

THURSDAY, JULY 4, 1895.

## N.P. REORGANIZERS HALTED

### A LEGAL HITCH IN THE PENDING NEGOTIATIONS.

**Chairman Adams of the Reorganization Committee Says that the London Proposal of the Great Northern Railway Party Cannot Be Entertained at Present.**

For two or three days past it has been rumored in Wall street that the reorganization of the Northern Pacific Railroad was not progressing smoothly, and it has been hinted that the obstacle encountered was a legal one relative to the proposed relations between the reorganized company and the Great Northern Railway. These reports were confirmed yesterday, when the following statement was furnished for publication by Mr. Edward D. Adams, Chairman of the Northern Pacific Reorganization Committee:

"The London proposal of guarantee made by the Great Northern party has been found impracticable without additional legislation. Counsel of the Reorganization Committee and of the bankers have expressed the opinion (in which a majority of the counsel of the Great Northern itself concur) that until such legislation is obtained the Great Northern Company could not legally fulfil the proposal of guarantee which had been made in its interests. It is understood that all parties to the recent negotiations are united in continuing efforts to establish and maintain harmonious relations between the properties they represent."

It was said in behalf of the Reorganization Committee that this statement was made to prevent the circulation of distorted and possibly alarming reports relative to the obstacle which it is claimed has been encountered. It was also said that the committee and its counsel, acting in concert with the Great Northern and the banking interests that are to underwrite the plan of reorganization, will spare no effort to devise means for availing of the proposed guarantee of the Great Northern Company for the benefit of Northern Pacific security holders.

Within an hour or so after the publication of Mr. Adams's statement by the news agencies President James J. Hill of the Great Northern Railway Company joined issue with the Chairman of the Reorganization Committee. He said that no such conclusion, namely, that the plan was impracticable, had been arrived at, and that no authority for or endorsement of any such statement in behalf of the counsel of the Great Northern Company could be made. He expressed great surprise that any such statement should have been made as that purporting to have come from Mr. Adams. Further than this Mr. Hill declined to express himself. He will return to his home in St. Paul to-day.

It was a matter of comment in the Street yesterday that the lawyers for the Reorganization Committee and for the bankers should at this stage of the negotiations have discovered an obstacle of sufficient importance to be made the subject of an official statement. It is not generally believed that it is insurmountable, as there are so many ways of effecting a union or an alliance between corporations without violating the law.