The Wholesale Bribery of the Entire Government of Wisconsin.

Tariff of Prices---Governors Quoted at \$50,000; Senators \$10,000; Assemblymen \$5,000.

The General Plunder, Robbery, and Miscellancous Swindling of the La Crosse and Milwankee Railread.

Report of the Special Committee of the Wisconsin Legislature.

Madison, Wisconsin, May 13, 1858. The Committee appointed under Joint Resolution No. 7 A, and whose duty it was to inquire into the alleged bribery, and other corrupt acts committed by members of the Legislature of 1856, and others, in procuring, or attempting to procure, the disposal of the lands granted to this State to aid in the construction of railroads, and of the means used in 1857, to prevent an investigation by the Legislature into those matters; as, also, to inquire generally into the condition and affairs of the La Crosse and Milwaukee Railroad Company, and other corporations, have attended to the business confided, and submit the testimony taken, with the following REPORT:

In the outset, it is proper to remark that a few of the witnesses have evinced a disposition to throw suspicion on the conduct of particular individuals, when they could not implicate them by facts to which they would swear. Those cases are so obvious as to be readily detected, and no time will be occupied in directing attention to them. In taking the testimony, the general rules of law upon that ject were adhered to, so far as was possible. No hearsay testimony was sought, but the reverse was pressed upon the attention of the witnesses. Occasionally, however, this species of testimony has been interlarded, when the questions propounded would have been better answered without. Still, it is believed that there is no hearsay testimony, whatever, to any material or important fact. Each witness has placed his signature to what he deposed, after it was reduced to paper, and either read to, or by him, and all desired corrections made. Before proceeding to a detail of facts, it may not

be amiss to suggest that the duty imposed was of a very different character, owing to the delicacy of the subject and the doubly crafty and secret manner in which black deeds were perpetrated. Probing for facts to "eviscerate truth" is no easy work. With what success the effort has been crowned, the sequel will develop.

WHOLESALE PURCHASE OF THE WISCONSIN LEGISLATURE AND EXECUTIVE GOVERNMENT.

The bribery, or "buying up" a great majority of the Legislature of 1856, is discovered in the background as a tame fact, while the ingenuity displayed in the attempt to veil the transaction beyond the possibility of detection, is so supremely unique as to extort attention. The actors seem not to have been mindful of the fact, that no lid was ever large enough to completely cover up itself. The facts are so suggestive, prominent and conclu-

sive, as to require no elaboration.

The members of the Senate of 1856, to whom bonds or stock were assigned by the La Crosse and Milwaukee Railroad Company, are named in the following list, and the amounts to each set opposite. C. L. Sholes appears to have declined receiving "his share;" but upon this subject further attention will be given before closing. No other refusal is made ap parent by any of the evidence, so far as Senators are concerned. Those to whom stock was assigned, had their amounts placed in the hands of William A. Barstow, before voting for the Land Grant bill, to be by him passed to them respectively in case the bill became a law. This precaution was taken, as they did not feel inclined to trust performance by the La Crosse Direc tors, after they had obtained the grant:

SENATORS.		
S. W. Barnes	Bonds	\$10,000
C. Clement	Bonds	10,000
George E. Dexter	Bonds	10,000
Ed. Gernon		
W. J. Gibson	Stock	
B. G. Gill		
Jackson Hadley	Bonds	20,000
E. B. Kelsey		
J. C. Mills	Bonds	10,000
E. O'Neil	Bondr	10,000
S. L. Rose		20,000
B. S. Weil, (of which \$5,000 was		•
his son.)	Stock	25, 000
C. L. Sholes	Bonds	10,000
Total		175,000

The members of the Assembly to whom stock or bonds were assigned, as was done as to Senators, are named in the following list, with the amounts to each set opposite. Of this list of names it does not appear that any one refused to accept the amount assigned and put up for him; and nearly all must have taken them, as it appears by the testimony, that tuere were not more than five (including Sholks) of both houses, who did not receive the amount set apart for them; and it is more than probable that all were re-

These members of the Assembly to whom stock was assigned, had it placed in the hands of A. HYATT Smith, upon like terms and for like reasons as already given as to Senators. MEMBERS OF ASSEMBLY

	OF ASSEMBI	LY.
	No. of Bonds or	Amounts in d
R, Aiken	shares of Stock.	lars at poi \$10,0
J. Annunson		5.0°
B. F. Barney		5,0
Charles Beger		5,0
A. A. Bird	10 Bonds	10,0
Louis Bostedo		5,(
A. Briggs		5,0
J. T. Brown		5,0
H. Butterfield		5,(
D. D. Cameron		5,(
W. D. Chapin William Chappell		5,0 10,0
P. G. Cheeves		5,0 5,0
W. Chipman		5,0
W. M. Colladay		5,0
L. Connor		5,0
E. Cram		10,0
J. Crammond		5,0
H. Crawford		5,0
H. C. Drake		5,6
Thomas Falvey	20 Bonds	20,0
A. W. Farr		10,0
D. Fletcher		5,(5. <i>(</i>
A. D. Gray		5,(5,(
A. Greulich	5 Honda	5,(5,(
G. Hahn	5 Bonds	5,(
Wm. A. Hawkins	5 Bonds	5,0
Charles S. Hawley	5 Bonds	5,0
G. H. Hays	5 Bonds	5,0
O. C. Howe	5 Bonds	5,6
A. A. Huntington	5 Bonds	5,6
John James	5 Stock	5,0
H. Johnson	S Ronds	5,0
P. Johnson E. Knowlton	5 Ronds	5,0 5.0
J. Lauderdale		5,6 5,0
P. Lavis	5 Bonds	5,6
A. McCormick	5 Bonds	5,0
J. Mitchell	5 Bonds	5,0
D. L. Morrison	5 Stock	5,0
M. Murphy	5 Bonds	5,(
J. Noon	. 5 Bonds	5,0
J. T. Palmer	5 Bords	5.(
George W. Parker	U DUNUS	10,0
J. Sell	5 Bonds 5 Ronds	5,6 5,6
B. F. Seymour	5 Bonds	5,0 5,0
H. S. Thomas	5 Bonds	5,0 5,0
George P. Thompson	10 Stock	10.0
John Tobia	5 Bonds	5,0
William Vogenitz	5 Bonds	5,(
J. Wagner	5 Bonds	5,0
Charles H. Walker	5 Bonds	5,0
J. Weaver	5 Bonds	5,0
William Wipperman	DONUS	5,0
J. Wood	g bonds 5 Ronds	5,0 5.0
W. W. Woodman	evitod 6	5,0 10,0
William Hull		
Total amount at par	r to Assemblyn	юп Ф8 55,(
M3	former of its to	uccoma and

Those who voted in favor of its passage, and to whom no stock or bonds were assigned, were Charles Burchard, M. M. Davis, J. F. Potter, and Joshua

Stark—total, 4.

the State line.

Those of the Senate who voted the same way on the bill, and to whom no bonds or stock was assigned, were J. Q. Adams, J. Fitzgerald, P. H. Smith and D. Worthington. CHARLES DUNN was the only Senator who did not vote on the bill, and to him no bonds or stock were assigned. L. P. HARVEY did not vote on the passage of the bill, or, if he did, he, on his own motion, the day after it was passed, with leave of the Senate, recorded his vote in favor of the passage of the bill, but no stock or bonds were assigned to him. Those who voted against the passage of the bill were entirely excluded from any participation in spoils, plunder or benefits, growing out of the Land Grant, and were thirteen in number, as follows: J. Allen Barber, Amasa Cobb, H. II. Giles, Edward Pier, James Sutherland and David Taylor, of the Senate; and Levi Alden, Isaac Brown, C. R. Head, J. H. Knowlton, H. J. Murray, T. Newell and Allen Taylor, of the Assembly.

Those of the Assembly who did not vote on the bill, and to whom no stock or bonds were assigned, were B. C. Brazelton, H. Catlin, John Childs, John Day, J. G. Ehinger, J. M. Evans, H. H. Gray, J. T. Mills, D. K. Noyes, D. Reed, S. Thomas and S. B. Town-

From the testimony, it appears that some members who voted for the bili had no stock or bonds assigned them on the ground that it was understood or supposed that they would be sufficiently compensated by the interest which they would have in the Northeastern Grant, namely-from Fond du Lac northerly to

Reference to the testimony of J. D. Dorr, AMSON

BALLARD, JOSEPH TURNER, WILLIAM SCOTT and JULIUS WHITE, will best enable the reader to form an opinion as to who those members were. It would seem that there could be little doubt that PERRY H. SMITH and J. FITZGERALD were the members who, it was supposed, would be so sufficiently compensated. See particularly the answer of Julius White to the first interrogatory propounded to him, pages 191 and 192.

Appendix. RTATE OFFICERS BOUGHT. The following per ons who were State officers in 1856, also received bonds as follows: Win. M. Dennis, Bank Compt'r, ten bonds,.. \$10,000 Arthur McArthur, Lt. Governor, ten bonds,... 10.000B. F. Hopkins, Priv. Sec. of Gov., five bonds, A. D. Smith, ten bonds,.... The following persons who were officers of the Senate or Assembly in 1856, also received bonds, as fol-James Armstrong, Ch'f C'k Assem'y, five bd's \$5,000 Wm. Pitt Dewey, Ass't C'k Assem'y, ten bd's 10,000 Egbert Moseley, one bond,..... Total \$16,000 OUTSIDERS PURCHASED. The following persons who were not members of

the Legislature, State officers, or officers of either the

Senate or Assembly, in 1856, also received bonds, as Alexander Mitchell 10 \$10,000 Levi Hubbell..... 10 Sentinel 10 J. Sbarpstein Edwin H. Goodrich 25 Charles E. Jenkins Moses M. Strong 25 James Luddington 10 H. L. Palmer..... N. R. Norton Horace T. Saunders..... C. C. Sholes Z. G. Simmons, of Kenosha..... D. Thayer J. D. Revmert..... E. L. Dimock..... 5

Total amount, at pur.....\$246,000 By the answer of the witness, Charles E. Jenkins. to the fourth interrogatory, it appears that some other names were probably included in this last list, not remembered by him.

PURCHASE OF A GOVERNOR. In this answer it also appears, that in making out the list of persons who were to be the recipients of bonds, and to the amount designated, that in the last named list there were five dashes in this wise:

That the figures indicated the number of bonds of \$1.000 each. That were to go to some one, making in all the amount of \$50,000; these dashes were intended to represent the Governor, Coles Bashford. This is quite evident from the 17th interrogatory propounded to the witness, Charles E Junkins, and his answer thereto, which are as follows:

Question.—What did you understand was indicated by the five dashes in the list of which you have spoken? and what if any thing, occurred at the time of making out list, from which you came to any knowledge or understending as to who was so indicated or intended by those

Answer.—I was directed by Mr. Kilbourn to put the number of bonds, which I did, opposite those dashes, and I remarked, at the time—this must be for the Governor Mr. Kilbourn smiled, and said, I was a pretty good

No package of bonds was put up for the Governor. but Mr. Kilbouan, in a few days after the adjournment of the Legislature, handed him fifty bonds, amounting to \$50,000, and gave assurance that the company would pay the money on them at par, which he afterwards did, to the amount of \$15,000.

was before the Legislature, the President of the La Crosse and Milwaukee Railroad Company, Mr. Bynon Kilhourn, with the consent of the directors, gave out or caused it to be generally understood that in case the Company represented by him should succeed in obtaining the Northwestern Grant, they would acknowledge the favor, and would reciprocate by "dealing liberally" with those who aided in the consumnation of the scheme, THE LOWEST PRICE OF MEMBERS.

The minimum of this liberality was also put forth in a manner easily understood by members. This was, to Senators, ten thousand, to Assemblymen five thousand dollars, in the bonds or stock of the Company in case they voted for the passage of the bill. DETAILS OF THE PROCESS.

Thus much for proceedings before the bill became a law. Next, as to subsequent action, and how the bonds were delivered.

Before leaving Madison—the grand battle-field—Mr. KILBOURN had two lists made out, on which were placed the amounts which each member and others were to have, except some of the directors of the La Crosse Company, who were afterwards added by order of the Executive Committee. These lists were numbered in regular order, from one to the numerical ena. The

first had the name of the person set opposite the number which in the second list would represent the person. The first was the magic key with which to lock the "musterious chest." That, before a person putting up the bonds, was a sure guide, giving the exact number of bonds of one thousand dollars each, which he should inclose in a "package" for each person named thereon. This work done, and the key destroyed, the memory of man in a few years was not likely to retain, who was represented by the figures 1, 5, 10 or 50, with that certainty which would warrant the finding a verdict against any one. To avoid the use of this list as evidence, Mr. Kilbourn destroyed it, as he says, in his answer to the ninth interrogatory. The form of the first list restored would be as follows:

No. of bonds, each	No. of bonds, eac
\$1,000, or shares	\$1,000, or share
of stock.	of stock.
1. S. W. Barnes 10 bs.	8. J. Anunson 5 bs
2. C. Clement 10 bs.	9. B. F. Barney 5 bs
3. Geo. Dexter 10 bs.	10. Charles Beger. 5 bs
4. E. Gernon 100 sh.	11. A. A. Bird 10 ba
5. W. J. Gibson 100 sh.	12. Louis Bostedo. 5 bs
6. Jackson Hadley 20 bs.	13. A. Briggs 5 bs
7. R. Aiken 10 bs.	14. J. T. Brown . 5 bs
The second list would be the same names as for the i	as follows, in form, taking
1 10,	8

A report that bonds had been disposed of to divers persons, as contained in this list, would not convey any very satisfactory information to stockholders. Yet this seems to have been entirely so to the La Crosse Board of Drectors.

ISSUE OF THE BONDS. When the list work was completed, the parties went to Milwaukee, and there, between the 15th and 25th days of October, the bonds were issued to the amount of one million of dollars, all bearing date the 15th day of that month, signed by Edwin H. Goodrich, Secretary, and Byron Kilbourn, President, and passed over to the distributees with few exceptions. After the honds were duly executed, they went into the hands of Charles E. Jenkins, who put them up in packages, in number and amount as indicated by the lists, and on each package wrote the name of the person who was to be the recipient thereof, and then deposited them with Moses M. Strong, in his office, as attorney of the Company; except that of those on the list, he (Mr. JENKINS,) put up no package for either Ed. Gernon, W. J. Gibson, E. B. Kelsey, B. S. Wiel, D. L. Morrison,

Paine, Governor Coles Bashford, Charles E. Jenkins, Edwin H. Goodrich, Moses Kneeland, and Byron The packages left with Mr. Strong were delivered according to the names written thereon, as he says, in his answers to the third and twenty-third interrogatories. In his third answer, he says:

Geo. P. Thompson, John James, A. D. Smith, Byron

"All the packages to which I suppose the question refers, with a very few exceptions, were by me delivered to the persons whose names were written on them, respectively. In all the excepted cases, they were delivered to some other person who undertook to deliver them, and in whose undertaking I had confidence."

In his fourth answer, as to excepted cases, he says "WILLIAM PITT DEWEY, who took quite a number of the packages; a Mr. Simmons, who took one for C. L. Sholes; some member from Walworth County, who took one for some other member of Walworth County-both of whose names I have forgotten; some person from Racine whose name I have torgotten, who took one for some other nerson in Racine, not a member, whose name I cannot distinctly recollect; some person, whose name I do not remember, who took one to deliver to Thomas Falvry, a member from Racine County. I think there was two or three other instances, and, I think, not more of delivery by agents, but I have forgotten what they were, or who were the persons. I feel pretty sure that in no instance, except the case of William P. Dewry, was more

than one package delivered to any one person for de-In his twenty-third answer, he holds this language "It has been the habit of my life to make and preserve written memoranda of all events or circumstances that I desire to remember. I had no desire to remember anything about the delivery of those packages. My office for a day or two was thronged with members of the Legislature and others, who, I suppose, came there to receive the packages. I got rid of them as soon as possible."

Further on he says: " And having already stated that I delivered all which were left in my office, I desire to be excused from making any more personal answer to this interrogatory. I delivered the 'packages' in person, (with the exceptions heretofore mentioned,) and took no voucher or receipt from any person." In his twenty-fourth answer, he says

"He has a distinct recollection of delivering packages to C. Clement. J. C. Mills. Charles Beger. Louis Bestedo. H. Crawford, D. Fletcher, Wm. A. Hawkins, C. S. Hawley, O. C. Howe, J. Mitchell, G. W. Parker. S. F. Seymour, John Tobin, William Vogenitz, and William Hull." THOMAS FALVEY, as appears by his own testimony, got his twenty bonds through the mail. WILLIAM PITT DEWEY, as appears from his testimony, received his ten bonds. He also delivered all the packages handed to him for delivery, to the persons whose names were written

thereon respectively. Of the persons to whom he made delivery, he remembers MATT MURPHY, ISAAC BRIGGS, ROBACE CATLIN and EPHRAIM KNOWLTON, and he is not certain that Robert Aikin's name was not written on one of the packages. That Aikin received his in some way, is established beyond rational controversy by the testimony of AMASA Cobb, in connection with that of Charles E. Jenkins, Moses M. STRONG and WM. P. DEWEY.

AS to C. L. SHOLES, ZALMON G. SIMMONS testifies that he took a package of ten bonds to be delivered to Mr. SHOLES, and that he offered them to his acceptance, tut he would not take them on account of his position; that Snorts told him that he had no consciencious scruples about taking them.

Simmons procured the sale of these bonds by Lryi BURNILL, with the intention of applying the proceeds to the benefit of Mr. Shours; that he informed Mr. Shours of this intention; that Shours at all times refused to have anything to do with the bonds or their proceeds; that he had conversed with Snores about the matter some half dozen times, he always commencing the conversation. That BURNELL sold the bonds, and accounted to him (Simmons) for the proceeds, which were five thousand dollars, all of which he appropriated exclusively to his own use. That he holds himself responsible to the La Crosse Company for the bonds, or the proceeds thereof; and that he is arranging to replace to the company, by purchasing the same amount of honds, when he goes to New-York

this Spring.

Mr. Kilbourn testifies, that he. at the instance of Mr Sholks, had an interview with him in some room of the Capitol House, upon the subject of the bill then pending before the Legislature, for the grant of lands to the La Crosse Company, in which Mr. Sholes was given to understand, that in the event of that company being successful. Senators might expect a gratuity from the company of all stock or bonds to the amount ten thousand dollars. This interview is spoken of by FALVEY and SIMMONS. It is by no means clear, whether the propensity to doubt Mr. SHOLE's integrity, or a disposition to shield him from suspicion, is most conspicuous in the testimony of Simmons. By his testimony, cleared of clouds raised by himself, it is abvious that Mr. Sholks never received the bonds assigned to him, nor the proceeds thereof.

Mr. Kilbourn testifies that he had a conversation

with Senator Clement, under circumstances, and in

all respects similar to that which he had with Mr.

A. A. Bird testifies substantially, that he never had any of the bonds of the La Crosse Company, except six which he purchased—two of Andrew Proudfir. and four of a broker in Milwaukee whom he did not know, having no recollection that he ever saw him before or after this transaction; that for these four bonds he gave forty-eight cents on the dollar, knowing that he could get more than that for them. Mr. Strong testifies that he has no distinct recollection of delivering a package to Mr. Bird, and that he is quite confident that he gave no package for such delivery to

If he did not, then it is quite obvious, from Mr. Strong's testimony, that he delivered the package to Mr. Bird in Derson So far as Mr. Strong gave the names of agents of delivery, the Committee have examined them as witnesses, and in every instance they testify that they faithfully executed their trusts. It is to be remembered that these agents were men in whom Strong " had confidence." So far as he gives names, that confidence was not misplaced. The others were, doubtless, equally trustworthy. One certainly was. It was from one of these that Thomas Falvey received his twenty bonds by mail. This package, says Strong, was handed to a man for delivery, whose name is

Attention is directed to the testimony of Kilbourn FALVEY, STRONG. JENKINS, DEWEY, and the two last questions put to Mr. Bird, and his significant answers thereto, which are as follows:

Q -Did you ever receive any thing for your vote or assistance in procuring the passage of a bill by the terms of which any land was granted to the La Crosse and Milwankee Railroad Company, or in any way or manner whatever? A.—I never did to my knowledge.

Q.—If you had received any would you not have known

A.-I think I should. The bond assigned to Byron Painz was presented to him by Mr. Jenkins. He promptly declined its acceptance, and immediately inclosed it to Mr. Kur-Whilst the subject of the disposal of the Land Grant ROURN, with a note to that effect, which he received. (See Lilboubn's answer 16, page 16, Appendix.) From the testimony of the witnesses Kilbourn. Falvey, Jenkins, Strong, Dewey, Simmons, Cobb. Smith and Barstow, it is quite evident that all to whom stocks or bonds were assigned received and retained the assigned number, except Pains and

> It is perfectly certain that there were not more than five who did not. Four of these, and no more, may have been

Mr. Kilbourn, in his sixteenth answer, says:

"There were other persons besides members aiding and assisting in procuring the passage of the act, but I do not think that I can state in every case who such persons were, nor the inducement or consideration, if any, upon which such aid or assistance was rendered. Among those rendering such aid, either with or without compensation, were Messrs. Dennis. Barstow, Hoyt, Woodle. Hale, Saunders, A. Hyatt Smith King, Crocker, Alex. Mitchell, E. Cramer, W. B. Hibbard, Finch, Eubbell, M. Kneeland, M. M. Strong, E. H. Goodrich, Chas. E. Jen-kins, Kilbourn, H. L. Palmer, and, I think, some others whose names do not occur to me; of the above some were included in the list above referred to, while others were not included. Mr. Dennis made a claim for services against the Watertown Company which was cancelled by the La Crosse Company, and which was liquidated by setting off to him ten bonds of \$1,000 each, which he claimed for past services, and not as pay for aiding the

La Crosse Company, for aiding on this occasion, but'his

name was included in the list in common with others" Of the persons above named, it appears that Barg-TOW, HOYT, A. HYATT SMITH, CROCKER and FINCH had no stock or bonds assigned to them. It is not to be expected that strangers to the Company would put themselves to expense, spend their time and exert themselves to procure the grant bill without compensation. Still it would seem that the Directors of the Company made very liberal payments to those thus situated. That they determined the sum to be paid to each individual on their judgments; and when the payments were made no receipt or voucher was taken therefor. This was culpable neglect in the Directors, if the payments made were proper. If not, then they were guilty of a breach of trust, for which they are amenable to the stockholders, whose interests they represented and were bound to protect. It was the duty of the Directors of this Company, its attorneys and agents, to do all in their power to promote, by honorable means, the interests of the stockholders, and they had no right to appropriate any of its moneys or securities as payment or remuneration for services to any greater extent than the salary or per diem previously fixed for each; or if not so fixed, such as was reasonable for services properly performed. This they did, however, to a very large amount. This was also a breach of trust, and they

should refund the excess to the Company. THE WAY IN WHICH THE PRESIDENT AND DIRECTORS PAID THEMSELVES. The twenty five thousand dollars of bonds received by Mr. Kilbourn, were subsequently, as he testifies, returned to the Company. But during the Summer of 1857, the Directors passed a resolution giving to Mr. K. fifty thousand dollars, in quite general language,

nearly all of which he received in money.

This resolution does not appear to have had a basis of indebtedness by the Company; because in the Au- as will be seen by referring to the list already given. tumn of that year is was rescinded, and the amount which he had received under it was applied in part payment for city property, bought by the Company of ker, George P. Thompson and William Hull, of the him at a sum exceeding \$81,000. The deed appears to | Assembly, and Jackson Hadley, E. B. Kelsey, S. L. have been executed in the Spring of 1857, but was not delivered and accepted until the rescinding of the names of Senators as given by Mr. Kilbourn from \$50,000 resolution. The description and value of this property may be seen by referring to the answer of CHARLES E. JENKINS to the fifteenth interrogatory. "Lot 84, subdivision of lots 2 and 3, of section 21, town 7, range 22," estimated by Mr. Jenkins to be worth in 1857 the sum of \$30,000, was not conveyed to the Company, as was thought to be the fact, when Mr. Jenkins was examined. By Mr. Jenkins estimate the whole property described in the deed of conveyance was worth the sum of \$36,950, the grantor conveying a perfect title. Of this sum, however, there is \$27,000 for lots to which Mr. Kilbourn conveyed only a residuary interest. This may or may not have been worth something. The value of so much of the property named in the deed as Mr Kilbourn had title to is only \$9,950. If this was all the value conveyed, then by the sale he received at least the sum of \$70,000 more than the property was worth.

Admitting his residuary interest to have been a perfect title, then he received at least forty-three thousand dollars more than value conveyed to the Company. If Mr. Kilbeurn was entitled to the amount which he had received under the \$50,000 resolution for any indebtedness of the Company, it is singular how he came to consent that it should be applied in payment for lands sold by him, unless the purchase price was that much greater than their real value.

It is difficult to arrive at any conclusion other than that, under cover of this purchase, Mr. Kilbourn received from the Company a gratuity of at least \$50,-000. If this is fact, then he could well afford to cancel the \$25,000 of bonds, which he did. Moses M. Strong, in his additional statement, page 49, Appendix, says:

"In the latter part of October, 1856, one of the members of the Executive Committee of the La Crosse and Milwaukee Railroad Company handed to me \$25,000 of the fiveyear Construction Bonds of that Company, which were of the kind that have since been generally called 'Corruption Bonds.' At the time they were delivered to me I was informed that it was by order of the Executive Committee, and that they were designed as an acknowledgment and compensation for my services for the Company during the preceding four or five years. Those services were in part the drafting the charter of the Company in January. 1852, and attending upon the Legislature at the session of 1852. and aiding in procuring the passage of the charter,

Mr. Strong's informant was probably ignorant o the fact that a resolution had been passed by the Directors of that Company, giving to Mr. Strong, in payment of this branch of service, \$2,000 in full paid stock. Another fact worthy of notice is that Messrs. KILBOURN, E. H. GOODRICH, MOSES KNEELAND and JEN-KINS, had, by the order under which Mr. Strong received his \$25,000, each the same amount. That each of these five officers of the Company should have rendered equal service, so that at that particular time the Company should have been indebted to each in the round sum of \$25,000, must be set down as one of those strange things that sometimes occur contrary to human expectations. It is also worthy of notice that this hundred and twenty-five thousand dollars to these men, were assigned to, and received by them, at a time when the Directors' stream of generosity was, at all points, overflowing its banks, and distributing its fertilizing properties on much-abandoned soil. The books of and reports already mentioned, for the purpose of the Company would seem to need correction, if the arousing State pride and home indignation against the Leaving a margin for conlingencies of ... \$593,216 69

of them, in the sum received; masmuch as these items are included with the bonds distributed to members and others, in the somewhat comprehensive charge of "Charter Expenses" of the memorable year one thousand eight hundred and fifty-six. Justice to Mr. Strong, perhaps, requires that it should here be noted, that he does not testify how well founded he thought the facts were which were put forth by the person who handed him the bonds, as a ground for his right to them. JACKSON HADLEY merits a few moments' considera-

Mr. Kilbouan, in answer to the 19th interrogatory, (Appendix, page 17,) says : " After the passage of the act granting lands to the La Croste Company, and after having the list made out as before mentioned, I is formed Mr. Babley that for his valuable services in sid of the passage of the act, we had assigned to him \$20,000, to be paid in the bonds of the Company whenever he might call for the same; to which he replied, that he was very much obliged, or words to that

The same witness, in answer to the 26:h interroga-"As President of the La Crosse Company, and by direction of its executive Committee, I placed in the hands of Mr. HADLEY, in the months of January and February, in all to the amount of \$200,000, in the bonds of that Company, for the purpose of being used by him in any such way as might seem to him necessary in aiding to procure the passage of the several acts by Congress, to grant lands to the Territory of Minnesota for several railroads in that Territory, which would connect with and be virtual extensions of the La Crosse Railroad. These bonds were, however, all subsequently returned to the Company and canceled. An application was made

in October, 1857, (as I think,) by the Narthern Pacific Railread Company, of Minnesota, requesting a loan of \$200,000 in the bonds of the La Crosse Company, which was granted, and a resolution was adopted, authorizing the Secretary (Mr. Hadley) to deliver to that Company or its agent, the amount of bonds requested. But whether Mr. Hadley did so deliver them. I have no persenal knowledge, but from information and belief, state that I am under the impression he prepared them for delivery, and received them in behalf of that Company, himself, as a director and member of its Executive Committee. How he disposed of said bonds, or what was done with them, I am not informed, and have not the means of stating.

Both lots of these bonds were received by Hadley, as

appears by his own testimony. On the first lot he says that he realized about \$70,000 by a sale thereof, to AL-FRED GILL, of Hartford, Conn., and Mosers Charles Monse and W. J. Daniels, of Lockport, N. Y. He further says that he paid out the whole of this large sum of money for the purposes for which the bonds were placed in his hands, but he cannot give the name of a single man to whom he made payment, nor of the amount paid to any one person. He took no receipt or voucher. He says that he is purposely ignorant as to whom he paid the money; and that he cannot recollect whether those to whom he paid it were all strangers to him or not, He says that he has never accounted to the La Crosse Company for this sum of money, because he never had any settlement to make for it. He also says that he received these bonds to "use at his discretion, in defraying sundry expenses incident to procuring a grant of land to the Territory of Minnesota, to aid in the construction of railroads." That those sundry expenses were various, but he "cannot testify." That he does not remember any of them with sufficient accuracy to specify amounts. That leaving amounts out, the expenses were "sundry."

Moses Kneeland testifies (Appendix, p. 77) that HADLEY told him he had realized on the \$200,000 in bonds. \$105,000 dollars, and "that it was a delicate matter to whom he paid it, and that he could not or should not make any report; that it was a matter between him and Mr. Kilbourn." The second lot of bonds received by Mr. Hadley, for, and as a loan to the Minnesota Railroad Company, was delivered. as he testifies, to the persons to whom he sold the first lot. In this transaction of delivering and receiving this last lot as a loan, it would seem that one of Mr. Hadley's hands was secretary of the La Crosse Company, and the other the agent or representative of the Minnesota Company. To the question, "Do you know of any stock or bonds issued by the La Crosse and Milwaukee Railroad Company being received by any member of the Legislature of 1856, either by their admissions or otherwise," he answers, " No : not as a member of that Legislature;" and then says that he knows of no other answer to make.

Railroad Company has allowed Mr. Hadley to use up \$200,000 of its bonds without calling or compelling him to account, the Committee have not discovered by the testimony of any witness. The testimony of Mr. Hadley is somewhat instructive, and may be found on pages 126 to 130, inclusive, of the Appendix. A JUDGE FINDS A MYSTERIOUS PACKAGE ON HIS TABLE. In a former part of this report, it was stated that \$10,000 dollars in bonds were assigned to Hon. A. D. Smith, and that no package for him was put up by JENKINS. The Committee had no satisfactory proof of his having received them, until they examined him as a witness. There was, however, enough of

testimony to arouse suspicion. Judge Smith testifies that he received them, and how, and what he did with them. The facts in short, are, that unexpectedly he found a package on the table in his office, that he opened it and found therein ten bonds of \$1,000 each, and suspecting that they were left there by the management or direction of the La Crosse Company, and that, although he stood in no official relation to the company, he could perceive that such relations might arise and that other circumstances might make it his duty

the bonds safely and securely within his own control, to be produced as circumstances might require. This he did by replacing the bonds in the envelope, taking them to the bank where he kept his account, and requesting the cashier to put his seal upon it, and deposit the package in the vault of the bank, subject to his order, as a special deposit, where they were at the time of his testifying. He also positively denies that anything ever occurred between him and Mr. Kilbeurn, or any other person as claimed or set up by Mr. K., as stated by the witness, William A. Barstow, which in substance was that Mr. K. had promised Judge Smith

in instice, as well to himself, as to the State, to retain

\$50,000 in bonds, with the view of having the Supreme Court sustain some conveyance transaction between the La Crosse and Milwankee and St. Croix and Lake Superior Railroad Companies. Upon this subject attention is directed to pages 54, 55, 147 and 149, Appendix. It has been already stated that bonds to the amount of \$5,000 were assigned to B. F. Hopkins, then Private Secretary of the Governor. It has also been

stated that by the testimony elicited, there could not be more than five of the whole number of intended recipients who did not get the amount assigned Whether Mr. Hopkins is one of the possible five. is not positively settled by the testimony. It is, however, worthy of remark, that he may have received the package of five bonds, put up for him by Mr. JENKINS, for aught appearing in his own testimony. particular purposes he never received or had deposit-

ed with him any bonds. EXTRA PAYMENTS TO THE MOST ACTIVE PERSONS. By Mr. Kilbourn's testimony it appears that excep tions were made in a lew cases in favor of those who had been particularly active in procuring the passage of the land grant bill. It was for this reason that the minimum amount of \$5,000 to members of the Assembly, and \$10,000 to Senators, was departed from. and a larger amount assigned. Those thus situated. were R. Aiken, A. A. Bird, William Chappell, E. Cram, Thomas Falvey, A. W. Farr, George W. Par-Rose and B. S. Weil, of the Senate. Those are the recollection. The names of those of the Assembly, as remembered by him, were Chappell, Falvey and FARR. He also remembered the name of PARKER when his attention was specially directed thereto. (See pages 14 and 15 Appendix.) Messrs. Kilbourn and Strong, in much the same

"At length, however, a new personage came upon the stage, (the President of the Chicago, St. Paul and Fond du Lac Reilroad Company.) and it was soon whispered about, and finally rumored above a whisper, that an efficient organization was forming under his auspices for the purpose of procuring the passage of an act incorporating a select number of gentlemen outside of the Legislature, who were to be representative persons in confidential relations, to certain influencial parties inside of that body, to which the whole of both grants made by Congress were to be transferred, and that upon the organization of the new company so formed, the corporators were to give place to other parties elected by the Chicago Company for a consideration, which report said, was to be of large and imposing proportions—sufficiently so to attract the attention of prominent and influential individuals. And that these whispers, rumors and reports finally induced the La Crosse Company to do what they did in 'he premises in order to keep the grant from the Chicago Company, the better to benefit this State." The genuineness of those whispers, rumors and reports, are strongly negatived by the testimony. NELSON K. WHERLER testifies that he was counsel of the Chicago, St. Paul and Fond du Lac Railroad Company, and acting President thereof, under the authority of the Board of Directors, and agent of the Company in reference to lands granted by Congress; and that he was in attendance upon the Legislature at its adjourned session, in the Fall of 1856. In answer to the sixth interrogatory, he says:

"I had the general and responsible charge of the Company's interest in reference to said lands, during the whole of the session; and I not only answer that I know of no money, stock, bonds, or other valuable thing hav ing been offered, promised, given or paid by said Com pany, or any member, officer, or agent thereof, or by any person on behalf of said Company, to any State officer, or any member of the Legislature of 1956, to induce such officer or member to aid by his official influence or vote, to secure to said Company the whole, or any part of the lands granted as aforesaid; but I am sure no such payment could have been actually made without my knowledge, of any money, stocks or bonds of the Company. I am fully satisfied that no such payment ever was made by the Company, or any person for them, either at said session or since No appropriation of any mancy, stock, bonds or other valuable thing for the purposes named, was ever made by the Company; nor was any person authorized by them. or by any officer therefore, to use any such money, stock, bonds, or other valuable thing, for such purposes. The settled policy and fixed determination of myself and Mr.

session, was to procure the lands upon the merits of the Company's claim alone, if they received them at all. The Board of Directors had no action whatever. on the subject of said Land Grant after it was obtained, either before or during said session that I recollect." Upon all the facts, the reasonable conclusion would seem to be, that some one or more of the persons who were desirous of especially benefiting the La Crosse Company, by at least conferring upon it a portion of the land grant, gave birth to the whispers, rumors,

OGDEN, the President, who was present a portion of the

Chicago Company, in order to make certain the acquisition desired by the La Crosse Company. Upon this subject, attention is invited to the testimony of Messrs. Kilbourn, Strong & Wheeler, pages 4, 5, 42 43 197, 198, and 199, Appendix.

EDITORS PURCHASED. By the testimony of Mr. Kilbourn, and H. L. Pal-Mer. it appears that the only persons who were con ducting or editing newspapers to whom any approbriation has been made by the La Crosse Company are Rufus King, of the Milwaukee Sentinel, Moritz SHEFFLER of the Wisconsin Banner, and S. D. CAR-PENDER, of the Wisconsin Patriot. The amounts were as follows; To King, \$10,000; to Sheffler, \$5,000; to Carpenter, for Carpenter & Law, \$5,000. The two former had their appropriations in 1856, and the latter in 1857. In relation to the payment to CARPENTER, H. L. PALMER, Says:

"It was so paid by the President, Byron Kilbourn, and in pursuance of an agreement partially negotiated by him, and partly by myself, by his direction, to secure the friendly cooperation of that firm in behalf of the Compamy generally, and in consideration of their publishing from time to time such reports and matters in relation to the Company, as might be desirable to promote its general interests," ARRANGEMENT WITH OTHER RAILBOAD COMPANIES.

The La Crosse Company, to get rid of the opposition of those specially interested in the Milwaukee and Watertown Railroad Company, entered into an arrangement whereby the latter company passed into the hands of the La Crosse Company. The Watertown company appears to have been loaded with a debt of \$812.000 besides the floating

debt, the amount of which has not been ascertained by the Committee. In addition, in order to secure the support of the grant bill, by those interested in the St. Croix and Lake Superior Railroad Company, the La Crosse Company arranged with the St. Croix Company to convey all the right of the La Crosse Company after secured the Northwestern Grant, to the St. Croix Company, so far as concerned the length of the road from Hudson to the west end of Lake Superior, and to Bayfield. Difficulties between the companies arose as to the carrying out of this arrangement which finally was settled, by the La Crosse giving

one million of its bonds. The amount was fixed, in part, through the advice of Stephen H. Alben, who was specially charged with this business by Mr. Kilbourn. This advice may possibly have been prompted by the private arrangement which he had with Mr. BAR.

stow, who represented the St. Croix Company, whereby the said Alden was to have \$40,000 of the bonds, and which he subsequently got. The whole thing, in short, substantially was, that the St. Crow Company should convey all its property, rights and franchise, to the La Crosse Company, in consideration of one million dollars in bonds, as already stated. The corporate existence of the St. Croix Company. however, was to be maintained by filling up the Board of Directors with La Crosse Company men,

upon the resignation of members of the old Board,

until a majority of the new Board were La Crosse

Then the La Crosse Company was to convey to the St. Croix Company all its right to the Land Grant, from Hudeon to Superior City and to Bayfield, reserving a right to make up deficiency (if any) of lands between Madison and Hudson, together with all that which should be conveyed to it by the St. Croix Company; and the St. Croix Company, as newly constituted, was to give, in consideration thereof. \$500,000 of its full paid capital stock, and \$1,000,000 of its bonds, secured by deed of trust or mortgage on the granted lands from Hudson to Superior City, and to

In the Winter of 1857, legislation was obtained in order to perfect this arrangement or scheme; that is, to authorize the La Crosse Company to make such conveyance to the St. Croix Company. Such conveyance was thereafter made. The deed was delivered by BYRON KILBOURN, while President of the La Crosse Company. The consideration stated in that deed is the sum of one dollar, and the performance of certain covenants therein contained. A copy of this deed will be found in the Appendix, commencing on page

The La Crosse Company, for the property, rights, etc.. by this deed conveyed, have never received one cent, nor is there any probability that it ever will: Why the directors of the La Crosse and Milwaukee, and so much property must be put down to the loss account, if the delivery of the deed can be sustained in law, which would hardly seem possible. The reason is, that it is the last sealed instrument between the two companies, and in it is contained a "mutual" covenant that the St. Croix Company shall not sell, convey, lease or let to any party whatever, without the consent of the said party of the first part, (La Crosse Company,) or of the Legislature, the whole or any part of said Railroad, nor in any manner alienate the rame, except that the same may be placed under mortgage, with the stipulations usual in such cases, for the purpose of raising funds wherewith to construct the said Raiiroad. and to provide the necessary buildings and

> purchase price, which ought to be paid to the La Crosse Company. The Legislature and the La Crosse Company may both "consent" and even beg that the St. Croix Company scil, convey, lease or mortgage this property, or some part thereof, for the purpose of paying or securing the payment of the purchase price to the La

These purposes are very different from that of the

Crosse Company, and it would all be of no avail, unless the St. Croix Company saw fit to also consent, and perform what was desired. Untess this deed can be set aside and canceled, or reconveyance compelled, the La Crosse Company has lost a large share of the granted land, and the million dollars of its bonds in addition. At the time the contract was made between these

companies, Byron Kilbourn, Edwin H. Goodrich, Moses Kneeland, Samuel Brown and Garrett Vliett owned each one share of stock in the St. Croix Company. This Company, as now existing, appears to have subscribed to its capital stock the enermous sum of nineteen hundred dollars, upon which has been paid the handsome sum of nineteen dollars. Being in such easy circumstances, the assumption is, that their line of road will be pushed to speedy completion. Here is presented a signal instance of the exercise of fine business talents. GENERAL HISTORY AND MANAGEMENT OF THE LA CROSSE

AND MILWAUKEE RAILROAD. General transactions will next be considered. The La Crosse and Milwaukee Railroad Company was incorporated in 1852, to build a railroad from Milwaukee to La Crosse, on the Mississippi River. A consolidation was subsequently effected between this Company and the Milwaukee, Fond du Lac and Green Bay Railroad Company, as authorized by act of the Legislature passed June 27, 1853. In the course of the negotiation which occurred for arranging this consolidation, Messrs. Cook & Sherwin received, August 6, 1853, certificates in the capital stock of the Milwankee, Fond du Lac and Green \$50,000, which, it appears by the testimony of Levi BURNELL, then Secretary of the La Crosse and Milwaukee Railroad Company, was divided among eight of the Directors of the Milwaukee, Fond du Lac and Green Bay Railroad Company; and by the copy of the assignment appended to Mr. Burnell's testimony, it appears that Cook & Sherwin claimed not to have received any compensation therefor. It is hardly to be supposed that these contractors were so liberal as to distribute this sum out of any profits made upon some 18 miles of railroad, which, by the contract with

other parties, appears to have been the extent of their

The settlement made with Cook and Sherwin. as stated in the third annual report of the La Crosse Railroad Company, was by allowing them for work done and materials Other expenditures for work and materials, west of section 18..... Total. ... \$1,026,683 85 Derived from the following sources Bonds and farm mortgages of stockholders. \$617,000 00 Full paid capital stock. Installments on subscribed shares..... Sundry liabilities to mature at different periods to 1858..... 1,546 32 Total. \$1,423,187 23
Deduct amount expended 1.026,683 85 Leaving applicable to the future..... \$396,603 38 Such was the condition of the affairs of the Company in the beginning of 1855. The year 1856 opened with a statement of the progress made in 1855, and prospects of the work. The administration of the affairs of the Company in 1855 had been conducted by the following Board of STODDARD JUDD, President,

S. L. Rose, Moses Kneeland. Hugh McFarland Hiram Barber. R. S. Kneeland. E. D. Clinton, Samuel T. Smith, Moses M. Strong. Chas. A. Stevens, James Ludington. Stephen H. Alden, Edwin H. Goodrich, Byron Kilbourn. Edwin Townsend. The road was opened on the 31st day of December, 1855, to Horicon, 51 miles, and nearly completed to Beaver Dam, 10 miles further, or 61 miles, and the expenditure amounted to \$1,883,963 31, or which \$96,-313 21 was said to be for purposes common to the western portion of the road beyond Portage City. The means had been derived from the following From stock subscriptions......\$1,037,832 18 City of Milwaukee bonds...... 314,000 00 Floating debi..... 82,131 13 work to Portage City, 34 miles from Beaver Dam, was stated as follows: Balance to be collected on stock subscriptions applicable to the work east of Portage City...... \$569,867 82 Stock to contractors..... 200,000 00 First mortgage bonds..... 500,000 00 From Portage City bonds..... complete the road to Portage City, was set down at

Floating debt..... \$82,131 13

Engineering. 10,000 00

Right of way and fencing...... 31,520 00

Construction, including iron rails, &c.....481,500 00

Passenger and freight stations, &c..... 20,000 00

Rolling stock......100,000 00

Incidentals..... 5,000 00

Total.....\$751,651 13

\$751,651 13, as follows:

City, amounting to \$863,600. With this year, 1856, commenced the enlargement of the circle of those financial operations, in connection with the frauds that had apparently become engrafted upon them, and which have resulted in the ruin of thousands East and West, and thrown disgrace and discredit upon our entire State. Up to the time the issues of the stock the Company had been limited chiefly to the residents of this State, and particularly that large class who had been induced to exchange mortgages on their farms for stock in order to assist in building the road, while the Eastern capitalists had treely taken up the bonds of the Company and purchased the mortgages of the farmers. On the 29th of March a contract was made with SELAH CHAMBERLAIN and STEPHEN H. ALDEN, for the completion of the work from Beaver Dam to Portage City. By the terms of this contract, they were to receive among other classes of securities, an indefinite amount of the capital stock of the Company, at fifth cents on the dollar. Mr. Alden, who had resigned as a Director, still was continued the financial agent of the Company at the East. Transfer books were opened in the city of New-York, and then commenced the struggle to admonce and sustain the stock of the Company in that market, which was now relied upon to absorb the issues to Chamberlain and Alben, made, as be-

Under such a statement of the affairs of the Company and so flattering prospects, the Board of Directors of 1856 started to complete the road to Port-

Moses Kneeland, Vice-President.

And Stephen H. Alden, General Agent. We have seen that with 34 miles of the road to

build, and a surplus of almost \$600,000, the managers had comparatively an easy task before them . In ad-

dition to this surplus over the estimated cost of the road to Portage City, including dépôt grounds, station

houses, engine houses, rolling stock and all necessary

equipage, there was a further sum due upon the stock

subscriptions, applicable to the work west of Portage

S. L. Rose,

R. S. Kneeland

Hugh McFarland

Charles A. Stevens

BYRON KILBOURN, President.

age City. This Board consisted of

Edwin Townsend.

James Ludington.

Moses M. Strong,

Edwin H. Goodrich,

GENERAL SWINDLING OF THE ORIGINAL BUBBCRIBERS TO THE This seems an appropriate point in this review of the affairs of this Company to remark upon the gross outrages which its managers, by this contract, inflicted upon the bona-fide subscribers to the stock of the

fore stated, by the terms of their contract, at fifty

cents on the dollar.

These contractors, one of them until the execution of this contract a Director in the Company, are furnished with Stock, at half price, with which to feed the Eastern market, while the subscribers who early entered the field to aid the work by the mortgage of their farms, find their anticipated income from earnings reduced in a corresponding ratio. But this, as is generally believed, illegal issue of stock-illegal because there was no authority in the charter of the Company for an issue at less than its par value—was only the beginning, as the financial operations of the last few months will more fully disclose.

From April to December 1856 inclusive, about one million of dollars of stock had been sold in New-York at 60 to 75 cents on the dollar. During this time glowing accounts of the earnings of the road had been spread before the public, and these earnings were supposed to be verified by the declaration of a diviidend of 5 per cent. to Jan. 1, 1857. With what propriety this dividend was made, will appear hereafter. By the balance sheet of the Company of Sept. 30 1856, it appears that at this time, the Company had received from all sources as follows:

irst Mortgage Bonds..... City of Milwaukee bonds..... 314,000 00 Convertible bonds..... 300.000 00 Farm mortgage bonds..... 995,300 00 Bills payable and miscellaneous.....

We have shown that nine months previous to this balance sheet, the expenditures of the Company on reaching Beaver Dam amounted to \$1,893,963 31 while here we are presented with a statement showing that a further sum had been raised from stock bonds and floating debt of \$2,082,573 69, exceeding the estimates of the amounts required at the commencement of the year 1856 to complete the road to Portage City, in the sum of \$1,250,922 76. Three months later the fifth annual report of the Company shows still further issue of the stock, and indebtedness of the Company, making the amount realized to be \$4,633.849 24, without having reached Portage City, This increase in the liabilities of the Company consisted chiefly in the stock of the Company, which have been placed upon the books in New York. The exhibit made in the annual report of the Company stands as follows: (See 5th annual report, page

Capital stock......\$2,031,200 00 First mortgage bonds......950,000 Less converted into stock. 6.500 Less amount in hands of Farm mertgage bonds, whole issue..... 1,080,400 Less amount converted into stock.... 166,900 -913,500 00 Convertible 7 per cent. 5 y'r bonds..... Less amount converted into stock..... 193,000 —107,000 00 loating debt...... 68,607 60 Income prior to July, 1856...... Profit and loss..... 6,528 14 Consolidation bonds, Watertown divisin, issued in exchange for stock in the

Milwaukee and Watertown Comp'y. 35,800 00 It must be noticed that this does not include any part of the million of bonds issued to pay for obtaining the land grant, but only the funds orawn regulary, in form at least, from stock and bond holders for building the road which had not then reached Portage City. The expenditures are set forth in detail as

eighty-seven miles......\$2,783,191 27 Western Division......\$281,891 79 Northwestern Division..... 679,710 92 Watertown Division..... 599,785 63 Portage City Division..... 138,034 77-\$1,699,423 11 It will not fail to be noticed that the deficit, now amounting to nearly \$1,700,000 was finally disposed of by

Essiern Division. Milwaukee to Midland.

the charges made to the separate divisions, and has never been accounted for in any shape which should be satisfactory to the stockholders. It will be readily seen that this brief statement from the books and records of the Company, that the land

grant had become a matter of necessity to save the Company from bankruptcy and shield the directors from the consequences of this squandering, or more properly direct plundering of the stock, securities, and property of the Company, which had been intrusted to their guardian-With what lavish hand the stock and bonds of the Company were scattered in obtaining the grant from

services, and in paying the Directors themselves, under the heading of "charter expenses," we have already set forth in another portion of this report. It might naturally be supposed that the Board of Directors, having obtained this munificent grant, and thus placed themselves in a position to retrieve the Company from its hazardous position, would have carried forward the work with prudence and economy, keeping faith with the State, which had so liberaily endowed them and the capitalists to whom they were looking for help to complete it. The brief re-

view of the operations of the Board of Directors sub-

sequent to obtaining the grant, which we shall now

proceed to give, discloses a series of frauds, misman-

the State, in rewarding past as well as anticipated

agement and misrepresentation seldom exhibited. FURTHER PROCEEDINGS TO SWINDLE THE PUBLIC. On the 5th day of November, 1856, the President of the Company issued a "circular to the stockholders" upon the subject of the grant, and laying before them the plans of the Company for continuing and completing the work. The lands are, in this circular, estimated at \$13,615,000; and it is further stated, page 12, that "ten and a quarter millions of dollars is the whole amount necessary to be raised to finish, equip 714 930 95 and put in complete operation this entire system." It is also set forth in the same document, page 11, that "in order, however, to render the surest guarantees possible, that the funds raised for the purpose of these roads, on those securities, will be faithfully ap-69,696 11 | plied, it will be necessary to select three Trustees, well known in the money circle of the world, whose names will be a perfect guarantee to all parties, and execute to them a deed of trust, covering all those securities on which the bonds of the Company will

> all distursements, through proper agencies, so far as to leave always the assurance that all such disbursements are properly applied to the purposes intended, and none other. A second circular, under date of Dec. 15, 1826, modifying some of the details of the former, and increasing the amount of bonds to be issued to ten millions.

was sent forth over the signature of B. Kilbourn.

be issued, clothing them with full power to control

Under these representations to the stockholders. subscriptions were opened for the Land Grant Bonds, and in due season it was announced that the amount required for 1857, two and a half millions. was taken up. This subscription was also aided by the announcement of the dividend of five per cent upon the capital stock from the earnings of the road The two and a half millions of land grant bonds subscribed for, provided for the iron rails necessary to lay the track to La Crosse, 11,000 tons, for which bonds to the amount of \$788,000 were used. On or about the 20th January, 1857, a contract was made with Selah Chamberlain to complete the work from Pertage City to La Crosse, excepting the bridge across the Wisconsin River. This contract contained a stipulation, in conformi-

ty with a resolution of the Board of Directors, adopted July 20, 1854, that at any time during the progress of the work the party contracting might be required to suspend it for such time as the Company might see fit, and be required to resume again without any liability for damages. Under this contract the work was commenced west of Portage City, and continued until the 30th day of September, 1857, at which time, the Company having failed in meeting its engagements to the contractor, a lease of the road, including all rolling stock and equipments of every kind, was executed to him. A supplemental contract or agreement, made the 26th day, surrendered the right of exemption from damages, which the original contract contained, for the benefit of the Company, in precisely such an emergency, and this supplemental contract allows Mr. CHAMBERLAIN the sum of two hundred thousand collars as legitimated damages for that which his original contract expressly excluded. A judgment was subsequently confessed in favor of Mr. CHAMBERLAIN of about six hunared and twentynine thousand dollars.

The road at this time had not been entirely completed to New-Lisbon, but early in December, 1857, was opened to that place. The estimate of the engineer of the work done by

Mr. Chamberlain upon which this judgment was en-This document seems to us to merit something tered is given in appendix.

more than a passing notice, from the general character of the items and quantities set forth, such as Extra hauling..... \$500 Solid rock excavation, 6,500 yards at 75..... 4,175 Roadway and cattle pass, extra 450 Extra bauling..... 1,500 Solid rock excavation, 9,500 yards at 75...... 7,125 Same, 16,700 at 100..... 16,700 Bank wall 500 yards 200..... 1,500 A glance through these estimates will excite surprise at the numerous items of this kind set forth in round numbers, so essentially different from other documents of the same kind which were examined, of work performed for the Company at an earlier day. It appears that as early as May, 1857, the subscribers to the land grant bonds, began to suspend the payment of their instalments, and the stock of the Company commenced a decline, while the contractor was pushing the work forward and requiring heavy payments. In June, the Board of Directors declared a dividend of six per cent., payable on 1st July, 1857. HEAVY LOANS. Then commenced the necessity of making loans at a high rate of interest, upon the pledge of the stock and bends of the Company, resulting in sacrifices that could scarcely be credited, did not the books of the Company and other testimony establish the facts. Of these loans we -will particularize the three largest. \$60,000 S. R. Foster, July 10, two notes..... 30 000 S. R. Foster, July 25, one note..... 73,250 At various times \$163,250 Upon collaterals as follows: Stock of the Company, 7,800 shares..... 780,000 8 per cent. second mortgage bonds..... 100,000 \$888,000 Alfred Nexon, sundry notes, July and Aug.. 60,000 Deduct the amount paid, about..... 11,000 \$49,000 Upon collaterals as follows: Stock of the Company 150,000 Third mortgage land grant bonds 50,000 Farm mortgage bonds..... 10,000 Total collaterals.... \$210,000 Stephen H. Alden, note July 9..... 25,000 Stephen II. Alden, note July 23 25,000

\$50,000

\$40,000

25,000

21,060

25,000

arisen in regard to all Western Railroad securities, and the integrity of their management. Rumor had been busy through the whole season with charges of fraud, bribery of the Legislature in obtaining the land grant, and general mismanagement of the La Crosse Railroad Company. The President of the Company brought out during that month a Committee of two gentlemen from the East to investigate its affairs, with a view of allaying the fears which had been aroused. This Committee returned with such a report as might reasonably have been expected from an examination of a day or two, and it had no favorable effect upon the credit of the Company or its securities, which continued rapidly to decline. This report is embodied with other matter in a "Statement of the

Company of its condition on the 1st of July, 1857."

There are some details in this statement which have

an important bearing upon the management of the

A SHAM INVESTIGATION.

As early as the month of July a general distrust had

these loans made by the committees of the new Board

early in the month of November, as shown by the

S. R. Foster, additional first mortgage land

Alfred Noxon, additional 8 per cent. second

Stephen II. Alden, additional 8 per cent. se-

First mortgage land grant bonds.....

mortgage bonds.....

cond mortgage bonds

We may as well add here the final settlement of

Page 6, the issue of one million of construction bonds is set forth as follows: Construction 5 years 7 per cent. bonds, whole issue..... ...\$1,000,000

1st. In the statement of liabilities.

Company.

Upon collaterals as follows:

books of the Company.

grant bonds....

Less amount on hand and unexpended.... 240,000 Total am'll construction bonds expended. \$790,000

Of the \$240,000 then reported as on hand and unexpended, at least \$200,000 had been during the Winter previous, placed in the hands of Jackson Had-

LEY by Byron Kilbourn, President, to be used at Washington in aid of the efforts to obtain the grants of lands for railroads in Minnesota. On the same page in that "Statement" will also be found the following: "In addition to the foregoing bonded debt, there was issued in settlement with the St. Croix and Lake Superior Railroad Company, in pursuance of the re-

quirements of the act making the grant of land to

the Company, one million of dollars in its unse-

cured bonds, payable in ten years from the 1st day of

April, 1857, with 7 per cent. per annum interest, which, however, is not included in the indebtedness of the Company, for the reason that the St. Croix and Lake Superior Railroad Company, under its new organization, became responsible for the same amount, by an issue to this Company of its first mortgage bonds, payable at the same period, with interest at the same rate per centum, whereby the Company is guaranteed against loss, and the means provided for the ultimate liquidation of the entire issue." It is asserted in this extract that this million of bonds was issued "in pursuance of the requirements of the act making the grant of land to this Company." A very careful examination of that act has satisfied the Committee that no requirements of this kind, either express or implied, is to be found therein. It is also said that the St. Croix and Lake Superior Railroad Company "became responsible for the

same amount by an issue to this Company of its first mortgage bonds," &c. It does not appear, from any testimony before the Committee, that any such issue was ever made, or that any consideration has ever been received from the St. Croix and Lake Superior Railroad Company on this account, but the very reverse is proved. It is obvious, however, that some such engagements as herein set forth existed, or a most strange misunderstanding on the part of the President of the La Crosse Railroad Company had occurred. As he was one of the contracting parties. and interested in every movement of the St. Croix and Lake Superior Railroad Company, it appears certain that it was the intention of this bargain to compensate the La Crosse Company for its expenditures in extinguishing the rights of the former stockholders of the other Company. The testimony of Moses Knesland shows that such was the fact. These are some of the disclosures in this July statement, worthy of note, as bearing upon the actual expenditures of the Company on those divisions. The Chief Engineer's report, page 11, states the work then done in grading, bridging, &c., on the northwestern Division, between Portage City and

ing and laying the tracks on the 61 miles of the northwestern Division \$225,000, making \$747,000. This Division, northwestern, stands charged in the Selah Chamberlain's estimate of work and materials on 43 miles to New-Lisbon, and work east and west...... 1,076,450 00 Land Grant Bonds paid to S. Chamber-

lain for completing the read to the point of junction by contract of last

the point of junction with the western Division, a distance of sixty-one miles, amounted to \$522.000. Estimated cost of completing the grading and bridg-

Total.....\$2,106,160 92 Deduct work done west of the junction and east of Portage City, included above, as near as can be ascertained ... **200,000 00** Cost of 43 miles exclusive of iron rails. \$1,906,160 92

Again, it is stated in this report of the Engineer that the work done on the Portage Division, from

350,000 09

Madison to Portage City, is \$25,000, while the amount charged to that Division, the January previous, was \$138,034 77. These statements are set furth simply to show the unreliable character of the books and reports of the Company as to the cost of the work and expenditures for various objects.

Soon after Mr. Chamberlain's judgment was confessed, another was obtained against the Company for some \$112,000 in favor of Nawcomb CLEVELAND. At the East suits had been commenced upon claims of various kinds, and the alarm became general, as detailed in the testimony of Mr. Dow. These difficulties finally resulted in the transfer of power to the East, by the resignation of Western and substitution of Eastern names to the extent of a majority of the Board, under the Presidency of the Hon.

STEPHEN CLARK, of Albany, who had associated with him D. E. Wheeler, of New-York; Janes B. Brews-

TER, of New-York; Alphed Noxon, of Crescent; D. V. N. RADCLIFFE, ELI PERRY and ARTIMUS FISH, of Albany. The new Board met at Albany and organized for business on the 5th November, 1857, and it appears by the books of the Company and other statements, that something over six hundred thousand dollars of the Bonds of the Company were placed in the hands of the President. It further appears by the records of the Executive Committee and the statements of Mr. CLARK to Mr.

. Dow, that at an early day in November they proceeded to make settlements with various parties for loans made during the Summer, upon the pledge of Stock and Bonds. These settlements, some of which have been already particularized, involved the disposition of more than \$115,000 of the securities of the Company, which were not under the injunction, which had been placed upon the Company in New-York, as detailed

in the testimony of Mr. Dow, leaving the November interest on the first mortgage bonds of the Company unprovided for, as the lease of Mr. Chamberlain only bound him to pay the interest on this mortgage accruing subsequent to that date. It appears that by a resolution of the Executive Committee, adopted Nov. 27. 1857. in view of the necessity of providing for this interest, an issue of bonds was authorized to the extent of \$500,000. These bonds were payable in : wenty years, bore interest at the rate of two per cent. per annum, and were convertible into the capital stock of the Company, and were so converted and returned cancelled on the 31st day of December, 1857. The books show that these bonds were sold at ten cents on the dollar, realizing to the Company \$50,000 for the half million issued. At a later period a further issue of the same kind of Bonds was authorized by the Executive Committee, and as it appears by the abstracts in the appendix there was issued a further sum of \$1,500,000, which were in like manner sold at ten cents on the dollar, and in this mode has been raised what money has been disbursed in paying interest and other pressing engagements of the Company. 1: The Sixth annual Report of the Company gives a gloomy picture of the condition of the Company's fi-

nances, but one that seems to afford the most correct detail of the liabilities of the Company which we have been able to obtain.

the should be occupied, with a few special facts not vet detailed. Some have necessarily been given, because inti-

THE NORTH-EASTERN GRANT.

In relation to the North-Eastern Grant, a short

mately blended with the transactions of the La Crosse Company.

It appears from the testimony, that the law partner

of Senator Tarlor, viz : Cyrus P. Hiller, was named a director in the act incorporating the Wisconsin and Superior Railroad Company; anson Ballago, la w partner of Perry H. Smith, was in like manner named a director by Mr. Smith, then also a Senator : while B. F. Moore and Alfred Lamberson were named by their late partners in business, Senators FITZORRALD and GILL respectively. "These appointments," says J. D. Dorr, in his testimony, (appendix, page 174,) " were insisted upon by the Senators named, and as they held the balance of power, were conceded as a matter of necessity, and in the full belief that two of them from position, and one from the repeated assertions of his principal, Senator Smith, were reliable friend, of Wisconsin interests, and would be true to the expressed will of the Legislature."

Through P. H. Smith, a sufficient number of the directors of the Wisconsin and Superior Company resigned to transfer the control of the Company to the Chicago, St. Paul and Fond du Lac Company. The resigned places were filled with men of the

last named Company. The Chicago Company were informed by Mr. Smith that it would have to issue \$175,000 of stock. The Company issued \$100,000, and gave conditional agreements for the \$75,000; and by subsequent arrangement issued \$2,500 more, so that the whole amount actually issued was \$102,000. The stock issued appears to have been handed to Mr. Smith, for distribution in amounts to each, as directed by him as follows:

To G. F. Wright......\$5,000 B. G. Gill, (place of Lumberson,)......10.000 Julius White 6,800 H. Haertel...... 4,200 J. D. Doty 4,200 William Scott...... 4,200 C. R. Alton...... 4,290 Bertine Pinkney..... 5,000 Total......\$67,800 Balance in hands of Smith................. 34,700 These resignations by directors, after having ac-

cepted the office and undertaken the trust confided to them, was a breach of good faith. It was a violation of duty when done for a personal pecuniary consideration. Resignation without demand of compensation therefor, would have been some evidence of an honest belief, that the rewly organized Company could not build the road; but the demand of compensation, is strongly tinctured with a desire to make While this is so, as to the directors, it is supposed that the officers of the Chicago Company, were justi-

fiable in the course pursued by them. If the facts were, that the strong probability was that the company represented by them would be largely benefited beyond what they paid out; duty perhaps required that they should get control of the land granted to the new Company. Two other companies (one the La Crosse and Milwaukee) were at that time endeavoring to get the like control. Moses Kneeland, it appears, offered one hundred thousand dollars in bonds and intimated something better, for resignations, so that the control of the new Company should pass to the La Crosse Company. To allow this was permitting a strong, and lately proved potent rival, to get in its hands an additional weapon. This is the view, throwing aside State pride, and special State interests, and considering the question between the two companies as rivals, having no special interest in either. The moral of the transaction will undoubtedly be determined by each reader of the testimony for himself. The testimony presents a strong probability that the control of the Wisconsin Company would not have passed into the hands of any other Company but for

the action of P. H. Smith and the representative directors, named by Senators, as already stated. GENERAL CONCLUSION—WHICH, UNDER THE CIRCUMSTANCES, SEEMS TO BE JUSTIFIED. The evidence taken establishes the fact that the managers of the La Crosse and Milwaukee Railroad Company

have been guilty of numerous and unparalleled acts of

mismanagement, gross violations of duty, fraud and

plunder. In fact, corruption and wholesale plundering are common features. How far other Corporations have managed in the same way, is not known. Indemnity for the past and security for the future should, as to all, however, be considered of the first importance by the Legislature. To that end, your Committee have prepared a bill to

meet such cases, as the testimony demonstrates the

necessity of, which is herewith submitted and its passage recommended. D. WORTHINGTON, P. B. SIMPSON, EDWIN WHEELER, Committee on the part of the Senate. JAMES H. KNOWLTON, ZEBULON P. MASON, J. W. EARLE, JAMES E. VINTON.

ALEXANDER COTZHAUSEN. Committee on the part of the Assembly.

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