1867.				
Dec. 31	To balance.....	7,534.57	2,325.33	Jan. 1	By balance....	\$,274.57	1,638.00	
				1871.				
				July 19	By deposits....	400.00	142.33	
				Dec. 28	do.....	280.00	344.00	
		7,534.57	2,325.33			7,534.57	2,325.33	
1868.				1872.				
Dec. 31	To balance.....	\$,623.37	2,857.23	Jan. 1	By balance....	7,534.57	2,325.33	
				Sept. 23	By deposits....	45.00	18.00	
				Oct. 19	do.....	1,043.00	211.00	
		\$,623.37	2,857.23			\$,623.37	2,857.23	
1872.				1872.				
Dec. 31	To balance.....	\$,123.37	2,957.23	Jan. 1	By balance....	\$,623.37	2,857.23	
				Aug. 7	By deposits....	900.00	100.00	
		\$,123.37	2,957.23			\$,123.37	2,957.23	
1874.				1874.				
Aug. 17	To expenditures.	200.00	*20.00	Jan. 1	By balance....	\$,123.37	2,957.23	
17	do	500.00	*50.00	Feb. 3	By deposits....		75.00	
Dec. 31	To balance.....	7,783.37	2,996.33					
		\$,123.37	2,957.23			\$,123.37	2,957.23	
1875.				1875.				
Jan. 14	To expenditures.	400.00	*40.00	Jan. 1	By balance....	7,783.37	2,996.33	
14	do	45.00	*4.50	8	By deposits....	832.28	945.28	
14	do	1,843.80	*184.38	Nov. 8	do	128.60	43.80	
Dec. 31	To balance.....	10,400.47	6,508.87	Jan. 28	do	2,205.07	2,781.33	
		10,400.47	6,508.87			10,400.47	6,508.87	
1876.				1876.				
Jan. 24	To expenditures.	2,512.00	*251.20	Jan. 1	By balance....	10,400.47	6,508.87	
24	do	1,831.57	*183.16	Feb. 23	By deposits....	284.60	132.00	
24	do	1,541.53	*154.15	Oct. 17	do	6.00	3.00	
Feb. 15	do	302.33	*30.23	Feb. 23	do	5,778.38	2,800.00	
Sept. 17	do	87.05	*8.70	23	do	5,207.85	1,425.07	
Oct. 18	do	2,005.70	*200.57					
Dec. 31	To balance.....	10,818.45	10,872.47					
		10,818.45	10,872.47			10,818.45	10,872.47	
1877.				1877.				
Jan. 19	To expenditures.	2,548.10	*254.81	Jan. 1	By balance....	10,818.45	10,872.47	
Dec. 31	To balance.....	10,497.58	10,838.17	July 20	By deposits....		18.00	
				Feb. 28	do.....	472.27	233.01	
		10,497.58	10,838.17			10,497.58	10,838.17	
1878.				1878.				
Apr. 10	To expenditures.		945.20	Jan. 1	By balance....	10,497.58	10,838.17	
10	do		33.73					
Aug. 20	do	125.00						
Mar. 18	do	5,417.57						
Aug. 20	do	304.00						
Oct. 22	do		58.85					
22	do		58.85					
Sept. 18	do	1,608.34						
Oct. 9	do		65.84					
9	do		60.50					
Dec. 31	To balance.....	\$,271.67	\$,296.50					
		10,637.56	10,838.17			10,637.56	10,838.17	

\* Estimated.

## Central Pacific Railroad Company—Continued.

De.				Cr.			
Date.		Field.	Office.	Date.		Field.	Office.
1879.				1879.			
Dec. 31	To expenditures	\$1,885.24	\$1,885.22	Jan. 1	By balance	\$2,371.07	\$2,368.88
Nov. 30	do	561.84	560.10				
Dec. 31	To balance	4,454.94	4,445.90				
		4,271.47	4,406.00			4,271.47	4,406.00
1880.				1880.			
Feb. 4	To expenditures		225.60	Jan. 1	By balance	4,434.84	4,431.90
Jan. 31	do	4,881.00		Jan. 17	By deposits	28.00	10.00
Feb. 28	do	2,853.34		Mar. 0	do	218.00	171.00
Apr. 19	do	2,042.25		Mar. 7	do	656.43	168.30
Feb. 14	do	432.44		Mar. 25	do	1,461.72	108.14
Feb. 16	do	2,808.79		Apr. 17	do	316.84	14.00
Aug. 11	do	45.70		Apr. 17	do	22.26	1.00
Oct. 11	do		25.00	May 4	do	250.27	91.00
Oct. 11	do		10.00	May 10	do	275.48	52.00
Oct. 15	do		85.00	May 19	do	117.34	76.70
			590.00	Aug. 22	do	1.02	16.00
Dec. 31	To balance		4,000.00	Aug. 29	do	102.30	91.00
		42,612.61	4,247.02	Dec. 31	By balance	2,628.56	
						2,612.43	4,247.02
1881.				1881.			
Jan. 1	To balance	4,028.46		Jan. 1	By balance		4,028.46
Dec. 31	To balance	703.61	4,406.12	Jan. 28	By deposits	4.70	2.70
		4,328.13	4,406.12	Jan. 29	do	31.30	12.00
				Jan. 29	do	10.16	2.70
				July 26	do	4,254.13	1,412.00
						4,228.17	4,406.12
1882.				1882.			
Dec. 31	To balance	1,368.51	4,450.01	Jan. 1	By balance	783.61	4,406.12
		1,746.51	4,450.01	Apr. 25	By deposits	651.72	101.00
				Nov. 17	do	1.20	0.00
						1,435.53	4,406.12
1883.				1883.			
Jan. 28	To expenditures		0.00	Jan. 1	By balance	1,368.51	4,406.12
Oct. 28	do	8,096.70	747.50	Jan. 4	By deposits	125.24	42.00
Dec. 31	To balance	4,136.49	10,850.12	Feb. 4	do	2,126.25	
				Feb. 4	do		67.20
				Apr. 1	do	683.17	211.17
				Aug. 5	do	25.70	
				Aug. 5	do		3.25
				Aug. 25	do	791.72	90.00
				Sept. 3	do	47.03	13.00
				Sept. 3	do	100.00	43.00
				Oct. 23	do	2,045.70	61.00
				Nov. 4	do	117.17	
				Nov. 4	do		10.00
				Dec. 31	do	717.64	20.00
		4,222.48	11,000.00			9,202.48	11,000.00
1884.				1884.			
Jan. 28	To expenditures		0.00	Jan. 1	By balance	4,128.40	10,850.00
Dec. 31	To balance	4,206.21	11,000.00	Jan. 7	By deposits	42.10	1.00
				Apr. 12	do	407.47	17.25
				Apr. 14	do	408.05	41.00
				Aug. 25	do	134.04	30.00
				Oct. 27	do	354.40	110.00
				Oct. 27	do	501.76	100.00
				Nov. 27	do	23.67	0.00
				Nov. 27	do	9.60	
				Nov. 27	do		1.25
				Nov. 27	do	402.87	
				Nov. 27	do		31.27
				Nov. 27	do	324.77	167.20
				Nov. 27	do	100.00	43.27
				Nov. 27	do	275.00	70.00
				Nov. 27	do	95.04	21.00
		4,206.21	11,000.00			9,206.21	11,000.00

\* Estimated.

## MISCELLANEOUS PAPERS.

4407

## Central Pacific Railroad Company—Continued.

CR.

a.		Field.	Office.	Date.		Field.	Office.
1				1886.			
20	To expenditures	22,595.00	*3054.00	Jan. 1	By balance	90,293.21	311,053.32
31	To balance	10,519.28	14,887.28	15	By deposits		285.17
				15	do	2,193.60	
				Feb. 20	do	427.54	182.61
				28	do	57.38	15.70
				Mar. 8	do	845.27	281.76
				15	do		111.83
				15	do	782.52	
				15	do		45.73
				15	do	325.09	
				Apr. 1	do	802.76	267.42
				19	do	288.77	
				19	do		41.44
				May 6	do	547.70	182.57
				June 8	do	214.20	104.56
				22	do	12.17	4.39
				29	do	626.46	183.40
				31	do	414.22	
				31	do		58.17
				31	do	950.80	
				31	do		127.15
				Aug. 6	do	385.84	126.66
				Sept. 7	do	196.45	85.48
				29	do	447.84	143.31
				Oct. 30	do	831.55	107.32
				31	do	84.80	26.10
				Nov. 29	do	1,186.54	398.75
				29	do	483.74	151.25
				Dec. 14	do	1,300.00	490.19
		22,019.28	14,887.28			21,612.28	14,887.28
21				1887.			
14	To expenditures	132.32		Jan. 1	By balance	15,519.28	14,887.28
15	To balance	36,040.54	10,911.34	Mar. 21	By deposits	1,778.00	
				21	do		251.00
				May 31	do	658.94	
				31	do		82.76
				July 14	do	658.34	218.44
				Oct. 13	do	3,302.38	1,844.10
				13	do	6,447.84	3,144.33
				13	do	189.88	58.23
				13	do	65.86	21.96
				13	do	964.00	284.79
				13	do	387.20	122.40
				13	do	171.03	57.01
				3	do	1,317.64	182.21
		36,767.32	10,911.34			36,767.32	10,911.34

\* Estimated.

Contracts outstanding under which no payments have yet been made.

Date.		Approved.	Amount.
Nov. 20, 1884	California	Dec. 1, 1884	\$1,712.60
do	do	do	2,228.00
Dec. 24, 1884	do	Jan. 6, 1885	6,720.00
Oct. 6, 1885	Utah	Oct. 23, 1885	3,081.05
June 24, 1886	do	July 7, 1886	1,537.16
Mar. 10, 1887	do	Apr. 5, 1887	1,191.50
July 9, 1887	do	Aug. 1, 1887	1,257.61
Sept. 1, 1887	do	Sept. 1, 1887	1,312.50
Total			19,181.98

## Union Pacific Railroad Company.

Dr.				Cr.			
Date.		Field.	Office.	Date.		Field.	Office.
1888.				1888.			
Dec. 31	To balance .....	651,850.28	65,627.50	July 31	By deposits .....	65,737.34	576.48
				Oct. 4	do .....	4,372.67	1,414.46
				July 31	do .....	625.30	18.61
				29	do .....	1,112.04	32.30
				29	do .....	188.26	24.31
				31	do .....	671.24	19.68
		11,888.35	2,427.50			11,850.28	2,427.50
1889.				1870.			
Jan. 7	To expenditures .....		41.51	Jan. 1	By balance .....	11,850.28	2,427.50
Apr. 11	do .....		255.00				
June 11	do .....		150.82				
Nov. 31	do .....	1,877.36					
Dec. 30	do .....	1,388.18					
20	do .....	1,341.56					
30	do .....	2,052.23					
Nov. 21	do .....	878.10	278.00				
Dec. 31	To balance .....	4,928.37	1,740.29				
		11,868.35	2,427.50				
1891.				1871.			
Mar. 31	To expenditures .....	1,834.16	182.00	Jan. 1	By balance .....	4,928.37	1,740.29
Apr. 19	do .....	35.00	1.00				
Dec. 31	To balance .....	1,127.24	1,554.10				
		4,968.37	1,740.29				
1894.				1872.			
Aug. 31	To expenditures .....	1,280.22	120.83	Jan. 1	By balance .....	3,127.21	1,740.29
Dec. 16	do .....	57.36	2.34				
21	To balance .....	5,423.47	2,188.33	1874.			
				Feb. 18	By deposits .....	4,508.11	36.11
				Nov. 4	do .....	400.00	10.00
				17	do .....	2,361.07	54.24
				17	do .....	325.50	10.55
				Nov. 16	do .....	183.29	2.00
		9,665.37	2,914.40			9,665.37	2,914.40
1895.				1875.			
May 6	To expenditures .....	334.88		Jan. 1	By balance .....	8,425.17	2,268.33
Feb. 24	do .....	3,410.18		Aug. 11	By deposits .....	14,657.24	1,957.75
Sept. 21	do .....	4,838.65		Aug. 11	do .....	24.63	4.00
29	do .....	508.70		11	do .....	38.63	1.75
Oct. 12	do .....		84.62	Oct. 6	do .....	2,353.00	26.50
16	do .....		273.00	6	do .....	2,256.70	26.04
18	do .....		273.00	Sept. 1	do .....	15.78	1.00
Nov. 5	do .....	1,538.10		Aug. 11	do .....	27.45	3.75
Dec. 3	do .....	1,501.00					
May 5	do .....	2,400.30	697.43				
Dec. 31	To balance .....	11,711.74	5,186.00				
		26,701.28	6,685.41			26,701.28	6,685.41
1896.				1876.			
May 5	To expenditures .....	10,723.07	767.31	Jan. 1	By balance .....	11,711.74	5,186.00
Sept. 14	do .....	600.48	780.65	Feb. 8	By deposits .....	27.64	2.25
May 5	do .....	628.81	702.88	Mar. 28	do .....	8.31	1.35
6	do .....	617.07	764.71	28	do .....	281.78	67.20
5	do .....	2,258.76	225.84	28	do .....	49.96	28.15
Dec. 31	To balance .....	5,502.08	4,568.78	Aug. 11	do .....	41.84	18.25
				13	do .....	71.19	6.15
				15	do .....	11.26	3.07
				Apr. 27	do .....	46.20	1.00
				Aug. 15	do .....	965.24	45.85
		13,220.57	5,346.32			13,220.57	5,346.32
1897.				1877.			
Dec. 31	To balance .....	5,304.49	4,583.88	Jan. 1	By balance .....	5,302.79	4,608.75
				Sept. 16	By deposits .....	32.11	1.30
						5,304.49	4,610.05
1898.				1878.			
July 2	To expenditures .....		230.40	Jan. 1	By balance .....		
Dec. 31	To balance .....	5,405.57	4,390.04	Nov. 30	By deposits .....		
		5,405.57	4,368.54				

\*Estimated.

## Union Pacific Railroad Company—Continued.

Dr.				Cr.			
Date.		Field.	Office.	Date.		Field.	Office.
1878.				1879.			
Feb. 27	To expenditures	\$305.75		Jan. 1	By balance	\$5,495.37	\$4,336.06
July 1	do		\$115.28				
Oct. 27	do		109.34				
Oct. 27	do	564.91					
Nov. 27	do	129.74					
Dec. 31	To balance	4,994.57	4,064.48				
		5,499.27	4,339.96			5,495.37	4,336.06
1880.				1880.			
Dec. 31	To balance	4,999.55	4,070.04	Jan. 1	By balance	4,994.83	4,044.48
				July 15	By deposits	22.49	5.12
				Sept. 21	do	192.22	29.44
		4,999.55	4,070.04			4,999.55	4,079.04
1881.				1881.			
Nov. 31	To balance	4,999.55	4,373.55	Jan. 1	By balance	4,999.55	4,079.04
				Feb. 27	By deposits	48.90	7.00
				May 28	do	45.16	9.74
				June 28	do	58.43	9.51
				June 28	do	401.84	61.76
				June 28	do	791.21	173.09
				May 19	do	45.98	3.60
				May 24	do	420.43	22.03
		4,999.55	4,373.55			4,999.55	4,373.55
1882.				1882.			
Dec. 31	To balance	10,293.25	8,293.00	Jan. 1	By balance	4,999.55	4,373.55
				Apr. 14	By deposits	132.96	29.84
				Apr. 18	do	78.19	17.61
				Apr. 19	do	2,598.58	561.60
		10,293.25	8,293.00			10,293.25	8,293.00
1883.				1883.			
Nov. 30	To expenditures	4,113.37	421.53	Jan. 1	By balance	10,293.25	8,293.00
Dec. 31	To balance	24,984.24	8,036.51	Feb. 28	By deposits	191.80	47.45
				Apr. 19	do	597.44	91.80
				Feb. 28	do	989.77	216.00
				Aug. 18	do	4,316.93	1,071.81
				Oct. 12	do	358.79	212.74
				Oct. 12	do	139.85	37.50
				Oct. 12	do	438.16	112.92
				Nov. 28	do	1,179.62	281.83
				Nov. 28	do	182.00	39.33
				Nov. 28	do	39.64	7.83
				Nov. 28	do	4,171.36	608.53
				Mar. 14	do	1,618.98	319.68
				Mar. 14	do	2,838.14	639.18
				Mar. 14	do	1,015.85	229.58
		24,984.24	8,497.94			24,984.24	8,497.94
1884.				1884.			
Nov. 29	To expenditures	8,268.44	929.84	Jan. 1	By balance	24,984.24	9,025.61
Dec. 12	do	2,191.16	218.11	May 23	By deposits	1,334.66	308.14
Dec. 31	do	4,067.88	476.77	May 26	do	346.50	80.92
Dec. 31	do	2,125.66	312.57	July 16	do	125.80	
Dec. 31	To balance	11,141.94	7,925.78	Aug. 16	do		17.68
		24,984.24	9,462.17			24,984.24	9,462.17
1885.				1885.			
Jan. 6	To expenditures	1,852.04	195.20	Jan. 1	By balance	11,141.94	7,925.78
Jan. 31	do	8,994.70	929.47	Feb. 25	By deposits	102.28	
Feb. 2	do	64.94	5.40	Feb. 25	do	424.52	
Feb. 2	do	4,297.43	629.24	Feb. 25	do	29.72	
Feb. 2	do	4,827.11	142.71	Feb. 25	do	73.05	
			6,151.49	Apr. 13	do	375.00	72.30
				May 29	do	862.79	194.07
				Feb. 25	do	1,945.70	
				Nov. 11	do	2.60	.60
				Dec. 31	By balance	6,308.67	
						20,129.29	8,193.51

## Case Pacific Railroad Company—Continued.

[illegible]

Continents outstanding under which no payments have yet been made. No. 125 dated June 21, 1934. Approved for 16 APR 1935 by E. C. 20

**Central Branch Western Pacific Railroad Company**

[illegible]

\* **Excluded**

**Figure 1** *Sample Analysis Comments*

2071		2072		2073		2074	
Year	No. Inmates	Cost	Per Inmate	Year	No. Inmates	Cost	Per Inmate
1961	10	\$1,354.77	\$135.48	1962	10	\$1,354.77	\$135.48
1963	10	\$1,354.77	\$135.48	1964	10	\$1,354.77	\$135.48
1965	10	\$1,354.77	\$135.48	1966	10	\$1,354.77	\$135.48
1967	10	\$1,354.77	\$135.48	1968	10	\$1,354.77	\$135.48
1969	10	\$1,354.77	\$135.48	1970	10	\$1,354.77	\$135.48
1971	10	\$1,354.77	\$135.48	1972	10	\$1,354.77	\$135.48
1973	10	\$1,354.77	\$135.48	1974	10	\$1,354.77	\$135.48
1975	10	\$1,354.77	\$135.48	1976	10	\$1,354.77	\$135.48
1977	10	\$1,354.77	\$135.48	1978	10	\$1,354.77	\$135.48
1979	10	\$1,354.77	\$135.48	1980	10	\$1,354.77	\$135.48
1981	10	\$1,354.77	\$135.48	1982	10	\$1,354.77	\$135.48
1983	10	\$1,354.77	\$135.48	1984	10	\$1,354.77	\$135.48
1985	10	\$1,354.77	\$135.48	1986	10	\$1,354.77	\$135.48
1987	10	\$1,354.77	\$135.48	1988	10	\$1,354.77	\$135.48
1989	10	\$1,354.77	\$135.48	1990	10	\$1,354.77	\$135.48
1991	10	\$1,354.77	\$135.48	1992	10	\$1,354.77	\$135.48
1993	10	\$1,354.77	\$135.48	1994	10	\$1,354.77	\$135.48
1995	10	\$1,354.77	\$135.48	1996	10	\$1,354.77	\$135.48
1997	10	\$1,354.77	\$135.48	1998	10	\$1,354.77	\$135.48
1999	10	\$1,354.77	\$135.48	2000	10	\$1,354.77	\$135.48
2001	10	\$1,354.77	\$135.48	2002	10	\$1,354.77	\$135.48
2003	10	\$1,354.77	\$135.48	2004	10	\$1,354.77	\$135.48
2005	10	\$1,354.77	\$135.48	2006	10	\$1,354.77	\$135.48
2007	10	\$1,354.77	\$135.48	2008	10	\$1,354.77	\$135.48
2009	10	\$1,354.77	\$135.48	2010	10	\$1,354.77	\$135.48
2011	10	\$1,354.77	\$135.48	2012	10	\$1,354.77	\$135.48
2013	10	\$1,354.77	\$135.48	2014	10	\$1,354.77	\$135.48
2015	10	\$1,354.77	\$135.48	2016	10	\$1,354.77	\$135.48
2017	10	\$1,354.77	\$135.48	2018	10	\$1,354.77	\$135.48
2019	10	\$1,354.77	\$135.48	2020	10	\$1,354.77	\$135.48
2021	10	\$1,354.77	\$135.48	2022	10	\$1,354.77	\$135.48
2023	10	\$1,354.77	\$135.48	2024	10	\$1,354.77	\$135.48
2025	10	\$1,354.77	\$135.48	2026	10	\$1,354.77	\$135.48
2027	10	\$1,354.77	\$135.48	2028	10	\$1,354.77	\$135.48
2029	10	\$1,354.77	\$135.48	2030	10	\$1,354.77	\$135.48
2031	10	\$1,354.77	\$135.48	2032	10	\$1,354.77	\$135.48
2033	10	\$1,354.77	\$135.48	2034	10	\$1,354.77	\$135.48
2035	10	\$1,354.77	\$135.48	2036	10	\$1,354.77	\$135.48
2037	10	\$1,354.77	\$135.48	2038	10	\$1,354.77	\$135.48
2039	10	\$1,354.77	\$135.48	2040	10	\$1,354.77	\$135.48
2041	10	\$1,354.77	\$135.48	2042	10	\$1,354.77	\$135.48
2043	10	\$1,354.77	\$135.48	2044	10	\$1,354.77	\$135.48
2045	10	\$1,354.77	\$135.48	2046	10	\$1,354.77	\$135.48
2047	10	\$1,354.77	\$135.48	2048	10	\$1,354.77	\$135.48
2049	10	\$1,354.77	\$135.48	2050	10	\$1,354.77	\$135.48
2051	10	\$1,354.77	\$135.48	2052	10	\$1,354.77	\$135.48
2053	10	\$1,354.77	\$135.48	2054	10	\$1,354.77	\$135.48
2055	10	\$1,354.77	\$135.48	2056	10	\$1,354.77	\$135.48
2057	10	\$1,354.77	\$135.48	2058	10	\$1,354.77	\$135.48
2059	10	\$1,354.77	\$135.48	2060	10	\$1,354.77	\$135.48
2061	10	\$1,354.77	\$135.48	2062	10	\$1,354.77	\$135.48
2063	10	\$1,354.77	\$135.48	2064	10	\$1,354.77	\$135.48
2065	10	\$1,354.77	\$135.48	2066	10	\$1,354.77	\$135.48
2067	10	\$1,354.77	\$135.48	2068	10	\$1,354.77	\$135.48
2069	10	\$1,354.77	\$135.48	2070	10	\$1,354.77	\$135.48
2071	10	\$1,354.77	\$135.48	2072	10	\$1,354.77	\$135.48
2073	10	\$1,354.77	\$135.48	2074	10	\$1,354.77	\$135.48
2075	10	\$1,354.77	\$135.48	2076	10	\$1,354.77	\$135.48
2077	10	\$1,354.77	\$135.48	2078	10	\$1,354.77	\$135.48
2079	10	\$1,354.77	\$135.48	2080	10	\$1,354.77	\$135.48
2081	10	\$1,354.77	\$135.48	2082	10	\$1,354.77	\$135.48
2083	10	\$1,354.77	\$135.48	2084	10	\$1,354.77	\$135.48
2085	10	\$1,354.77	\$135.48	2086	10	\$1,354.77	\$135.48
2087	10	\$1,354.77	\$135.48	2088	10	\$1,354.77	\$135.48
2089	10	\$1,354.77	\$135.48	2090	10	\$1,354.77	\$135.48
2091	10	\$1,354.77	\$135.48	2092	10	\$1,354.77	\$135.48
2093	10	\$1,354.77	\$135.48	2094	10	\$1,354.77	\$135.48
2095	10	\$1,354.77	\$135.48	2096	10	\$1,354.77	\$135.48
2097	10	\$1,354.77	\$135.48	2098	10	\$1,354.77	\$135.48
2099	10	\$1,354.77	\$135.48	2100	10	\$1,354.77	\$135.48
2101	10	\$1,354.77	\$135.48	2102	10	\$1,354.77	\$135.48
2103	10	\$1,354.77	\$135.48	2104	10	\$1,354.77	\$135.48
2105	10	\$1,354.77	\$135.48	2106	10	\$1,354.77	\$135.48
2107	10	\$1,354.77	\$135.48	2108	10	\$1,354.77	\$135.48
2109	10	\$1,354.77	\$135.48	2110	10	\$1,354.77	\$135.48
2111	10	\$1,354.77	\$135.48	2112	10	\$1,354.77	\$135.48
2113	10	\$1,354.77	\$135.48	2114	10	\$1,354.77	\$135.48
2115	10	\$1,354.77	\$135.48	2116	10	\$1,354.77	\$135.48
2117	10	\$1,354.77	\$135.48	2118	10	\$1,354.77	\$135.48
2119	10	\$1,354.77	\$135.48	2120	10	\$1,354.77	\$135.48
2121	10	\$1,354.77	\$135.48	2122	10	\$1,354.77	\$135.48
2123	10	\$1,354.77	\$135.48	2124	10	\$1,354.77	\$135.48
2125	10	\$1,354.77	\$135.48	2126	10	\$1,354.77	\$135.48
2127	10	\$1,354.77	\$135.48	2128	10	\$1,354.77	\$135.48
2129	10	\$1,354.77	\$135.48	2130	10	\$1,354.77	\$135.48
2131	10	\$1,354.77	\$135.48	2132	10	\$1,354.77	\$135.48
2133	10	\$1,354.77	\$135.48	2134	10	\$1,354.77	\$135.48
2135	10	\$1,354.77	\$135.48	2136	10	\$1,354.77	\$135.48
2137	10	\$1,354.77	\$135.48	2138	10	\$1,354.77	\$135.48
2139	10	\$1,354.77	\$135.48	2140	10	\$1,354.77	\$135.48
2141	10	\$1,354.77	\$135.48	2142	10	\$1,354.77	\$135.48
2143	10	\$1,354.77	\$135.48	2144	10	\$1,354.77	\$135.48
2145	10	\$1,354.77	\$135.48	2146	10	\$1,354.77	\$135.48
2147	10	\$1,354.77	\$135.48	2148	10	\$1,354.77	\$135.48
2149	10	\$1,354.77	\$135.48	2150	10	\$1,354.77	\$135.48
2151	10	\$1,354.77	\$135.48	2152	10	\$1,354.77	\$135.48
2153	10	\$1,354.77	\$135.48	2154	10	\$1,354.77	\$135.48
2155	10	\$1,354.77	\$135.48	2156	10	\$1,354.77	\$135.48
2157	10	\$1,354.77	\$135.48	2158	10	\$1,354.77	\$135.48
2159	10	\$1,354.77	\$135.48	2160	10	\$1,354.77	\$135.48
2161	10	\$1,354.77	\$135.48	2162	10	\$1,354.77	\$135.48
2163	10	\$1,354.77	\$135.48	2164	10	\$1,354.77	\$135.48
2165	10	\$1,354.77	\$135.48	2166	10	\$1,354.77	\$135.48
2167	10	\$1,354.77	\$135.48	2168	10	\$1,354.77	\$135.48
2169	10	\$1,354.77	\$135.48	2170	10	\$1,354.77	\$135.48
2171	10	\$1,354.77	\$135.48	2172	10	\$1,354.77	\$135.48
2173	10	\$1,354.77	\$135.48	2174	10	\$1,354.77	\$135.48
2175	10	\$1,354.77	\$135.48	2176	10	\$1,354.77	\$135.48
2177	10	\$1,354.77	\$135.48	2178	10	\$1,354.77	\$135.48
2179	10	\$1,354.77	\$135.48	2180	10	\$1,354.77	\$135.48
2181	10	\$1,354.77	\$135.48	2182	10	\$1,354.77	\$135.48
2183	10	\$1,354.77	\$135.48	2184	10	\$1,354.77	\$135.48
2185	10	\$1,354.77	\$135.48	2186	10	\$1,354.77	\$135.48
2187	10	\$1,354.77	\$135.48	2188	10	\$1,354.77	\$135.48
2189	10	\$1,354.77	\$135.48	2190	10	\$1,354.77	\$135.48
2191	10	\$1,354.77	\$135.48	2192	10	\$1,354.77	\$135.48
2193	10	\$1,354.77	\$135.48	2194	10	\$1,354.77	\$135.48
2195	10	\$1,354.77	\$135.48	2196	10	\$1,354.77	\$135.48
2197	10	\$1,354.77	\$135.48	2198	10	\$1,354.77	\$135.48
2199	10	\$1,354.77	\$135.48	2200	10	\$1,354.77	\$135.48
2201	10	\$1,354.77	\$135.48	2202	10	\$1,354.77	\$135.48
2203	10	\$1,354.77	\$135.48	2204	10	\$1,354.77	\$135.48
2205	10	\$1,354.77	\$135.48	2206	10	\$1,354.77	\$135.48
2207	10	\$1,354.77	\$135.48	2208	10	\$1,354.77	\$135.48
2209	10	\$1,354.77	\$135.48	2210	10	\$1,354.77	\$135.48
2211	10	\$1,354.77	\$135.48	2212	10	\$1,354.77	\$135.48
2213	10	\$1,354.77	\$135.48	2214	10	\$1,354.77	\$135.48
2215	10	\$1,354.77	\$135.48	2216	10	\$1,354.77	\$135.48
2217	10	\$1,354.77	\$135.48	2218	10	\$1,354.77	\$135.48
2219	10	\$1,354.77	\$135.48	2220	10	\$1,354.77	\$135.48
2221	10	\$1,354.77	\$135.48	2222	10	\$1,354.77	\$135.48
2223	10	\$1,354.77	\$135.48	2224	10	\$1,354.77	\$135.48
2225	10	\$1,354.77	\$135.48	2226	10	\$1,354.77	\$135.48
2227	10	\$1,354.77	\$135.48	2228	10	\$1,354.77	\$135.48
2229	10	\$1,354.77	\$135.48	2230	10	\$1,354.77	\$135.48
2231	10	\$1,354.77	\$135.48	2232	10	\$1,354.77	\$135.48
2233	10	\$1,354.77	\$135.48	2234	10	\$1,354.77	\$135.48
2235	10	\$1,354.77	\$135.48	2236	10	\$1,354.77	\$135.48
2237	10	\$1,354.77	\$135.48	2238	10	\$1,354.77	\$135.48
2239	10	\$1,354.77	\$135.48	2240	10	\$1,354.77	\$135.48
2241	10	\$1,354.77	\$135.48	2242	10	\$1,354.77	\$135.48
2243	10	\$1,354.77	\$135.48	2244	10	\$1,354.77	\$135.48
2245	10	\$1,354.77	\$135.48	2246	10	\$1,354.77	\$135.48
2247	10	\$1,354.77	\$135.48	2248	10	\$1,354.77	\$135.48
2249	10	\$1,354.77	\$135.48	2250	10	\$1,354.77	\$135.48
2251	10	\$1,354.77	\$135.48	2252	10	\$1,354.77	\$135.48
22							

## Kansas Pacific Railroad Company—Continued.

						CR.	
		Field.	Office.	Date.		Field.	Office.
				1872.			
12	To expenditures.	\$1,344.77	\$*135.67	Jan. 1	By balance	\$3,326.18	\$479.06
12	do	367.78	*36.77				
12	do	242.15	*24.21				
12	do	584.54	*58.45				
12	do	448.24	*44.82				
31	To balance	186.66	98.91				
		3,326.18	430.99			3,326.18	430.99
				1873.			
10	To expenditures.	106.00	*10.60	Jan. 1	By balance	109.00	98.91
19	do	5,743.36	*574.33	12	By deposits	1,425.00	175.00
31	To balance	5.48	213.10	12	do	303.00	21.40
		5,854.84	798.91	12	do	1,908.00	500.00
		5,854.84	798.91			5,854.84	798.91
				1874.			
30	To expenditures.	319.88	*31.99	Jan. 1	By balance	5.48	213.10
31	To balance	796.17	293.21	Apr. 1	By deposits	375.00	25.00
		1,116.05	326.31	May 1	do	348.00	44.00
		1,116.05	326.31	Nov. 17	do	364.77	72.05
		1,116.05	326.31			842.25	255.11
		1,116.05	326.31			1,116.05	326.31
				1875.			
31	To balance	1,187.35	384.23	Jan. 1	By balance	724.17	353.21
		1,187.35	384.23	Aug. 14	By deposits	645.00	162.00
		1,187.35	384.23	Nov. 17	do	118.00	18.00
		1,187.35	384.23	17	do	134.00	14.00
		1,187.35	384.23	Jan. 12	do	365.18	118.02
		1,187.35	384.23			1,187.35	384.23
				1876.			
31	To balance	2,694.35	634.23	Jan. 1	By balance	2,187.35	528.23
		2,694.35	634.23	Feb. 24	By deposits	325.00	30.00
		2,694.35	634.23	June 3	do	322.00	40.00
		2,694.35	634.23			2,841.35	638.23
		2,694.35	634.23			2,841.35	638.23
				1877.			
31	To balance	6,574.78	1,632.30	Jan. 1	By balance	2,841.35	638.23
		6,574.78	1,632.30	5	By deposits	44.31	11.00
		6,574.78	1,632.30	Mar. 2	do	3.22	.40
		6,574.78	1,632.30	3	do	11.82	2.81
		6,574.78	1,632.30	3	do	741.86	181.11
		6,574.78	1,632.30	3	do	2,877.19	630.45
		6,574.78	1,632.30	Apr. 10	do	371.47	87.45
		6,574.78	1,632.30	July 6	do	28.21	5.77
		6,574.78	1,632.30	18	do	58.18	14.58
		6,574.78	1,632.30	Nov. 26	do	144.12	35.39
		6,574.78	1,632.30			6,574.78	1,632.30
		6,574.78	1,632.30			6,574.78	1,632.30
				1878.			
31	To expenditures.	864.77	*86.47	Jan. 1	By balance	6,574.78	1,632.30
31	do	435.18	*43.51	Apr. 3	By deposits	493.41	107.15
31	To balance	6,927.58	1,822.45	8	do	530.22	121.79
		7,747.32	1,908.42	Feb. 9	do	1.55	.44
		7,747.32	1,908.42	Dec. 31	do	174.33	43.31
		7,747.32	1,908.42			7,747.32	1,908.42
		7,747.32	1,908.42			7,747.32	1,908.42
				1879.			
31	To balance	8,647.62	2,100.23	Jan. 1	By balance	8,647.62	2,100.23
		8,647.62	2,100.23	Aug. 6	By deposits	80.38	16.00
		8,647.62	2,100.23	6	do	18.63	3.00
		8,647.62	2,100.23	8	do	189.37	37.17
		8,647.62	2,100.23	Oct. 20	do	416.24	103.41
		8,647.62	2,100.23	Aug. 13	do	334.20	83.00
		8,647.62	2,100.23	13	do	87.46	14.28
		8,647.62	2,100.23	12	do	18.45	3.00
		8,647.62	2,100.23	12	do	82.31	22.44
		8,647.62	2,100.23	25	do	10.39	2.36
		8,647.62	2,100.23			8,647.62	2,100.23

\* Estimated.



U. S. PACIFIC RAILWAY COMMISSION.

**Atchafalaya Railroad Company—Continued.**

1890.				1891.				1892.			
Date.		Field.	Cash.	Date.		Field.	Cash.	Date.		Field.	Cash.
1890. Dec. 31	To balance .....	\$2,202.20	\$2,186.07	1891. Jan. 1	By balance .....	\$2,202.20	\$2,186.07	1892. Mar. 28	To return of ex- cess deposited .....	72.42	72.42
				Feb. 27	By deposits .....	161.77	161.77	Dec. 31	To balance .....	\$2,728.22	\$2,280.53
					do .....	28.22	28.22				
		\$2,202.20	\$2,185.07			\$2,202.20	\$2,185.07				
1891. Dec. 31	To balance .....	\$2,728.22	\$2,280.53	1891. Jan. 1	By balance .....	\$2,202.20	\$2,185.07				
				Feb. 28	By deposits .....	160.45	160.45				
					do .....	28.22	28.22				
					do .....	28.22	28.22				
					do .....	28.22	28.22				
					do .....	28.22	28.22				
					do .....	28.22	28.22				
					do .....	28.22	28.22				
		\$2,728.22	\$2,280.53			\$2,728.22	\$2,280.53				
1892. Mar. 28	To return of ex- cess deposited .....	72.42	72.42	1892. Jan. 1	By balance .....	\$2,728.22	\$2,280.53				
Dec. 31	To balance .....	\$2,728.22	\$2,280.53	Feb. 15	By deposits .....	404.05	404.05				
				do .....	28.22	28.22	28.22				
				do .....	28.22	28.22	28.22				
				do .....	28.22	28.22	28.22				
				do .....	28.22	28.22	28.22				
				do .....	28.22	28.22	28.22				
						\$2,728.22	\$2,280.53				
		\$2,728.22	\$2,280.53			\$2,728.22	\$2,280.53				

UNITED STATES PACIFIC RAILWAY COMMISSION,  
10 Wallstreet, New York, November 5, 1887.

SIR: The United States Pacific Railway Commission, which has been charged by Congress with the duty of furnishing information respecting the working and financial management of the bond-aided Pacific railroads and their relations to the Government, request that you will kindly cause to be furnished to it information on the following points, the particulars asked for being necessary for the preparation of complete answers to the interrogatories set forth by Congress in the accompanying Communication.

In the course of the investigation by the Commission charges have been made by the officers of the bond-aided railroad companies that the Post-Office Department has given preference in mail transportation to the roads that were in competition with them, this complaint being based on the assumption that it was the duty of the Government, all else being equal, to give the transportation to bond-aided railroads in preference to non-aided lines.

Hon. John P. Uhler, at Kansas City, testified that mail matter from Kansas City to Lawrence and Topeka is carried mainly by the Atchison, Topeka and Santa Fé Company, and from Kansas City and these Kansas towns to Colorado by the same company.

Officials of the Central Pacific Railroad Company also charged that the Central Pacific line was discriminated against in favor of the so-called lines. They further declared that the rate allowed to that line for mail transportation did not exceed the allowance to railroads in the East.

Will you kindly arrange to furnish the Commission with all the facts in the possession of your Department bearing on these matters?

Will you also be good enough to furnish such information as will enable the Commission to comply with the following direction contained

in the act of Congress approved March 3, 1887, authorizing an investigation into the affairs of the bond-aided Pacific roads, namely:

To inquire if the United States have contracts with branch roads controlled by either of said Pacific roads for carrying the United States mail, and, if so, what service has been performed by them, and what money, if any, has been paid for such service and what remains due and unpaid.

It will be sufficient if you can furnish the total balances due, if any, without any statements of details.

By section 6 of the act of July 1, 1862, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River, and to secure to the Government the use of the same for postal, military, and other purposes," the bond-aided roads were required to transmit dispatches over their telegraph lines and to transport mails, troops, and munitions of war, supplies, and public stores on said railroads for the Government whenever required to do so by any Department thereof. They were also required to give the Government the preference in the use of the same at fair and reasonable rates of compensation, not to exceed the amount paid by private parties for the same kind of service.

The Commission would be glad to know whether, so far as your Department is concerned, these provisions of law have been complied with.

I have the honor to remain, very respectfully, your obedient servant,

ROBERT E. PATTISON,

*Chairman.*

Hon. W. F. VILAS,

*Postmaster-General, Washington, D. C.*

POST-OFFICE DEPARTMENT,  
OFFICE OF THE POSTMASTER-GENERAL,  
Washington, D. C., November 22, 1887.

SIR: In compliance with the request contained in your communication of the 5th instant, making certain inquiries in regard to the relations between the Post-Office Department and the Central and Union Pacific railroads, I have the honor to transmit herewith a letter from the Hon. A. Leo Knott, Second Assistant Postmaster-General, inclosing certain papers which fully explain these relations and the position which the Department takes in the matter of mail transportation with the Central and Union Pacific Railroads.

Very respectfully,

WM F. VILAS,

*Postmaster-General.*

Hon. ROBERT E. PATTISON,

*Chairman of United States Pacific Railway Commission,  
No. 10 Wall street, New York.*

POST-OFFICE DEPARTMENT,  
OFFICE OF SECOND ASSISTANT POSTMASTER-GENERAL,  
Washington, D. C., November 22, 1887.

SIR: I deem it proper to make the following statement in explanation of the apparent delay in replying to your communication of the 5th instant, addressed to the Postmaster-General, an answer to which is herewith inclosed.

That communication was referred to this office by the Postmaster-General immediately on its receipt, and this office was ready to furnish

the information and facts in answer to your inquiries within a few days thereafter; but that part of your letter referring to the services performed by, and the balances due to, the non-aided leased lines controlled by the Union Pacific and Central Pacific Railroads was referred to the Hon. Daniel McConville, Sixth Auditor of the Treasury, as the accounting officer of this Department. An answer to that inquiry required a very elaborate and thorough investigation of the books of the Auditor's office, and a large number of calculations, so that it was impossible, as I am informed by the chief clerk of his office, to supply the information until the date of his letter.

Very respectfully,

A. LEO. KNOTT,

*Second Assistant Postmaster-General.*

Hon. ROBERT E. PATTISON,

*Chairman United States Pacific Railway Commission,*

*No. 10 Wall street, New York City, N. Y.*

POST-OFFICE DEPARTMENT,

OFFICE OF SECOND ASSISTANT POSTMASTER-GENERAL,

*Washington, D. C., November 22, 1887.*

SIR: In reply to the communication addressed to you by the honorable the United States Pacific Railway Commission, under date of November 5, 1887, in regard to the relations between the bond-aided Pacific railroads and the Post Office Department, and making certain inquiries in reference thereto, I have the honor to submit the following statement and inclosed papers:

In regard to the allegation "that charges have been made by the officers of the bond-aided railroad companies that the Post Office Department has given preference, in mail transportation, to the roads that were in competition with them, this complaint being based on the assumption that it was the duty of the Government,—all else being equal—to give the transportation to bond-aided railroads in preference to non-aided lines," I have to say that in the administration of the duties of this office, charged with the function of the transportation of the mails, it has been deemed a paramount duty on its part to the public that it should always seek and secure the best facilities and the most rapid and expeditious means for transporting the mails.

As the carrying of the mails is a monopoly assumed by the Government, and a charge is made therefor to the public who use the mails, it is a matter of right on the part of the public, as well as of obligation on the part of the Department, that those railroads which will give the best facilities should be preferred in the transportation of the mails. In accordance with this fundamental principle of postal administration, in 1881, on the completion of the Southern Pacific Railroad, the mail for southern California was diverted from the Union Pacific and Central Pacific railroads to this road, namely, the Southern Pacific, and this was done in order to secure to the Department and to the people of California the advantage of twenty-four hours' reduction in time in the transportation of the mails from the East to that State.

The amount of mails thus and for this purpose diverted was very considerable, as it comprised an accumulation of mail from all parts of the country east of the Rocky Mountains.

In 1881, upon the completion of the Northern Pacific Railroad, another large diversion of mails was made from the Union Pacific to that road, namely, the Northern Pacific, in pursuance of the same policy of sec-

ing the best facilities and the most rapid and expeditious means for the transportation of the mails.

By this last diversion all the mails carried on lines east of the Mississippi River for Oregon, Washington Territory, Alaska, and British Columbia were sent by the Northern Pacific Railroad via Saint Paul. Mail originating west of the Mississippi River and east of the Rocky Mountains was directed to go via the Union Pacific or the Northern Pacific, that line being selected that made the best time. Lines in Oregon and Washington Territory were directed, by the same order, to send all mail for points east of the Mississippi River by the Northern Pacific via Saint Paul. All mail from points west of the Mississippi River and east of the Rocky Mountains was directed to be sent via the Utah Northern Division of the Union Pacific Railroad. (See general order on this subject of the General Superintendent of Railway Mail Service, on page 3 of Senate document, hereinafter referred to.) The loss in weight and mail pay to the Union Pacific Railroad in consequence of this diversion to the Northern Pacific Railroad is stated in Table C, page 12, of said Senate document, and took place on route No. 34001, Union Pacific Transfer to Ogden City, the loss in average daily weight of mail carried being 5,675 pounds, and in annual rate of compensation \$62,748.65.

From this brief general statement it will be seen that the Post-Office Department has in fact given preference in mail transportation to certain roads which were in competition with the bonded railroads, but this preference has been given because of the superior facilities and greater expedition which the Department secured thereby in the transportation of the mails from the East to the West.

The complaints or charges referred to in the communication of the honorable Commission as having been made by the officers of the bonded railroads have been heretofore submitted to this office, and have been fully considered by yourself and your predecessor. But looking at the question from a postal stand-point, the Postmaster-General deemed it his duty to avail himself of the best facilities furnished by the railroads for the transportation of the mails, and did not, and could not, in his judgment, favor the aided railroads by giving them the transportation of the mails when better time and better facilities were furnished by other railroads, and this, it is submitted, is the only stand-point from which this Department could regard the question.

I have further to observe that these same charges and complaints were the subjects-matter of a resolution adopted by the United States Senate on the 13th of January, 1886, directing the Postmaster-General to furnish the Senate information over what railroads the fast-mail from Chicago was transported, and what advantage was gained in transporting the same over railroads other than the Union Pacific.

In answer to those resolutions a very full, explicit, and exhaustive statement was made under date of March 8, 1886, and is to be found in Senate Executive Document No. 88, first session of the Forty-ninth Congress.

This document embraces a letter addressed by you to the President *pro tempore* of the Senate, covering a communication from this office to you and a letter from the Hon. John Jamison, then General Superintendent of the Railway Mail Service, and certain exhibits and tables. This letter from you presents the case on the part of the Department in answer to those charges and complaints so fully, that I do not think it necessary for me to do more than to request you to invite the attention of the Commission thereto as a full answer to its inquiries.

on this subject. The relations between the Department and these bond-aided railroads in the matter of the transportation of the mails at the time said document was submitted to the Senate are fully presented therein, and those relations have not materially changed since. That document, marked Exhibit A, is herewith filed, and is requested to be taken and considered as a part of this answer.

I also append herewith a copy of a letter, marked Exhibit B, addressed to me by the present Superintendent of the Railway mail service, Hon. T. E. Nash, under date of November 14, 1887, which supplements the information contained in the above-mentioned Senate document, and brings the history of the case between the Post-Office and these railroads down to the last mentioned date.

By reference to paragraph 3, page 4, of my letter to you, contained in said document, it will be seen that before any diversion of mails from the Union Pacific railroads took place, in pursuance of a contract made with the Chicago, Burlington and Quincy Railroad Company for the fast-mail between Chicago and the Union Pacific Transfer (Omaha), an effort was made by the then General Superintendent of the Railway Mail Service, Hon. William B. Thompson, to induce the Union Pacific Railroad Company to give a faster schedule on its lines from Omaha to the Pacific coast, but that the Union Pacific Railroad Company refused so to do unless it should receive extra compensation for the facilities thus requested, and that such extra compensation for such extra-fast facilities should be paid in cash, and not in credits on its account with the Government.

The question whether such an arrangement as proposed by the Union Pacific Railroad Company, to wit, the payment in cash for these extra-fast facilities could be made was submitted to the Attorney-General, and that officer held that such payment in cash could not be made, but that any sums of money earned and due for such facilities, if furnished, would have to be placed to the credit of the company in its account with the Government; and thereupon the Union Pacific Railroad Company refused to furnish such facilities and expedition, although requested and urged to do so by the agents of the Department; whereupon the mails for Oregon, Washington Territory, Alaska, and British Columbia were diverted, as above stated, to the Union Pacific Railroad Company.

In answer to the testimony and charge of the Hon. John P. Usher, of Kansas City, "that mail matter from Kansas City to Lawrence and Topeka is carried mainly by the Atchison, Topeka and Santa Fé Company, and from Kansas City and these Kansas towns to Colorado by the same company," I have to refer to the last-mentioned letter of the Hon. T. E. Nash, which furnishes a full and satisfactory explanation of the reasons why the said mail matter was given to the Atchison, Topeka and Santa Fé Company.

It will be seen therefrom that, upon the establishment of the fast mail last March between Saint Louis and Kansas City over the Missouri Pacific Railroad, arriving at Kansas City at 11 a. m., efforts were made to have all the lines running west from Kansas City to wait for this connection, which was a very valuable and important one, and that these efforts were successful with nearly every line going west from Kansas City, but the Kansas Pacific Division of the Union Pacific Railroad Company declined to accede to the wishes of the Department in this behalf, the officers thereof claiming that it would be impossible to hold their morning train west for this connection as it would lose them important connections at Denver.

As this fast mail from Saint Louis to Kansas City (running in close connection at Saint Louis with the fast mail from Pittsburgh to Saint Louis) carries the great bulk of the mail for the State of Kansas, it necessarily followed that a large portion of the mail for Lawrence and Topeka was forwarded by that road which would make that connection, to wit, the Atchison, Topeka and Santa Fé. The fast mail via the Missouri Pacific reaches Kansas City at 11 a. m., and by the present arrangement is dispatched over the Atchison, Topeka and Santa Fé Railroad at 11.15 a. m. Had it been placed on the Kansas City Division of the Union Pacific Railroad it would have had to remain in Kansas City until evening, thus depriving a large and populous region of the country of the advantages of this fast mail. It follows, therefore, that whatever losses the Union Pacific and its branches may have incurred by these diversions of the mail from its lines these losses are to be attributed to its own indisposition or inability to meet the just and necessary requirements of the service.

In regard to the transfer of the carrying of the mails from Omaha to Denver and to offices in Colorado, of which Denver was the distributing point, I have to state that this diversion was made in pursuance of a contract between this Department and the Chicago, Burlington and Quincy Railroad Company, executed January 7, 1885. The object of that contract was to secure and establish a fast mail from Chicago to Union Pacific Transfer (Omaha), to be run in close connection with the fast mail already established between New York and Chicago. This contract is to be found in the Senate document above referred to, on pages 7, 8, and 9, and in consideration of furnishing this fast line to the Department, by which the benefits of the fast mail from New York was extended to large and important sections of the country, one of the stipulations was that this company, to wit, the Chicago, Burlington and Quincy, "shall carry on its lines all through mails to and from points west of the Missouri River, and to and from Council Bluffs, Iowa." By virtue of this stipulation, which constitutes one of the considerations of said contract, this Denver mail was given to the Burlington and Missouri River Railroad in Nebraska, which is one of the lines of the Chicago, Burlington and Quincy system.

By the establishment of this fast line between Chicago and Omaha via the Chicago, Burlington and Quincy Railroad, the time between New York and Denver was reduced from 83 hours and 25 minutes to 71 hours and 10 minutes.

The loss to the Union Pacific Railroad by this transfer of the Denver mail to the Burlington and Missouri River Railroad, in Nebraska, in the average daily weight of mails was 124 pounds, and in rate of annual compensation \$935.45. (See said Senate document, page 12, route No. 38017, Julesburgh to La Salle.)

It is pertinent to this branch of the inquiry to add here that in addition to the deductions of 10 and 5 per cent., before mentioned, there is also under the thirteenth section of the act of 1876 a further deduction of 20 per cent. from the pay of the Northern Pacific Railroad for mail transportation, the said Northern Pacific Railroad being a land-grant road. This section provides that—

Railroad companies whose railroad was constructed in whole or in part by a land grant made by Congress on the condition that the mails should be transported over their road at such price as Congress should by law direct, shall receive only 80 per centum of the compensation authorized by this act.

This provision of the thirteenth section making the said deduction of 20 per cent. does not, however, apply to the Union Pacific or the Central Pacific railroads, on account of the condition in the charters of these

companies that the Government shall pay them for any services rendered in transportation "a fair and reasonable rate of compensation, not to exceed the amount paid private parties for the same kind of service." The rate of cost, therefore, for the same service is less on the Northern Pacific than on the Union or Central Pacific railroads to the extent of the said 20 per cent. deduction.

The Southern Pacific Railroad is also a land-grant road from Fort Yuma, Ariz., to Goshen, Cal., a distance of 491 miles, and its pay for mail transportation is subject to the same deduction of 20 per cent. for that distance.

It is also alleged in the communication of the honorable the Pacific Railway Commission "that the rate allowed to that line (the Central Pacific) for mail transportation did not exceed the allowance to railroads in the East."

In answer thereto, I have to state that the rates of compensation for railroad transportation are fixed by the act of Congress of March 3, 1873, as amended by the acts of July 12, 1875, and June 17, 1878 (these last two mentioned acts making deductions of 10 and 5 per cent., respectively, from the compensation fixed by the original act of 1873), and are uniform in their application to all the railroads in the United States, and this Department has not the power to make any discrimination whatever in the allowances to railroads for railroad mail service. I herewith append, marked Exhibit C, circular form No. 2501, containing the provisions of law regulating the pay for the transportation of the mails on railroad routes, and request that it be taken and considered as a part of this answer.

In answer to the fourth inquiry contained in the said communication of the honorable the United States Pacific Railway Commission, to wit, "if the United States have contracts with branch roads controlled by either of said Pacific roads for carrying the United States mail, and, if so, what service has been performed by them, and what money, if any, has been paid for such service and what remains due and unpaid. It will be sufficient if you can furnish the total balances due, if any, without any statement of details," I herewith inclose a letter, marked Exhibit D, from the Hon. Daniel McConville, Sixth Auditor of the Treasury, under date of November 19, 1887, to whom that part of the inquiry was referred as the accounting officer of the Treasury for this Department.

From this letter it will be seen that the balance due to the branches of the Central Pacific railroads for transportation of the mails from July 1, 1882, to September 30, 1887, is \$911,276.93, which sum remains unpaid, and that the balance due the Union Pacific, Central Branch Union Pacific, and Kansas Pacific Railroad Companies have been placed to their credit at the Treasury under an assignment by the presidents of the respective companies, and that the balance due the Sioux City and Pacific Railroad Company has been certified to the Register of the Treasury under date of March 3, 1879. These balances are for mail service performed by the said roads under what is known as *recognized service*; that is, for service in the transportation of the mails placed on those roads in the manner and form prescribed by, and in accordance with the provisions contained in, the act of 1873 and the supplements thereto.

Very respectfully,

A. LEO KNOTT,

*Second Assistant Postmaster-General.*

Hon. WILLIAM F. VILAS,

*Postmaster-General.*

CHICAGO POST-OFFICE, January 14, 1885.

I hereby certify that Charles E. Perkins and Thomas J. Potter are good and sufficient securities for the amount of the foregoing contract.

F. W. PALMER, P. M.

Attest:

H. W. WEISS, [SEAL.]  
Asst. Secretary.

[Exhibit B.]

*Statement showing the weight of mails and compensation of the Chicago, Burlington and Quincy Railroad between Chicago and Union Pacific Transfer, for the transportation of the mails prior to the execution of the "fast-mail" contract, and the weight of mails and compensation of said road between said points after the contract went into effect and in pursuance thereof. Also the weight of mails and compensation of the Chicago, Milwaukee and Saint Paul, the Chicago and Northwestern, and the Chicago, Rock Island and Pacific railroad companies, between Chicago and Union Pacific Transfer, before said contract went into effect and after said contract went into effect, said roads having been re-weighted and compensation readjusted on account of said "fast-mail" contract.*

No. of route.	Termini.	Title of company.	Distance.	Annual pay for transportation prior to contract.	Annual pay for transportation after contract.
22884 22884* 22828	Chicago, LaSalle Junction (n. e.) ... LaSalle Junction (n. e.), Savannah ... Savannah, U. P. Transfer (n. e.) ...	Chicago, Milwaukee and St. Paul Railway.	Miles. 124.80 20 224.18	\$25,841.20 2,688.18 27,529.38	\$22,312.88 2,858.12 25,171.00
22883	Chicago, U. P. Transfer (n. e.) ...	Chicago and Northwestern Railway.	408.88 408.14	\$2,092.51 104,763.41	\$8,584.42 91,761.45
22813 22814	Chicago, Davenport ... Davenport, U. P. Transfer (n. e.) ...	Chicago, Rock Island and St. Louis R'y.	182.82 117.88	\$5,971.81 \$2,425.26	\$6,184.34 \$3,643.78
22807 22808	Chicago, Burlington ... Burlington, U. P. Transfer (n. e.) ...	Chicago, Burlington and Quincy Railroad.	260 261 497	\$8,328.81 \$8,232.18 166,578.68	144,428.49 121,086.98 265,491.68
No. of route.	Pay for railway post-office cars prior to contract.	Pay for railway post-office cars after contract.	Average daily weight of mails prior to contract.	Average daily weight of mails after contract.	Remarks.
22884 22884* 22828			Pounds. 7,002 2,123 1,406	Pounds. 8,864 2,123 1,759	Decrease in weight. Same weight. Increase in weight.
22883	\$27,751.60	\$27,751.60	18,284	8,642	Decrease in weight.
22813 22814	11,688.80 10,768.70	11,868.80 16,708.75	28,449 18,874	8,688 6,687	Do. Do.
22807 22808	17,413.40 18,848.20	48,645.88 58,248.88	35,425 12,867	54,831 37,331	Increase in weight. Do.
	\$8,368.60	\$88,845.88			

\* Part.

† Weight in 1883.

‡ Weight in 1884.

## Memorandum to Exhibit B.

It will be seen by the above table that the net increase in the annual cost of mail transportation and railway post-office car service is \$83,675.88; that of this increase, \$70,455.40, or about 82 per cent. of the whole increase, is owing to the increase in the cost of the railway post-office cars. This increase in the cost of railway post-office cars was rendered necessary by the large amount of mail concentrated on the Chicago, Burlington and Quincy Railroad and its lines, by reason of this contract, while there was no decrease in the cost of railway post-office cars on the three competing lines of railway between Chicago and the Union Pacific, from which this mail was taken.



The Burlington and Missouri River Railroad in Nebraska constitutes one of the lines controlled by the Chicago, Burlington and Quincy Railroad system.

A copy of said contract between this Department and the Chicago, Burlington and Quincy Railroad Company is herewith appended, marked Exhibit A, a copy of which is also to be found on pages 254 and 255 of the report of the Postmaster-General for 1895.

In order to answer with fullness and accuracy the second part of the first interrogatory, it is necessary to take into consideration the whole movement of the fast mail westward of Chicago as affected by the said contract. On the arrival of the fast mail from New York at Chicago, at 12.45 a. m., this mail from the East, together with the mail at Chicago at that time ready for dispatch westward, is, in pursuance of the aforementioned contract, transported over the lines of the Chicago, Burlington and Quincy Railroad, leaving Chicago at 3 a. m., and reaching the Union Pacific Transfer at 7 p. m., on the same day. The portion destined for Colorado is then forwarded over the line of the Burlington and Missouri River Railroad, and that destined for Utah and southern Idaho is dispatched over the Union Pacific and its line.

Before the establishment of this fast mail from Chicago to the Union Pacific Transfer, the time of transit of the mails from Chicago to Denver was forty-four hours and forty minutes, the mail leaving Chicago at 12.50 p. m., and arriving at Denver at 6.15 a. m., on the second day thereafter. Since the establishment of this fast train over the lines of the Chicago, Burlington and Quincy Railroad, the time from Chicago to Denver has been reduced to forty-one hours and ten minutes, the fast mail leaving Chicago at 2 a. m., and arriving at Denver at 8.10 the day following. The advantage, therefore, derived by the Government in sending that portion of the Colorado mail over the lines of the Burlington and Missouri River Railroad in Nebraska is a gain in the running time between these two points, Chicago and Denver, of three hours and thirty minutes. But there is an expedition in the transportation of the mails to the Pacific States of about twenty-four hours secured to the Government by virtue of this contract, of which the aforesaid stipulation constitutes a part.

This fast mail was established by an agreement made between this Department and the Chicago, Burlington and Quincy Railroad, on the 10th of March, 1884, and the existing contract is a continuation, until 1898, of the arrangement then entered into.

It is proper to state, in this connection, that in the latter part of 1883, on the completion of the South Pacific Railway, the mail for southern California was diverted from the Union Pacific to this route—the Southern Pacific. This was done in order to secure the advantage of twenty-four hours reduction in the time of the transportation of the mails from the East to the West; and the quantity of mail thus diverted from the Union Pacific was very considerable, as it comprised an accumulation of mail from all of the country east of the 104th meridian.

It is to be further observed that upon the completion of the Northern Pacific Railway, in 1883, another large diversion of mail from the Union Pacific was made under the following general order issued by the General Superintendent of Railway Mail Service:

GENERAL ORDER 7  
No. 1-3.

WASHINGTON, D. C., October 20, 1883.

All lines east of the Mississippi River will send mail for Oregon, Washington Territory, Alaska, and British Columbia via Saint Paul and the Northern Pacific Railway.

Persons supervising mails will issue special instructions to lines west of the Mississippi River and east of the Rocky Mountains, so that mail will go via the Union Pacific Railway or the Northern Pacific Railway, selecting the line that makes the best time.

Lines in the Territory of Washington Territory will send mail for points east of the Mississippi River via the Northern Pacific Railway and Saint Paul.

Lines in the Territory of Oregon will send mail for points east of the Mississippi River via the Union Pacific Railway, or the Northern Pacific Railway, selecting the line that makes the best time, via the Utah Southern Division of the Union Pacific Railway.

W. H. FARMER,  
General Superintendent.

By this order it was directed that all mail east of the Mississippi River westward of the Rocky Mountains should be sent by the Oregon, Washington Territory, Alaska, and British Columbia via Saint Paul and the Northern Pacific Railway, and that mail for points east of the Mississippi River and west of the Rocky Mountains should be sent by the Union Pacific Railway.

while mails for lines west of the Mississippi River and east of the Rocky Mountains was directed to be sent via the Utah Northern Division of the Union Pacific Railway.

It will be seen that before the establishment of the fast mail under the contracts aforesaid, of March 16, 1884, and January 7, 1885, a very considerable portion of the mail destined for the Pacific region and the Western Territories, has already been diverted from the Union Pacific Railway by orders from this Department, and that this was done in order to secure a quicker dispatch of the mails destined for the northern and southern portion of the Pacific coast via the Southern Pacific Railroad and Northern Pacific Railroad.

In answer to the first part of the second interrogatory, namely, "The cost of such transportation, and if the same is being paid for out of the Treasury," I file herewith tabulated statements, marked Exhibits B and C, showing the cost of such transportation and the amount which is being paid for the same out of the Treasury of the United States.

In answer to the second part of the second interrogatory, namely, "What reason exists for paying therefor out of the Treasury to other companies, instead of having said service performed by the Union Pacific Company, and crediting the compensation therefor to the said company on its indebtedness to the Government," I have the honor to state that the reason which apparently actuated the Department in making the aforesaid contract with the Chicago, Burlington and Quincy Railroad Company, and in making the distribution of the mails in 1881 and in 1883, above referred to, under which contract and by which distribution large amounts of mail matter were diverted from the Union Pacific Railroad and its lines to the Burlington and Missouri River, Southern Pacific, and Northern Pacific Railroads, is already set forth in the answer to the second part of the first interrogatory, and that reason is, briefly, this: By making the aforesaid contract with the Chicago, Burlington and Quincy Railroad Company, and by the distribution of the mails effected in 1881 and 1883, above referred to, an advance in the transportation of the mails to the States on the Pacific coast and to the Territories of from one day to two days was considered to have been effected. What was sought for was rapid transit of the mails, and this was thought to be enhanced by the means above mentioned.

I have been informed by the General Superintendent of the Railway Mail Service that before any of this diversion of the mails from the Union Pacific Railroad took place, in pursuance of the contract and the arrangements hereinbefore fully stated, an effort was made to induce the Union Pacific Railroad to give a faster schedule on its lines from Omaha to the Pacific coast, by which the same rapid expedition to the mails could be secured, but that the Union Pacific Railroad Company refused so to do unless it should receive extra compensation for such facilities, and that such extra compensation for such extra fast facilities should be paid in cash by the Government, and not in credits on its debts to the Government; that the question as to whether or not the Government, under the legal status which the Union Pacific Railroad Company occupied towards the Government, could pay for such extra fast facilities in cash instead of in credits on its indebtedness, was submitted to the Attorney-General of the United States, and that that officer held that such payments in cash for such extra fast facilities could not be made, but that the sums of money received therefor would have to go to the credit of the company in its account with the Government.

Thereupon the said Union Pacific Railroad Company refused to furnish these fast facilities and expedition in the transportation of the mails, requested and urged upon it by the agents of the Department.

In answer to the third interrogatory, namely, "Whether anything is gained or lost, in point of time, by sending over other roads rather than the Union Pacific road," it is respectfully submitted that this interrogatory is fully answered in the reply to the second parts of the first and second interrogatories, respectively.

In answer to the fourth interrogatory, a copy of the existing contract in relation to the transportation of said mails is herewith submitted, as requested, marked Exhibit A.

I herewith append, as a part of this answer, a full and detailed statement from Hon. John Jackson, General Superintendent of Railway Mail Service, in regard to the subject-matter of the above inquiries.

Very respectfully,

A. LEO KNOTT,  
Second Assistant Postmaster-General.

Hon. WILLIAM F. VILAS,  
Postmaster-General.

March 8, 1896, said reply being afterwards printed as Executive Document No. 2, first session Forty-ninth Congress.

In the letter from this office of January 20, 1896, it was shown that Colorado mail, departing from Chicago at 3 a. m., was dispatched via the Chicago, Burlington and Quincy Railroad to Omaha, and thence by the Burlington and Missouri River Railroad in Nebraska to Denver, and at 11.30 a. m. was dispatched via the Chicago, Burlington and Quincy Railroad to Kansas City, Mo. Prior to arriving at the latter point mail for Colorado was divided and a portion sent from Kansas City via the Kansas division of the Union Pacific Railroad to Denver, and another portion via the Atchison, Topeka and Santa Fe to Pueblo—that portion being forwarded by one of these routes that could the most expeditiously accomplish delivery. That this Colorado mail was not forwarded over their line was one of the complaints made by the Union Pacific Company, and the reason why such mail was not so forwarded was owing to a stipulation contained in an agreement made on the 7th of January, 1895, between the Post-Office Department and the Chicago, Burlington and Quincy Railroad (which controls the Burlington and Missouri River Railroad in Nebraska) for the establishment of a fast mail between Chicago and Council Bluffs, which stipulation is as follows:

"And it is further stipulated and agreed that the Chicago, Burlington and Quincy Railroad Company shall carry on its lines all through mails to and from points west of the Missouri River, and to and from Council Bluffs, Iowa; and the said mails shall be sent by the Post-Office Department."

This contract did not contemplate, of course, that any mail should be held or delayed in order to be carried by the Chicago, Burlington and Quincy trains, and in dispatching this Western mail the question of expedition has always received due consideration.

As to the complaint of the Hon. John F. Fisher, of Kansas City, that neither Lawrence and Topeka is mainly carried by the Atchison, Topeka and Santa Fe Company instead of being given to the Kansas Pacific division of the Union Pacific Railroad, I would state that at the time the fast mail was established between Saint Louis and Kansas City over the Missouri Pacific Railroad, arriving at Kansas City at 11 a. m., strenuous efforts were made to have all of the lines running west from Kansas City wait for this connection, and the efforts of the Department in this direction were successful with nearly every line; but among those that declined to comply the wishes of the Department was the Kansas Pacific division of the Union Pacific Railroad, the officers of which claimed that it would be impossible to hold the morning train west for this connection as it would lose them important connections at Denver. As the fast mail connection from Saint Louis to Kansas City carries the great bulk of the mail for the State of Kansas a large portion of the mail for Lawrence and Topeka must necessarily be forwarded by the mail which makes the connection, namely, the Atchison, Topeka and Santa Fe; otherwise the mail would have to remain in Kansas City until evening.

Another source of complaint which was taken up and considered in letter from this office of January 20, 1896, was the diversion of mail for Oregon, Washington Territory, Alaska, and British Columbia, to go from Chicago via Saint Paul, and the Northern Pacific, instead of via Omaha and the Union Pacific. And again, that mail for the southern portion of California was sent via the Atlantic and Pacific and Southern Pacific Railroads rather than by their lines. In both of these cases the mail was diverted in order to secure a more speedy delivery. The circumstances under which mail for Washington Territory, Oregon, Alaska, and British Columbia was sent via Saint Paul were somewhat similar to those under which Colorado mail was sent to the Chicago, Burlington and Quincy road, a contract having been made with the Chicago, Milwaukee and Saint Paul Railroad Company whereby, in consideration of its establishment of a fast train between Chicago and Saint Paul and the greatly improved facilities which such a fast would furnish the Department agreed to send mail for that portion of the country above mentioned by that line, provided it would be carried as expeditiously as by the Union Pacific. There has been no mail of any importance diverted from the Union Pacific roads since January 20, 1895, except as mentioned above in regard to certain towns in Kansas. The situation, therefore, is practically the same to-day as it was then, and on the subject in detail with more in detail in communication of this office of that date, I would respectfully invite your attention to it.

As covering the whole case, therefore, I think I can safely say that there has been no mail diverted from the Union Pacific railroads except that which would secure a more speedy delivery by other lines; and such diversion was made to conserve the public interest.

Very respectfully,

T. E. KAPPE,  
General Superintendent.

Hon. A. LEON KNOTT

Second Assistant Postmaster-General, Washington, D. C.

In reply to the third paragraph of the resolution I have to state that, previous to the establishment of the "fast mail" between Chicago and San Francisco via the Chicago, Burlington and Quincy and Union Pacific Railroads, the time in transit between New York and Denver was eighty-three hours and twenty-five minutes, as follows:

Leave New York 6.50 p. m., Monday; arrive Chicago 5.41 a. m., Wednesday. Leave Chicago 12.15 p. m., Wednesday; arrive Burlington 8.05 p. m., Wednesday; arrive Omaha 10 a. m., Thursday; arrive Denver 6.15 a. m., Friday, and the same time in transit of the p. m. dispatch from Chicago to Denver was forty-four hours and forty minutes; leaving Chicago at 10 p. m., and arriving at Denver via the Chicago, Burlington and Quincy and Union Pacific Railroads, at 6.40 p. m., second day.

Commencing with the establishment of the "fast mail" west of Chicago via the Chicago, Burlington and Quincy, Burlington and Missouri River, and Union Pacific Railroads, the time between New York and Denver was reduced to seventy-one hours and ten minutes, as follows:

Leave New York 9 p. m., Monday; arrive Chicago 12.35 a. m., Wednesday. Leave Chicago 3 a. m., Wednesday; arrive Denver 8.10 p. m., Thursday.

There is no dispatch of mail for Colorado at 10 p. m. from Chicago since the establishment of the fast mail last mentioned, the p. m. dispatch being omitted and forwarded via the Chicago and Burlington, the fast mail at 3 a. m. reaching Denver in forty-one hours and ten minutes, as follows: Leave Chicago 3 a. m.; arrive Denver 8.10 p. m., the following day.

Mail for Colorado is forwarded via the Chicago, Burlington and Quincy and Burlington and Missouri River Railroads in accordance with a stipulation in the contract between the Department and that route for fast mail facilities. See page 254, paragraph 8, Postmaster-General's Report, 1885, as follows:

"And it is further stipulated and agreed that the Chicago, Burlington and Quincy Railroad Company shall carry on its lines all through mails to and from points west of the Missouri River, and to and from Council Bluffs, Iowa; and the said mails shall be so sent by the Post-Office Department."

Copies of all official records and contracts in relation to the transportation of mails are on file in the railway adjustment division of your office.

Very respectfully,

JNO. JAMESON,  
*General Superintendent.*

Hon. A. LEO KNOTT,  
*Second Assistant Postmaster-General, Washington, D. C.*

[Exhibit A.]

POST-OFFICE DEPARTMENT,  
Washington, D. C., March 3, 1886.

I certify that the annexed is a true copy taken from the files and records of this Department.

In testimony whereof I have hereto set my hand and caused the seal of the Post-Office Department to be affixed, this day and year above written.

[SAL.]

WM. F. VILAS,  
*Postmaster-General.*

Whereas an agreement was entered into on the 10th day of March, 1884, between the Postmaster-General of the United States and the Chicago, Burlington and Quincy Railroad Company, under the provisions of which a special "fast mail train," starting from Chicago, Ill., at 3 a. m., has been maintained by said company six times per week over the line from Chicago to Union Pacific Transfer since March 11, 1884; and whereas the provisions of said agreement have been carried out with great benefit to the public; and whereas said contract or agreement will expire March 10, 1886, the following contract is entered into for the purpose of securing to the public these advantages this 7th day of January, 1886, between the Post-Office Department of the United States of America (acting in this behalf by the Postmaster-General) and the Chicago, Burlington and Quincy Railroad Company, by Charles E. Perkins, its president, and Thomas J. Potter and Charles E. Perkins, sureties, witnesses:

That the Chicago, Burlington and Quincy Railroad Company agrees to maintain the service stipulated and provided for in the agreement of March 10, 1884, and particularly the "special fast mail train," leaving Chicago at 3 a. m., six times per week, on route 23007, from Chicago, Ill., to Burlington, Iowa, for the compensation now fixed under the acts of March 3, 1873, July 12, 1876, and June 17, 1878, viz., one way

## ADDITIONAL PAY FOR RAILWAY POST-OFFICE CARS.

Sec. 4061. In case any railroad company now furnishing railway post-office shall refuse to provide such cars, such company shall not be entitled to any of compensation under the provisions of the next section.

Sec. 4062. Additional pay may be allowed for every line comprising a day's run of railway post-office cars, at a rate not exceeding twenty-five dollars per annum for cars forty feet in length; and thirty dollars per mile per annum for forty-five-foot cars; and forty dollars per mile per annum for fifty-foot cars; and fifty dollars per mile per annum for fifty-five to sixty-foot cars.

Sec. 4063. The length of cars required for such post-office railway-car service be determined by the Post-Office Department, and all such cars shall be put fitted up, furnished, warmed, and lighted for the accommodation of clerks to pack and distribute the mails.—*Act of March 3, 1873.*

## MAILS TO BE WEIGHED BY AGENTS OF THE DEPARTMENT.

\* \* \* And out of the appropriation for inland mail transportation the master thereof is authorized hereafter to pay the expenses of taking the weigh marks on railroad routes, as provided by the act entitled "An act making appropriations for the service of the Post-Office Department for the year ending June the thirtieth, eighteen hundred and seventy-four," approved March third, eighteen hundred and one, three; and he is hereby directed to have the mails weighed as often as is required by law by the employees of the Post-Office Department, and have the same stated and verified to him by said employees under such instructions as he may see fit to give to the Post-Office Department and the railroad companies.—*Act of March 3, 1873.*

## REDUCTION OF TEN PER CENTUM.

\* \* \* *Provided*, That the Postmaster-General be, and he is hereby, authorized and directed to readjust the compensation to be paid from and after the first of July, eighteen hundred and seventy-six, for transportation of mails on railroads by reducing the compensation to all railroad companies for the transportation of ten per centum per annum from the rates fixed and allowed by the first section of an act entitled "An act making appropriations for the service of the Post-Office Department for the fiscal year ending June thirtieth, eighteen hundred and one, four, and for other purposes," approved March third, eighteen hundred and one, three, for the transportation of mails on the basis of the average weight of the mails.—*Act of July 13, 1876.*

## ADDITIONAL REDUCTION OF FIVE PER CENTUM FROM JULY 1, 1877.

*And provided further*, That the Postmaster-General be, and he is hereby, authorized and directed to readjust the compensation to be paid from and after the first of July, eighteen hundred and seventy-eight, for transportation of mails on railroads by reducing the compensation to all railroad companies for the transportation of ten per centum per annum from the rates for the transportation of mails on the basis of the average weight fixed and allowed by the first section of an act entitled "An act making appropriations for the service of the Post-Office Department for the fiscal year ending June thirtieth, eighteen hundred and one, four, and for other purposes," approved March third, eighteen hundred and one, three.—*Act of July 13, 1876.*

## ALLOWANCE ON EAST-AND-WEST ROUTES.

Sec. 4064. The United States have the right to carry the mails on any route that may be fixed by law, and the rate of compensation for such service shall be fixed by law.—*Act of March 3, 1873.*

## PENALTY FOR REFUSAL TO CARRY MAILS ON EAST-AND-WEST ROUTES.

Sec. 4065. Any railroad company shall not refuse to transport the mails on any route that may be fixed by law, and the rate of compensation for such service shall be fixed by law.—*Act of March 3, 1873.*

## EXHIBIT D.

OFFICE OF THE AUDITOR OF THE TREASURY  
FOR THE POST-OFFICE DEPARTMENT,  
Washington, D. C., November 19, 1887.

SIR: In reply to your letter of the 7th instant, requesting that you be furnished with the total balance due on the branches of the Pacific railroads for transportation of the mails, I have the honor to inform you that a balance of \$911,378.93 is due on the branches of the Central Pacific Railroad Company from July 1, 1882, to September 30, 1887, and remains unpaid.

The balances due the Union Pacific, Central Branch Union Pacific, and Kansas Pacific railroad companies have been placed to their credit at the Treasury under an assignment by the president of the respective companies.

The balance due the Sioux City and Pacific Railroad Company has been certified to the Register of the Treasury, under the act of March 3, 1879.

Respectfully,

D. McCONVILLE,  
*Auditor.*

Hon. A. LEO KNOTT,  
*Second Assistant Postmaster-General.*

P E VOL VII—51

Y, JANUARY 1, 1872.

er.      le Post.      \*      Lawrence.      \*      Kansas City.      \*      Leavenworth.

age Eastern Division  
\$2,240,000.00

Grant, \$2,000,000.00

Grant, \$1,500,000.00

Leavenworth Branch  
\$600,000.00

**Due** 7,063,000.00

**1,000.00.**

les.

**17,855,680.00.**

unpaid, 284,000.

Utah.