

NEW YORK, THURSDAY, JULY 4, 1895.

HILL'S HAND IN NORTHERN PACIFIC.

Has a Hitch with the Adams Committee Over the Question of Legislation.

TALKS WITH MR. MORGAN.

Great Northern's President May Have Enough Foreign Support to Go It Alone.

MAY SIDETRACK THE OTHERS.

There is a hitch in the reorganization of the Northern Pacific Railroad—or, more properly speaking, a hitch between the Adams committee and President James J. Hill, of the Great Northern, who wants the property readjusted to suit his own company.

That it is no mere difference of opinion is evident from the fact that Messrs. Hill and Chairman E. D. Adams, who are men of few words, did considerable talking yesterday. Each one expressed surprise at the other's remarks and then relapsed into silence. Mr. Hill took a rather hasty departure for the Northwest after an interview with J. Pierpont Morgan yesterday.

Mr. Adams said:—"The London proposal of guaranty, made by the Great Northern party, has been found impracticable without additional legislation. The counsel of the Reorganization Committee and of the bankers have expressed the opinion (in which a majority of the counsel of the Great Northern concur) that until such legislation is obtained the Great Northern Company cannot legally fulfill the proposal of guaranty which had been made in its interests. All parties to the recent negotiations are uniting in continuing efforts to establish and maintain harmonious relations between the properties they represent."

HILL PROPOSED THE GUARANTEE.

This was all that Mr. Adams would say on the subject. One of the committee, however, said that the original suggestion that the Great Northern guarantee the bonds of the Northern Pacific was made by Mr. Hill himself in London, and he is alleged to have stated at that time that there were no legal barriers to the plan. He had consulted prominent counsel, and they had assured him that all would be smooth sailing.

The member of the Reorganization Committee said that they went ahead and arranged all the details on this assurance, but a few days ago they thought it would be a good idea to look up the laws of Minnesota. They found, it is stated, that the laws of that State didn't allow all that was claimed by Mr. Hill.

Accordingly Mr. Hill was asked to bring on his counsel and let them cite their authorities. The committeeman mentioned said that the position taken was weak and one of Mr. Hill's own legal authorities backed down, admitting that there would need to be special legislation in order to allow the Great Northern to make the desired guarantee.

It is reported that Mr. Adams and his friends were rather disgruntled at the turn things had taken and that they refused to proceed any further on the present basis unless legislation could be obtained. They decided to make an early statement of the exact facts, it is said, in order that security holders of the Northern Pacific might all stand on the same footing and so that no one with inside information could take advantage of early information.

SAYS THE FOREIGNERS SUPPORT HIM.

President Hill said that no such conclusion—namely, that the plan was impracticable—had been arrived at, and that no authority for or the indorsement of any such statement in behalf of the Great Northern could be made.

In other words, Mr. Hill stands by his original statement, which is attributed to him by the Adams committee when he made the offer to guarantee the interest on the Northern Pacific bonds, that legislation will not interfere. He also made another significant remark, which seems to explain the reason for the hitch.

He said that he had no personal interests to subserve, inasmuch as he is not a security holder of the Northern Pacific. It is for the bondholders of that company to say what shall be done. Prominent interests in both Germany and England had assured him personally of their support of his plan without any reference to other parties who represent foreign bondholders, and it was only after this assurance that he consented to assist in the reorganization.

Mr. Hill apparently means by this that he has the support of the Deutsche Bank, which Mr. Adams has all along represented. Mr. Adams took up the reorganization at the suggestion and in the way desired by the Deutsche Bank.

WILL HE SIDETRACK THE COMMITTEE?

But when Mr. Hill crossed the water and conferred with the Berlin bankers and leading Englishmen, they seemed to have been captivated with his views on the subject, and they welcomed his suggestion to take charge of both systems and run them harmoniously and economically. The Great Northern's guarantee impressed the foreigners as a very valuable attachment.

Mr. Hill conferred with Mr. Morgan while in London, and it was then arranged that the latter should take charge of the underwriting syndicate and also assist in the reorganization. When Messrs. Hill and Adams returned from Europe, and they got to work on the reorganization, Mr. Morgan attended one meeting and then delegated one of his firm to represent him in the committee's conferences.

Everything appears to have gone along quietly until a couple days ago, when the hitch referred to occurred. Mr. Morgan, after a conference with Mr. Hill yesterday, is quoted as saying that he was doing all that he could to help the plan along and that he did not consider it a failure by any means.

To some wall street men the apparent change of conditions is significant. It was suggested that Mr. Hill is trying to sidetrack the Adams committee, and that he may have the good will of Mr. Morgan. If this is true Mr. Morgan will have the undivided honors of the reorganization, and Mr. Hill will remain in the background until he can wear the laurels as president of two great railroad systems.