

RAILWAY AFFAIRS.

THE TRUSTEESHIP OF THE SECOND MORTGAGE OF THE CHICAGO, MILWAUKEE, AND ST. PAUL RAILROAD—THE REMOVAL OF MR. HUGHES BY THE BONDHOLDERS.

As was stated in THE TIMES of Friday last, rumors were afloat on the "street" to the effect that David M. Hughes, the Trustee of the second mortgage of the Chicago, Milwaukee, and St. Paul Railroad had taken legal steps to enjoin the payment of the dividend declared on Thursday last, the grounds of this action, it was stated, being that since the company was indebted to the sinking fund for nearly one million of dollars the dividend could not be paid until that indebtedness was satisfied. Subsequent investigation of the rumor disclosed the fact that the second mortgage bondholders had at a recent meeting removed Mr. Hughes from his trusteeship, and appointed in his place the Farmers' Loan and Trust Company. Upon being questioned in relation to the appointment, the Vice President of the latter corporation referred his interrogator to the Secretary of the Chicago, Milwaukee and St. Paul Railroad. The latter gentleman stated that the second mortgage bondholders recently held a meeting, and drew up a paper removing Mr. Hughes from his trusteeship of the mortgage, because of his residence out of the United States, and appointing the Farmers' Loan and Trust Company, as Trustee in his place. Upon being questioned as to the truth of the report that Mr. Hughes had commenced suit to restrain the payment of the dividend declared on Thursday last, he stated that he had heard of no such suit, and explained that the rumor probably arose from a misconception of the suit brought against the road some eight months ago by Mr. Hughes, through his attorney, Mr. N. A. Cowdrey, claiming that one million dollars or more of the sinking fund had not been paid. The suit having gone into the Circuit Court of the United States, the second mortgage bondholders had put in an answer that, since Mr. Hughes had not resided in this country for a number of years, he was therefore no longer a Trustee of the mortgage. This, the gentleman continued, had apparently put an effectual stop to the proceedings on the part of Mr. Hughes, for the matter had rested, as far as he knew. On requesting to be informed as to the details of the mortgage in question, the gentleman replied that a second mortgage on the road was originally made for \$1,500,000. Bonds for \$20,000 of that amount had never been issued, while \$389,000 of those issued had already been paid, leaving a balance of \$1,091,000 still unliquidated. One hundred thousand dollars of the above sum of \$389,000, said the Secretary, has been paid since the commencement of Mr. Hughes' suit in the United States Court. In conclusion, he expressed an opinion that even if Mr. Hughes did secure an injunction restraining the payment of the newly-declared dividend, "it wouldn't amount to a row of pins," and that the bondholders felt perfectly satisfied with the matter as it now stood.

In order to ascertain whether Mr. Hughes had, in reality, stopped proceedings in the suit above alluded to, his attorney, Mr. Cowdrey, was visited at the Union Club. Upon being questioned, he emphatically denied that the suit had been stopped, asserting that it was pending now in court, and would, without doubt, be prosecuted as soon as reached on the calendar. Upon being questioned in relation to the assertion in the bondholders' answer, that Mr. Hughes was no longer a Trustee of the mortgage, Mr. Cowdrey replied that the suit in the Circuit Court had been brought to settle just that point, and that its decision alone was what would dispose of the disputed question. Then, taking from his pocket the slip from THE TIMES, he further said: "I see that our friend Mitchell is rather Jesuitical and guarded in the expression of his views. I see that when speaking of the reported arrangements with the Milwaukee Northern Road he said that 'there was not a shadow of a foundation for the rumor that the leasing or purchasing of the Milwaukee Northern Road was being talked of, and it was equally untrue that any of the Directors were largely interested in that road.' This statement is extremely guarded and all depends upon the construction that is put upon the word 'largely.' The fact is, that Mr. Mitchell is personally interested in the Milwaukee Northern road to the extent of \$50,000, some of his colleagues being also interested to equal amounts. Now Mr. Mitchell may not call that a 'large' interest, but you and I and other people would, I think, consider it as such."

Mr. Mitchell, in a letter to THE TIMES, says: "In the money article of your journal published this morning it is asserted that this company 'is in default on one of its mortgages to the amount of nearly one million dollars.' Nothing short of so glaring an assertion would induce me to intrude upon your notice, as many statements and rumors are set afloat and find their way into the money articles of the City papers, which on their face bear their own refutation and require no further notice. This statement, however, is so open and so unwarranted that I conceive it to be due to the stock and bondholders of this company that I should declare it unqualifiedly without foundation. If the statement refers to the second mortgage bonds, of which there is now only about one million dollars outstanding, I beg to say to you that under the sinking fund provision of this mortgage, it has from time to time been reduced from \$1,500,000 to its present amount, out of the net earnings of one of the elevators owned by this company, in full compliance with said provisions. To render our position certain on this point, the company has recently caused a full examination of the accounts relating to this sinking fund to be made under the supervision of the counsel of the company, and are assured by him that the company has fully complied with its obligations under the requirements of the mortgage. I also believe that the holders of these bonds are mostly, if not all, satisfied with what has been done thus far by the company, and they have recently united in a written instrument legally removing David M. Hughes as Trustee under the mortgage, and substituting the Farmers' Loan and Trust Company."

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