

Copy

Sierra Madre Construction Co.
54 Exchange Place.
New York.

Extract from Letter of A. J. H. to Jno. P.
Ramey, Manager, &c - Oct. 7th - Subject -
"Transfer of Concession" - No. 3.

No. 3 - We think the report in connection with
Bartlett is all moonshine. We are certain
that at this time - certainly as late as our
last positive advices from the City of Mexico
about a month ago, there was no Concession
in existence applying to the route named
in that article - The Trevino Concession
does not apply to it - and the request to
have it made to apply was refused. The
President in a personal letter to me so as-
sured me and further stated that if I want-
ed an official declaration to that effect he
would give it. At the same time my friend
Mr Telesforo Garcia wrote me that Mr de la
Garza from whom this Bartlett reports his
purchase, had stated to him personally that

they (Irevino & de la Garza) ha entirely
withdrawn their Concession from Faurot
and Locke - that Locke had "for a Consi-
deration" Cancelled and released all claim
thereon - and they proposed to use it in
an entirely different direction - unless
I wanted it to continue my road on to
the Pacific - in which event it could be
arranged"

The above is a correct Copy of my letter
and is true in every particular.

A. F. Higgins
President.

Hotel del Coliseo.
Mexico City, Mexico.

Dear Sir:

Your good letter came last evening.

The translation of the Railroad Con-
cession has gone to Mr. Hussey to be manifolded;
and a copy should reach you by next Saturday's
Steamer. It is a complete system within itself -
Covering North Mexico thoroughly; and, taking
all in all, and the low prices for materials and
labor and the premium on gold, it can be built
cheaper than any railroad system, of like length,
ever has been. There is no guesswork about this
statement. Since coming here, I have had copies
made of Engineer Herbert's map and profile of
the survey, under Hueller, from Topolobampo,
to Guaymas; and these with Engineer Jay's
letters to me (Jay was in charge of the surveys
under Herbert), I now have maps, profiles and
estimates on every line and branch line covered
by my Concessions; and I can state positively, that
the entire system, mountains, plateau and Coast

lands, can be constructed and equipped for less than \$10,000 (U.S. Currency) per mile. For instance, the line from Topolobampo to Batopilas, will not cost \$8,000. — That from Vegaton to the Sonora Railroad, less than \$7,000. — That from Guerrero to Casas Grandes, for about \$6,000 — That from Guerrero to Presidio del Norte, for about \$6,000; and what is saved in these sections added to the Sierra Madre section — from La Junta to Guerrero — will make the cost come less than \$10,000 per mile; and I will stake all I have on this Estimate. The line from Topolobampo to Vegaton — our first 40 miles — should not cost more than \$5,500 per mile. I am sure that Mr. Higgins is not paying more than \$6,500 for his road; and contracts for material and labor can be made for less now than six months ago. The railroad (broad gauge) which has been projected from Palomas and Corralitos to Guaymas, directly across the Sierra Madre — along a route surveyed by Capt. Earle, is estimated to cost less than \$10,000 (U.S.) per mile; but Mexico has refused to grant this Concession. Colonel — — — and — — —, have been here three months

working for this, but have not succeeded, and
 have gone back to the States. Colonel — has
 been to speak with me — has proposed that
 he bring his Chicago and New York friends to
 join Mr Higgins and your friends, so that we
 may work at five different points at once, (To-
 polobampo, Guaymas, Casas Grandes, Chihuahua,
 East and West), and push the system. He is to
 go on to New York with me, when I go, to meet
 Mr Higgins and you. By all means come and
 be with us. Colonel — has had conference
 with Mr Higgins and has gotten a written
Contract with Telesforo Garcia to use what-
 ever subsidy he has from Casas Grandes, South
 and West. He has paid out \$25,000, he tells
 me, during the past 18 months, getting data on
 the resources of this Country, etc., and he is en-
 thused. He shows, by his figures, that there are
 big profits in the construction of the road with-
 out subsidy; and with less bonds and stocks
 than other roads have used. The Mexican Nor-
 thern — that from Escalon to Sierra Mojada —

was built without subsidy and paid back its cost over expenses in four years — is the best paying road in Mexico to-day, and runs from nowhere to one silver mine — has no population to cater to, except those in this one mine. Mr. C. P. Huntington has built all his Mexican railroads without a dollar of subsidy, and they pay so well that he has, last month, commenced to push his line from Durango to Mazatlan, across the Sierra Madre, where it has the steepest grades and the greatest work of any route yet reported.

But we can get subsidies — if we form a strong Company. I have told you this from the beginning. I repeat it now, but I will not say more in writing. You must decide to take hold, at once, or else lose the opportunity — the greatest for profitable investment in North America. If I have to put up the \$5,000 in Bonds (\$1,500 gold), I will make entirely new arrangements — and I must see just where this money is coming from, before this month is out. I am willing to put Pacific City site,

Colonization Concession, lands, and all my interests, etc., into one Company, to make a series of enterprises which can be made the most attractive for investments that can be found anywhere — and upon more reasonable terms; but I must have some moneyed persons of push and vim — I cannot make another failure. I will not go in on promises any more.

Here is a suggestion for your consideration. This entire system of railroads should be bonded for \$15,000. — not one cent more. It is a fraud upon the public, and it is a gross injustice to continue to finance railroads in the old way — to put out bonds and stocks four and five times their actual cost. Even at \$15,000, there would be, at least, 30% bonus for Capital — more than this is hoggish; but with this from the very first — the very first five miles built — there will be enough to pay 5% interest, and the expenses.

The stock should not be more than \$15,000. per

mile; and 50% of this should be set aside to meet any extraordinary, or unlooked for expenses — and if not used, to be divided pro rata, with the projectors. But, now comes the main suggestion. Mexico has expressed a wish that we encourage Japanese and European Colonists to settle at Topolobampo, and along the line of the railroad — Japanese are preferred to all others by Mexico, and I am now closing a contract with the Government, with this idea especially encouraged. Already I am in close relations with leading Japanese interested in this direction — with those who have just closed a contract to settle Japanese Colonists in Chiapas. Here is something of the plan I have outlined:

Colonization Company to contract, in Japan, to bring to Topolobampo 10,000 families within one year — to pay adult men \$15. (Mexican), per month, for three years — to settle each family on 100 acres of land, or on one resident lot on Pacific City Site, at \$5. (Mexican) per acre, or \$20. (Mexican) per lot — to give them five (5) years to

pay the same — to insure the adult men work
 on the railroad, or in building houses, or in cul-
 tivating lands, or in fishing, Canning, Mining,
 lumbering, etc., during the first five years — the
 employees to pay the Company 25% of what they
 first receive in wages until they have paid the
 Company back for their passage to Topolobam-
 po (steerage, from Yokohama to Frisco, is 50 yen =
 50 Mexican pesos, or dollars, and, on this alone,
 The Company could make some \$30. (Mexican)
 per passage, as the Company would charter vessels,
 and do everything wholesale, and for the lands,
 lots, houses, fences, water, supplies, etc., etc. which
 the Company may contract to furnish them, say
 at 50% over actual cost. This would secure the best
 labor for the railroad, at wages at unprecedent-
 edly low, and these wages could be relied upon as
 being from the beginning to the end of the work, as
 per Contract, i.e. there would be no strikes — this
 would give the Company ready sales for Pacific
 City lots, and its farming lands, etc., at a good
 profit, and would, in a hundred and one ways,
 bring in profits and advantages which were never

before embraced in a railroad and Coloniza-
 tion Company, or Companies— would give the
 Company, or Companies which could start with
 \$500,000. (U.S.), an inexhaustible source of la-
 bor and wealth to draw from; and Sinaloa, So-
 nora, and Chihuahua, would bound forward,
 as no other section of the world ever has, and
 that too, under a management which can be
 orderly and attractive, and profitable and
 sustaining, to all concerned, from the start
 to the finish.

Think over these suggestions, and of what
 we have to offer.

Respectfully,

A. K. Owen.