

SEATTLE - January 24, 1966

Mr. William J. Quinn
President
CHICAGO

You recently mentioned to me the suggestion that we might want to consider the acquisition of the Port Townsend Railroad.

As I understand, that railroad was purchased on January 1, 1945 from Mr. Joshua Green by a partnership consisting of R. S. Fox, John E. Fox, R. M. Fox, Nels H. Magnuson, O. E. Sund and Paul A. Pearson for \$125,000.00, each partner contributing \$2,500.00 for the down payment. I further understand that the remaining balance due was paid for out of earnings within the first two years of operation.

To show the net income of the railroad and the extreme profitableness of the investment made by the partners, I am attaching the income account of the Port Townsend Railroad for the years 1945 to 1952 inclusive. Later I made a check of the situation for the years 1953, 1955 and 1957. In 1953 the net income of the railroad after fixed charges was \$52,000.00, and in that year the partners drew down \$72,000.00, leaving an unappropriated surplus of \$147,000.00. In 1955 net income after fixed charges was \$124,718.00 and in that year the partners drew down \$48,000.00. In 1957 the net income of the railroad after fixed charges was \$33,790.00, and I do not believe there was any distribution to the partners in that year. As indicated, I do not have any figures for 1954, 1956 and 1958 and 1959.

I am also attaching figures obtained by Mr. Nance from the annual reports of the Port Townsend Railroad on file with the Washington Public Service Commission for the years 1960 - 1964 inclusive, which indicate the railroad has not been nearly as profitable in the past

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five years. On the other hand, the financial results of its operations would indicate to me that the partners would want a very substantial price for the railroad.

Larry Dugan

Attachments

cc: Mr. C. E. Crippen
Mr. A. L. Nance

