

Strait, Hon. H. B., M.C.

April 12, 1878


[badly faded and becoming illegible]

Hill to Strait, Washington, D.C.

Encloses certified copy of Bill of 1878 which amends the Act of 1877. Upon the failure of Jay Cooke & Co. the Northern Pacific, which held the stock of the Extension Line of St. Paul & Pacific was left entirely without means, & the iron which was bought in England with the proceeds of the [ - ?] bonds sold in Holland & shipped to N.Y. sufficient to complete the Extension Line from Sauk Rapids to Brainerd & from St. Cloud to St. Vincent 34,000, was hypothecated by Jay Cooke & Co. to U.S. Navy Dept. to secure the naval deposits with Jay Cooke McCullough & Co. & for other purposes disposed of

by the former firm less about 13000 tons which went into the road. In Aug. 1873 the Dutch bond holders thro their agents in America commenced suit for foreclosure in U.S. Circuit Court & undertook to furnish the receiver with money to go on & finish the line. When the legislature of the state assembled in 1874[?] they passed a law making the debts of the contractor, W.G. Moorhead due his subcontractors a lien on the lands earned prior to the mortgages given to secure the bonds, which the Supreme Court decided was unconstitutional... In 1877 the De Graff forfeiture Bill was passed providing that the lands yet to be earned for portions of the road to be built should be held for the DeGraff claim. The Legislature of the past winter enacted  
(see next card)

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acted the enclosed bill repealing the clause of the bill of 1877 setting aside the lands to pay the claim of the DeGraff Co. against Moorhead & now for the first time since 1874 the grant is in shape to go to the building of the uncompleted parts of the road & the bondholders trust that Congress will allow them to take advantage of this first opportunity to build the road & get the lands according to the terms of the grant, have already asked Judge Dillon of the U.S. Circuit Court to allow the Receiver of the Court to go on and build the road the present summer. I have gone into these details so that you will have a short sketch of the history & reasons why the road  not have been built sooner. There are only two ways in which it is

possible to build the unfinished portions, viz. by the stockholders or the bondholders through the aid of the Court. The first way is impossible for the reason that the stockholders bonded the road for its entire distance for \$15,000,000 which with the past due interest amounts to \$15,000,000 [?] per mile of the present completed road, & should the stockholders put any more money into the enterprise, it would be covered up by the mortgage. Consequently the bondholders being the only parties actually having any interest in the property now came forward even before the foreclosure suits are decided & their title to the property established, & are ready to build the uncompleted lines the present year or as soon as possible, & bear in mind the present  
(see third card)

~~Stephen, George~~ card 5 April 12, 1878  
is the first time in four years that they could  
do so and get the lands. From the foregoing you  
will see that it would be a very great hardship  
indeed upon the bondholders who have to show for  
their \$15,000,000 & past due interest for six  
years only the detached pieces of road from St.  
Cloud to Melrose, & from Glyndon to Snake River  
in the Red River Valley, in all about 140 miles,  
which is bonded as I said before for [illegible  
but probably \$150,000] principal and interest.  
Again, [the potential?] of the road is an inter-  
national point of view is very great as you know  
its connection at Pembina with the Canadian Pac-  
ific gives this country another Pacific Railroad  
and brings to the United States the trade of the  
best portion, agriculturally speaking, of the

Canadian Dominion.

Pardon the length of this, and believe me I shall feel under renewed obligations for the active interest you have taken in this important project.

[copied in extenso because already fading & nearly illegible]

JJH Letter Book 4/11/78 - 1/16/1879, p. 9