
FIRST REPORT

ON THE BUSINESS OF THE

McGREGOR WESTERN RAILWAY,

MILWAUKEE AND PRAIRIE DU CHIEN RAILWAY CO., LESSEES,

FROM APRIL 1st TO DECEMBER 31st, INCLUSIVE

1865.

GENERAL MANAGER'S REPORT

OF THE OPERATION OF THE

McGregor Western Railway.

To the President and Directors of the Milwaukee and Prairie du Chien Railway Company :

GENTLEMEN :

I herewith submit the Report of the management of the McGregor Western Railway, from April 1st to Dec. 31st, inclusive :

The gross earnings, including drawback, paid by the Milwaukee and Prairie du Chien and North Western Railway Company, have been—	
From Freight	\$172,756 68
“ Passengers	39,082 93
“ Mails and Rents	1,499 67
Total	<u>\$213,339 28</u>
The expenses for operating the road, including taxes and eight per cent. on advances, made by the Milwaukee and Prairie du Chien Railway Company, have been	
	<u>\$128,446 47</u>
Net earnings	\$84,892 81

Under the lease contract made with the McGregor Western Railway Company, March 11th, 1865, we assumed possession of, and commenced the operation of the road to Ossian,

a distance of 35 miles, on the 1st day of April. On the the 1st of August we assumed possession of the entire road of the company, finished and unfinished. The track was then laid to Counover, but not in condition to run. On the 29th of August, trains commenced running regularly to Counover, which is still the terminal point of the road.

The policy which has been generally adopted on western roads to get the track down as speedily as possible, and with the earnings improve it, was adopted in this. Much of the work on such roads must necessarily be temporary, until with the aid of the trains, materials for better improvement can be transported, and with the trains the excavations and embankments made the proper width.

The spring being an unusually wet one, the road was seriously embarrassed by the narrow excavations which kept the slopes sliding and filling up the track, so much so, that on the 1st of June the expenses of operating exceeded the earnings \$5,450 02. A construction train was immediately put on the road to carry out what was evidently the policy of the company. The road bed has been materially improved by widening and ditching the cuts, and as far as that material would go, widening the embankments. Thus far no gravel has been found for ballasting; when found, of which there are evidences further west, the road should be ballasted as rapidly as possible to save the iron.

The necessary buildings for the operation of the road were commenced, and such as were partly built when we took possession completed.

The following statement shows what has been done in buildings:

Stone engine house, North McGregor.	\$14,521 05
Turn table, " "	1,000 00
Wood platform, Noble.	256 99
Water house, Spaulding.	1,200 00
Moving and completing station house, Monona ..	400 00
Turn table, " ..	500 00
Station house, (not yet completed,) Luana.	1,300 00
" " Postville	2,850 00
Completing station house, Castalia	350 00

Station house, Ossian.....	2,550 00
Water house, "	1,400 00
Station house, Calmar.....	3,000 00
Water house, "	1,500 00
Completing Station house, Counover....	200 00
Wooden engine house "	2,150 00
Turn table, "	350 00
Stoves and pipe for engine houses.....	900 00
Total.....	<u>\$34,428 04</u>

This amount has been paid for by the earnings of the road, and charged in balance sheet to construction account, divided into new shops and new buildings.

The amount expended for new shops at North McGregor, is \$15,521 03, which is the cost of a new stone engine house of six stalls with new turn table, grading and the necessary tracks into it. The machine shop, car shop, blacksmith shop and water house still remain to be put up. Some money had been expended before we took possession, upon a combined machine, car and blacksmith shop to be under one roof, but not enough had been done on it but what it was considered economy to use the material and put it in more convenient buildings.

More side track room was found necessary, as the business of the road and number of cars were increased. 7,620 feet of side track was laid, at a cost of \$12,077.10, as shown in balance sheet under head of new side tracks. The amount expended was for labor in grading, laying, and materials used other than iron, which was taken from iron belonging to the McGregor Western Company, not used as yet in main line.

Under the lease contract, the Milwaukee and Prairie du Chien Railway Company were to take the rolling stock on the road at an appraised valuation, and make such additions from time to time as the increased business of the road demand, on requisition made by the President of the McGregor Western Railway Company. The equipment on the road, at the time of taking possession, and the appraised valuation, is as follows :

3 first class engines, valued at.....	\$77,010 00
1 old engine, valued at.....	5,000 00
33 box freight cars, valued at.....	39,270 00

1 passenger car, valued at	2,000 00
2 baggage cars, valued at.....	2,900 00
4 flat cars, valued at.....	3,600 00
6 hand cars.....	450 00
	<hr/>
Total.....	\$130,230 00
for which first preferred stock was issued at 105, making cost	\$124,028 57
Under requisition we have furnishsd from time to time, in addition to the above—	
1 first class engine, valued at	\$25,000 00
1 first class light passenger engine, valued at...	14,000 00
1 passenger car, valued at	3,000 00
1 second class and mail car, valued at.....	2,000 00
1 baggage car.....	1,500 00
42 new box freight cars	40,271 78
5 new flat cars.....	4,050 00
4 flat and one box car, appraised in material since finished, and put on the road at a cost of.....	4,591 96
	<hr/>
Total.....	\$218,442 31

This equipment is sufficient for the business of the road with its present length, and is throughout in efficient condition.

Nothing yet has been done towards fencing the road. Aside from the laws which are very stringent as regards killing stock by rail road companies, the risk we take with our trains is great, and compels us, for safety, to run them only by day. A more economical use of cars can be made, by using the day for loading and unloading, and running the freight trains at night. This, with the risks now taken, makes it almost imperative to commence the fencing of the road this year.

The iron, (45 lbs. per yard,) with which the road is laid, is too light for the traffic of the road, and should be replaced with heavier rails as these become worn.

There should be no delay in pushing to completion the shops, and putting in them the requisite machinery, for the repairs and renewals of the rolling stock. The road is now entirely dependent on the shops of the Milwaukee and Prairie du Chien Company for everything beyond slight repairs; the delay at

times is more expensive than the repairs, as being no surplus of rolling stock, the constant use of all is required.

The importance of extending the road to a connection with the Minnesota Central is too well understood for me to say any thing about it. The surveys have been made, and estimates will soon be ready to submit showing the cost of completing and equipping the road to Austin.

The annexed tables give details of the business of the road during the time it has been operated by your company.

Respectfully,

J. C. SPENCER, 

General Manager.

OPERATION OF THE ROAD,

EARNINGS.			
From Freight,	\$172,756	68	
From Passengers,	39,082	93	
From Mails and Rents,	1,499	67	
			Total Earnings,
			\$213,339 28
EXPENSES.			
REPAIRS OF ROAD.			
Repairs of Track,			
Labor,	24,332	67	
Material,	3,500	50	
			27,833 17
Repairs of Bridges,			
Labor,	274	89	
Material,	127	97	
			402 86
Repairs of Fences,			
Labor,			
Material,	50		
			50
Repairs of Buildings,			
Labor,	679	04	
Material,	1,138	85	
			1,817 89
			\$30,054 42
REPAIRS OF MACHINERY.			
Repairs of Locomotives,			
Labor,	3,665	98	
Material,	3,490	30	
			7,156 28
Repairs of Cars,			
Labor,	5,308	22	
Material,	5,559	58	
			10,867 80
Repairs of Tools and Machinery,			
Labor,	511	22	
Material,	2,183	30	
			2,694 52
			\$20,718 60
Amount forward,			\$50,773 02

From April 1 to Dec. 31 inclusive, 1865.

EXPENSES.—CONTINUED.

Brought forward, \$50,773 02

OPERATING.

Management and General Offices,..	\$5,927 64	
Foreign Agency and Advertising,..	80 00	
Station Service,	9,988 99	
Conductors, Baggage and Brakemen	4,763 65	
Engineers, Firemen and Wipers,..	6,979 36	
Train and Station Supplies,.....	5,952 09	
Fuel,.....	15,012 19	
Oil and Waste,	2,976 01	
Damage to Property,.....	821 89	
Loss & Dam'g. of Freight & Baggage	782 27	
Car Service,	398 12	
Miscellaneous Expenses,	27 50	
Taxes,	5,660 33	
* Rent of Rolling Stock and Working Capital,	18,303 41	
*(Charged under Sections 3 and 4 of Lease Contract.)		\$77,673 45
Total Expenses,	\$128,446 47	

RECAPITULATION.

Gross Earnings,	213,339 28	
Total Expenses,	128,446 47	
Net Earnings,	\$84,892 81	

STATEMENT OF EARNINGS MONTHLY FROM APRIL 1st TO DEC. 31st, 1865.

	FREIGHT.	PASSENGERS.	MAILS & RENTS.	TOTAL.
APRIL,.....	5,218 41	2,924 42	135 00	8,277 83
MAY,.....	8,673 22	3,263 71	130 00	12,066 93
JUNE,.....	21,396 08	3,402 72	135 00	24,933 80
JULY,.....	23,952 07	3,610 17	135 00	27,697 24
AUGUST,.....	14,576 02	3,611 33	135 00	18,322 35
SEPTEMBER,.....	20,163 01	5,715 31	274 67	26,152 99
OCTOBER,.....	32,394 63	6,538 42	185 00	39,118 05
NOVEMBER,.....	30,874 28	5,878 58	185 00	36,937 86
DECEMBER,.....	15,508 96	4,138 27	185 00	19,832 23
TOTAL,.....	172,756 68	39,082 93	1,499 67	213,339 28

MOVEMENT AND REVENUE OF FREIGHT

FROM APRIL 1st TO DEC. 31st, 1865.

	EASTWARD.		WESTWARD.		TOTAL.	
	Tons.	Revenue.	Tons.	Revenue.	Tons.	Revenue.
APRIL,	355	1,009 59	533	2,104 77	888	3,114 36
MAY,	1,236	3,471 43	1,024	2,874 21	2,260	6,345 64
JUNE,	4,388	13,156 42	1,465	3,106 07	5,853	16,262 56
JULY,	4,902	14,642 06	1,915	3,804 42	6,817	18,447 28
AUGUST,	2,497	7,234 43	2,324	4,309 32	4,821	11,543 80
SEPTEMBER, ..	3,628	10,677 92	1,968	5,045 27	5,596	15,723 19
OCTOBER,	6,034	18,938 99	2,099	5,661 37	8,133	24,620 36
NOVEMBER, ..	5,220	17,321 48	2,793	6,984 26	8,013	24,305 74
DECEMBER, ..	2,516	8,788 42	1,263	3,513 65	3,779	12,252 07
TOTAL,	39,776	95,191 66	15,384	37,423 34	46,160	132,615 00

MOVEMENT & REVENUE OF PASSENGERS

FROM APRIL 1st TO DEC. 31st, 1865.

	EASTWARD.		WESTWARD.		TOTAL.	
	Number.	Revenue.	Number.	Revenue.	Number.	Revenue.
APRIL,	852	1,167 45	1,117	1,587 60	1,969	2,755 05
MAY,	950	1,334 50	1,118	1,637 95	2,068	2,972 45
JUNE,	938	1,367 65	1,168	1,693 82	2,156	3,061 47
JULY,	1,120	1,380 45	1,480	1,855 47	2,550	3,235 92
AUGUST,	1,099	1,444 50	1,327	1,862 95	2,426	3,307 45
SEPTEMBER, ..	1,566	2,374 70	1,770	2,707 85	3,336	5,082 55
OCTOBER,	1,613	2,519 80	2,055	3,412 90	3,668	5,932 70
NOVEMBER, ..	1,619	2,424 50	1,873	2,943 80	3,492	5,368 30
DECEMBER, ..	1,412	2,065 85	1,358	1,915 10	2,770	3,980 95
TOTAL, ...	11,219	16,079 40	13,216	19,617 44	24,435	35,696 84

TONNAGE AND REVENUE OF FREIGHT

Forwarded from and Received at the several Stations, from April 1st to Dec. 31st, 1865.

	FORWARDED.						RECEIVED.	
	EASTWARD.		WESTWARD.		TOTAL.		TOTAL.	
	Tons.	Revenue.	Tons.	Revenue.	Tons.	Revenue.	Tons.	Revenue.
PRA. DU CHIEN			4,433	16,415 91	4,433	16,415 91	29,983	93,001 85
N. McGREGOR,			10,663	20,613 52	10,663	20,613 52	759	2,131 47
NOBLE,	7	4 81	9	11 21	16	16 02	3	8 41
SPAULDING,	1	2 00			1	2 00	1	1 97
MONONA,	1,450	2,425 69	6	28 84	1,456	2,454 53	485	639 01
LUANA,	1,001	2,099 72	28	42 46	1,029	2,142 18	147	300 43
POSTVILLE,	5,616	12,198 09	160	198 82	5,776	12,396 91	2,596	4,531 71
CASTALIA,	1,377	3,894 91	3	9 36	1,380	3,904 27	384	782 23
OSSIAN,	12,998	42,976 01	81	101 01	13,079	43,077 02	6,994	17,761 69
CALMAR,	967	3,654 19	1	2 21	968	3,656 40	538	1,273 41
COUNOVER,	7,359	27,936 24			7,359	27,936 24	4,270	12,132 72
TOTAL,	30,776	95,191 66	15,384	37,423 34	46,160	132,615 00	46,160	132,615 00
								Express and Storage,
								Drawback,
								Total Freight Earnings,
								3,882 17
								36,259 51
								172,756 68

NUMBER AND REVENUE OF PASSENGERS

Carried to and from the several Stations from April 1st to Dec. 31st, 1865.

	FROM.						TO.	
	EASTWARD.		WESTWARD.		TOTAL.		TOTAL.	
	No.	Revenue.	No.	Revenue.	No.	Revenue.	No.	Revenue.
N. McGREGOR,			10,932	18,034 16	10,932	18,034 16	9,218	14,757 63
NOBLE,	63	16 70	27	35 15	90	51 85	170	100 60
SPAULDING,	51	19 00	42	51 95	93	70 95	120	76 30
MONONA,	1,094	707 90	733	644 38	1,827	1,352 28	1,588	1,097 07
LUANA,	709	518 75	178	143 05	887	661 80	795	621 50
POSTVILLE,	2,204	2,561 77	548	377 55	2,752	2,939 32	2,905	3,142 38
CASTALIA,	595	699 90	202	100 15	797	800 05	728	742 85
OSSIAN,	3,394	5,737 88	414	194 90	3,808	5,932 78	4,842	7,701 61
CALMAR,	509	960 65	140	36 15	649	996 80	511	655 25
COUNOVER,	2,900	4,856 85			2,900	4,856 85	3,553	6,801 75
TOTAL,	11,219	16,079 40	13,216	19,617 44	24,435	35,696 84	24,435	35,696 84
								Drawback,
								Miscellaneous,
								Total Passenger Earnings,
								3,039 96
								346 18
								39,082 93

Abstract of Commodities of Freight Transported from April 1st to Dec. 31st, inclusive—Eastward.

FORWARDED FROM.	Wheat, Bushels.	Rye, Bushels.	Barley, Bushels.	Oats, Bushels.	Corn, Bushels.	Potatoes, Bushels.	Beans, Bushels.	Grass Seed, Bushels.	Flour, Barrels.	Pork and Beef, Bbls.	Dressed Hogs, Lbs.	Eggs, Lbs.	Butter, Lbs.	Lard, Lbs.
Noble.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Spaulding.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Monona.....	41,927	352	4,238	2,360	2,360	24	.....	.....	.....	18	.....	890	2,430	.....
Luana.....	29,291	237	2,203	868	868	.....	.....	.....	.....	.....	128	.....	.....	.....
Postville.....	105,847	8	5,044	15,234	15,234	577	120	613	15,706	.....	770	350	1,220	.....
Castalia.....	40,076	1,737	4,392	711	711	23	.....	.....	.....	.....	.....	1,790	3,410	.....
Ossian.....	401,865	3,231	1,836	32	32	360	33	.....	.....	.....	1,700	10,960	147,606	180
Calmar.....	31,337	.....	.....	.....	.....	.....	.....	.....	.....	.....	13,000	.....	9,785	.....
Counover.....	195,011	.....	.....	.....	.....	.....	.....	.....	.....	.....	600	.....	101,614	.....
Total.....	845,374	3	10,631	27,903	3,971	901	176	660	15,817	1	16,198	14,010	265,564	180

Abstract of Commodities of Freight Transported from April 1st to Dec. 31st, inclusive—Eastward—Continued.

FORWARDED FROM.	Tallow, Lbs.	Wool, Lbs.	Hides, Lbs.	Merchandise, Lbs.	Machinery, Lbs.	Agricultural Implements, Lbs.	Horses, No.	Horned Cattle, No.	Hogs, No.	Sheep, No.	Lumber, Feet.	Empty Bbls, No.	Miscellaneous, Lbs.
Noble.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Spaulding.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Monona.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Luana.....	.....	860	1,510	1,500	.....	.....	.....	.....	.....	.....	.....	.....	15,000
Postville.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Castalia.....	.....	20,439	7,099	4,030	.....	500	.....	.....	.....	.....	.....	.....	.....
Ossian.....	.....	2,860	.....	.....	.....	5,040	.....	283	310	80	.....	.....	.....
Calmar.....	1,750	17,330	13,675	25,050	100	500	.....	.....	1,893	.....	21,050	12	44,155
Counover.....	490	1,720	4,222	1,955	.....	7,550	2	1,010	1,700	.....	.....	.....	4,790
Total.....	1,100	1,370	11,480	32,445	10,000	13,590	3	2,587	2,097	.....	16,200	.....	.....
Total.....	3,340	44,579	37,986	82,445	10,100	13,590	3	3,893	6,376	80	37,250	61	.....

Abstract of Commodities of Freight Transported from April 1st to Dec. 31st, 1865, inclusive—Westward.

FORWARDED FROM.	Flour, Barrels.	Salt, Barrels.	W. Lime, Cent & Plaster, Bbls.	Merchandise, Lbs.	Machinery, Lbs.	Agricultural Im- plements, Lbs.	Coal, Lbs.	Horses, No.	Hor'd Cattle, No.	Sheep, No.	Lumber, Reet.	Shingles, No.	Lath, Pieces.	Staves & Head- ing, Lbs.	Brick, No.	Empty Bbls., No.	Miscellaneous, Lbs.
	Prairie du Chien,.....	3	3,264	64	3,601,581	37,480	374,820	280,000	20	1	..	674,800	579,000	45,000	160,000	..	..	316,930
N. McGregor,.....	3	205	8	2,116,658	34,780	316,800	12,240	5	1	10	4,116,320	3,904,000	829,600	..	700	252	156,170
Noble,.....	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	17,600
Spaulding,.....	..	..	..	900	1,000	600	..	1	..	..	..	..	..	..	..	..	8,700
Monona,.....	..	..	..	..	..	..	..	..	..	..	13,025	..	..	..	..	..	8,965
Juana,.....	..	..	..	390	..	30,160	..	..	..	..	64,080	19,600	17,000	..	..	..	11,730
Postville,.....	3	..	..	..	..	4,760	..	..	..	..	..	..	..	..	..	..	1,160
Cassalia,.....	..	..	..	17,771	9,680	16,410	..	..	..	..	17,000	..	..	..	..	..	..
Ossian,.....	4	..	..	240	..	..	..	1	..	..	..	..	..	..	..	..	..
Calmar,.....	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total,.....	10	3,469	72	5,737,640	82,960	742,450	292,240	27	1	110	4,886,195	4,602,600	939,600	100,000	700	274	686,865

AUDITOR'S REPORT.

McGregor Western Railway.

Mil. & Pra. du Chien Railway Co. Lessees.

AUDITING DEPARTMENT,
MILWAUKEE, WIS., January 20th, 1866.

*To the President and Directors of the Milwaukee and Prairie
du Chien Railway Company :*

GENTLEMEN :

Herewith I submit Statements marked "A" and "B," showing the standing of Income and General Accounts December 31st, 1865.

Respectfully,

JOHN C. SPENCER,

Auditor.

["A."]

MCGREGOR WESTERN RAILWAY.

MILWAUKEE & PRAIRIE DU CHIEN RAILWAY CO., LESSEES.

Dr. Statement of Income Account from April 1st to Dec. 31st, 1865, inclusive. Cr.

To Operating expenses, including eight per cent on advances.....			
" Paid for Real Estate.....	\$128,446 47		
" Judgments, paid under article 4, Lease contract.....	150 00		
" Construction account amount, paid under Lease Contract:	1,199 76		
New side track—see Sec. 5 & 22.....			
" shops, " 5.....		\$12,077 10	
" buildings, " 5.....		19,421 05	
" track, " 5.....		15,005 99	
Surveying " 5 & 19.....		596 28	
		2,189 85	
" Paid Coupons, due 1st of August, 1865, on McGregor Western Railway Co.'s Bonds...	49,291 30		
" Balance to new account	34,440 00		
	4,856 47		
	\$218,384 00		
By Gross Earnings:			
From Freight.....		\$172,756 68	
" Passengers.....		39,082 93	
" Mails and Rents,..		1,499 67	
" Interest on Stock, Notes, and saved on Iron purchase.....		4,104 55	
" Material Sold,		940 17	
			\$218,384 00

["B."]

MCGREGOR WESTERN RAILWAY,

MILWAUKEE & PRAIRIE DU CHIEN RAILWAY CO., LESSEES.

Dr.

GENERAL ACCOUNT, DEC. 31, 1865.

Cr.

Stock of Material— Cost of Material on hand at this date, \$14,843 78			
Material Reserve Account,	3,765 20		
Balance due from Agents, other Companies, &c., United States Government—P. O. Dept. due on account of Transportation of Mails,		\$18,608 98	
Milwaukee & Prairie du Chien Railway Co., amount due,		5,176 54	
Chicago & Northwestern Railway Co., Amount of drawback,	\$6,020 61	1,120 92	
Less received on account,	5,000 00	5,790 55	
Iowa Railway Construction Co., amount due, ...		1,020 61	
Rolling Stock supplied by Mil. & P. du Chien Ry Co., under Lease Contract, sec. 2,		1,082 83	
Construction Account under Lease Contract, New Track, see sec. 5,		218,442 31	
Cash,		66,754 40	
		13,321 12	
		\$381,268 26	
Milwaukee & Prairie du Chien Railway Co's ad- vances in Stock and Cash, under Lease Con- tract, sections 5, 19 and 22,			\$303,805 69
Balance due to other Companies, &c.,			1,429 86
Debits Payable, due on Pay Rolls and Bills,			21,176 21
Income Account, balance as per Statement "A,"			4,856 47
			\$331,268 26

The President of the Milwaukee and St. Paul road, in a recent circular, makes the following statement:

The Directors were authorized, by the articles of association, to purchase the Milwaukee and Prairie du Chien Railway, which authority they have exercised to the extent of over \$5,000,000. That Company now owns 235 miles of railroad absolutely, and 145 miles (exclusive of 85 miles in process of construction) subject to certain liens, in all, when finished, 465 miles.

Its property is represented by

First Mortgage bonds.....	\$320,500
First Preferred stock, 8 per cent.....	8,201,236
Second Preferred stock, 7 per cent.....	1,995,800
Common stock.....	4,631,500

\$10,223,696

Add liens to which a portion is subject..... 2,247,500

Of this capital the St. Paul Company now owns \$5,325,930, most of which is of the common stock. At a recent meeting of the Prairie du Chien preferred shareholders, a Committee was appointed to adjust and settle all difficulties; that Committee propose that the Prairie du Chien Railway should be sold absolutely to the St. Paul Company, the latter Company giving a purchase money mortgage therefor, to the amount of \$5,000,000; or, say, to the amount of mortgage bonds and of the First and Second Preferred stocks and the floating debt; of which \$5,000,000, \$2,634,000 is to be a first mortgage at eight per cent, and \$1,316,000 a second mortgage at 7-3/4 per cent. By this method, the Prairie du Chien Preferred stockholder gets a St. Paul bond secured by mortgage on the Prairie du Chien line of road, and the First Preferred Prairie du Chien waive their present right to participate in any excess of net earnings over 8 per cent; the Second Preferred shareholder gets three tenths of 1 per cent more interest per annum, and his bonds being convertible into St. Paul Preferred stock, retains his right to participate in net earnings in excess of 7 per cent, and the St. Paul Company get a clear and undisputed title to the Prairie du Chien Railway, and all its securities, changed into those of the St. Paul Company.