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CASHIER

# *The Chase National Bank*

*New York,*

Sept. 28th. '99

James J. Hill Esq.,

St. Paul, Minn.

Dear Mr. Hill:-

I had a pleasant interview with Mr. Earling in relation to the St. Paul & Duluth matter. He informed me that he felt disposed to build a low grade line to Duluth but that he would confer with Mr. Miller concerning the St. Paul & Duluth property. I told him that I had no doubt the grades of the St. Paul & Duluth could be reduced at a reasonable expense and that it was a more difficult country in which to construct and maintain a railway than appeared from a cursory survey, and I intimated to him that it would take at least two years, and probably more, before he could have a satisfactory line. I found him well disposed and grateful to you for advice and counsel in railway matters generally.

I arrived here Monday night and met Col. Lamont yesterday noon. He informed me that he had not seen Mr. Morgan for several days but he had heard from various sources that Mr. Morgan stated that he did not believe our statements that it was a Bankers Syndicate purely. He informed me that Mr. Morgan declined to accept the interest we offered him in the Syndicate and that he [Lamont] was uncertain as to the best course to pursue in the matter. I told him that if Mr. Morgan or Mr. Coster or any of his people wished to talk with me I would be pleased to meet them at any time and that I thought he [Lamont] and myself had better call upon Mr. Morgan if he desired to see us. Col. Lamont concurred in this view.

As you are aware Friday, Saturday and Sunday are holidays in this city and no business will be done until next Monday. On Tuesday next and thereafter the International yacht races will take place in which Mr. Morgan takes a deep interest and it is quite likely that we will hear nothing from him for some time to come. In the meantime I have had a conference with Mr. Clarence S. Day who informs me that he is progressing nicely in obtaining additional signatures of shareholders to the Bankers Syndicate and their Powers of Attorney to turn over their stock to the Syndicate upon its organization. The only hitch in the matter at present is the inability



of Capt. Hays to obtain a quorum of his Board to pass the resolutions giving our syndicate managers an option on the lands. Capt Hays seems inclined to delay this matter until after the annual meeting which occurs Oct. 12th. Mr. Day is in earnest and proposes to have everything prepared and obtain an option for the Syndicate from the Board as soon after the annual meeting as possible. As you are aware, the Board is classified, three members retiring yearly. No unfavorable changes will be made and Mr. Day expects to continue in the Board. I have had a plain talk with Mr. Day and he appears to be anxious to carry out the agreement and is doing his best to push matters along. I am inclined to think that little or nothing will be accomplished before the 15th. proximo from the St. Paul & Duluth side of the syndicate except that Mr. Day will have further signatures and probably will be in a stronger position by that time. He is confident that an option on the lands will be given to our Syndicate directly after the annual meeting. Our only course, under the circumstances, is to be patient and let the matter run along until between the 15th. and 20th. of October. I am inclined to think that it will not be necessary for you to visit New York before the 15th. or 18th. of next month unless you have matters requiring your attention here sooner. I presume by that time the yeast that you have put into the C.M & St. P will be working. Mr. Roswell Miller, as you know, expects to move to New York within the next two weeks and attend to the duties of the Chairman of the Board, Mr. Bond having resigned as Vice Pres't and Mr. Miller will look after matters at this end.

I find that the Oregon Ry & Nav. Co Voting Trust Certificates had not been exchanged for stock of O R & N and Mr. Nichols has to-day put the Voting Trust certificates into the Trust Co to obtain stock which will be good delivery. There is no market for O R & N shares at present. I expect a somewhat easier money market within the next week or ten days. There is a fair market for Union Pacific stock but as you will observe by the Advertisement the Union Pacific Company give negotiable receipts for the O R & N stock for exchange into Union Pacific stock but are unable to give the stock itself until after their meeting on Oct 9th. Under the circumstances I am inclined to think that it will be quite as well not to attempt to dispose of any of the stock until after your visit to New York as the market is weak and it is useless to attempt to market a block of stock under existing conditions except at a low figure and, as everything is working along comfortably with all of us, we might as well await events and your visit here before doing anything further. In case I find a good market for a reasonable amount of O R & N stock before the time for making the deposit for exchange into Union Pacific stock I will take advantage of it and dispose of some of the stock, but I do not think this will happen.



Please let me know by wire whether or not you concur in this and also instruct me as to whether or not I shall ~~dispose of~~ <sup>deposit</sup> the O R & N stock in order to obtain Union Pacific stock (after the stockholders vote for its issue on Oct. 9th.) To do this, as you are aware, Mr. Nichols must make <sup>the</sup> deposit with the Trust Co. before Oct. 7th. I know of no reason why we should retain the O R & N stock but will be glad to know your wishes in the matter. I presume you will advise that the deposit be made and certificates for Union Pacific stock be taken out. The temporary U.P. certificates have not been listed and cannot be sold until after the Union Pacific stock is obtained later in the month.

The money market is active and close here but all legitimate demands are being met and a shipment of \$1,600,000 of gold is already on the way from London and more can be obtained if necessary. Banks are taking out additional circulation to assist in moving the crops and I do not anticipate panicky conditions.

The "Dewey Holidays" and the boat races make it almost impossible to attend to any considerable amount of business outside of office routine although we are all very busy in interviewing the many visitors who deal with us.

Col. Lamont tells me that Mr. Mellen told him that he thought the St. Paul & Duluth matter would be "straightened out;" that the Northern Pacific had joint terminals with the St. P & D and he [Mellen] thought some sort of a trade would be made with you in the matter. This indicates that Mr. Morgan's irritation comes principally because he would like to control the St. P & D in the interest of the Nor. Pacific. I am inclined to think that if we let the matter run along quietly until the St. P & D Board passes a resolution giving us an option on the land and the Syndicate managers make a call for some money, and in this way tying up the whole situation up so that it cannot be tampered with, that you may be able to gain some advantage for Great Northern - in your general trade with Nor. Pacific on account of our strong position in St. P & D matter, or we can sell it to the C M & St. P if they want it. Under the circumstances I would like to get a little further along with my Syndicate before undertaking to make a bargain with the C M & St. P or trade with the other people. I believe it will have a good effect if these people are left to themselves for a couple of weeks.

Since my return our people have been active in Pacific Coast matters and we have to day a clear majority of about 7000 shares and the present management will vote at least 75% of the stock. There is practically no opposition except some foolish talk on the part of some of C. J. Smith's friends.

I find everything at the bank in excellent shape and look back with much pleasure upon my recent trip.

Yours Faithfully,

