

Financial Proposition.

To organize the three Companies, viz:

Railway, Land and Colonization, and Banking, Trading and Development; to develop the resources herewith outlined, and secure the Railway and Colonization Concessions, owned by Mr. Albert K. Owen, will require an immediate investment of \$250,000. in Cash.

As compensation for the rights and privileges which he has secured from the Mexican Government, and which it is the purpose to transfer to the proposed Companies, Mr. Albert K. Owen will require the payment to him of 10% of the sum above mentioned; also, a $\frac{3}{8}$ th interest in the enterprise for work done to the present date, which has involved an expenditure of half a million dollars.

The \$250,000. Contributed would be invested as follows, viz:

On Railway Company account:

A. K. Owen, Govt. Concessions, Surveys &c.	\$15,000.00
Incorporation Expenses - - - - -	3,000.00
Construction and Equipment first 7 miles -	56,000.00
Store Pier and Railway terminals - - -	10,000.00
Balance for working expenses	16,000.00
Total applied to railway purposes	\$100,000.00

Land and Colonization Account.

To A. K. Owen for Concessions and improvements	\$10,000.00
American owners of City site - 63%	55,000.00
Mexican owners of City site - 37%	10,000.00
Amount necessary to secure titles to all Public lands now surveyed, including shore lands and those surrounding the Harbor, in all about 50,000 acres	10,000.00
Completion of Ditch to City site	2,500.00
Graders, Well-boring apparatus and tools	4,000.00
First payment to secure long option on about 500,000 acres of farm lands, in territory to be opened up	30,000.00
Balance in reserve for current expenses	8,500.00

Appropriation for Land and Colonization \$130,000.00

Banking, Trading & Developing Co.

Cost of construction of Warehouse at Harbor	\$ 5,000.00
Stock of assorted goods, Mining and Agricultural implements, and tools required by laborers	12,000.00
Cash reserve for expenses and conducting business	3,000.00
	<u>\$20,000.00</u>

Recapitulation.

Appropriation for railway purposes	\$100,000.00
" " Land and Colonization	130,000.00
" " Trading and Development	20,000.00
<u>Total</u>	<u>\$250,000.00</u>

Estimated Profits.

From Railway Company:

To build and equip the 1,000 miles of railway included in the Concession, will cost on an average \$15,000 per mile;
or, for the entire line - - - - - \$15,000,000.00

To obtain this Capital, it is proposed to issue: First Mortgage 5% Gold Bonds

\$20,000,000.

Stock, 20,000 shares of \$100. each 20,000,000.

Add Land Subsidy on 14,000,000 acres surveyed land at \$1.00 - - - 14,000,000.

Total - - - - - \$54,000,000.00

If Bonds and Stock are sold at par a profit will result, amounting to - - \$39,000,000.00

Note - If the proposed Bonds are issued in denominations of \$5.00 and upwards, it is believed that a large number can be placed at par, with persons who, at the present time are depositors in the Savings Banks throughout the Country. Statistics show that the depositors number about 4,739,000 in the United States, representing practically idle capital amounting to the enormous sum of \$1,739,000,000., an average of \$336, which earns about 3%.

These Bonds could also be made popular by being made receivable for all purchases of land on Pacific City Site, and all other lands owned by the Land and Colonization Company, at a premium of 10% over gold payments. Subsequently a similar arrangement might be made in regard to the stock, thus assuring its sale at par.

The price of \$1⁰⁰ an acre for land obtained under subsidy, would be the sum at which it would be sold to the Land and Colonization Company. This latter Company, through its Control of town sites along the line of the railway, in which much of this land would be situated, would of course realize a much higher price.

Profits from the Land & Colonization Co.

From Permits to intending Colonists for privileges at Custom House under the Concessions, say 100,000 during the first ten years at \$10. ⁰⁰ each	-	\$1,000,000.00
From sale of lots in City site, say 30,000 out of 100,000 laid out, at an average of \$1,000 each	* -	30,000,000.00
From sale of farm lands and the 14,000,000 acres purchased from Railroad Company, including town sites along the line of road.		\$40,000,000.
Less Cost of same	- - -	15,000,000.
Total estimated profits in the first ten years	-	\$56,000,000.00

* With a population increased to 200,000, which is not unreasonable to suppose would settle at Pacific City within ten years, lands to the value of 50,000,000 additional would be sold: As to price of land, a recent case is that of Beluwayo, in Malabar, India, where in 1891 land sold at \$325. in April, and in July of same year sold for \$4,500. a lot. Pacific City has 100,000 lots laid out after providing extra advantage for large and small parks and streets; and, at an average of \$2,000. a lot will ultimately sell for over \$200,000,000.00.

Profits from the Banking, Trading & Developing Co.

This Company can, within a short time under careful management control the trade of Northern Mexico. Its profits should be nominally large, as, in addition to the profits from sales and purchases of merchandise, it would combine banking and the operation of mines, of which a very large number would come under its control as the railway was built. It is impossible to estimate these profits with any degree of accuracy, but they would certainly average more than \$1,000,000. Annually, or, in ten years, say: \$10,000,000.

From subsidy from the Mexican Government, for settlement of each family at \$300., and each adult, not a member of a family, \$80., payable through the Custom House, prices in Mexican silver, say: in ten years, 30,000 families at \$300. \$9,000,000.00
 10,000 adults at \$80. 800,000.00
 \$9,800,000.00

Equivalent in gold to about \$5,880,000.00.
 Making the profits in all, about \$15,000,000.00

Recapitulation.

Allowing ten years within which to complete the building of the 1,000 miles of railway, the profits that would accrue to the Syndicate in that time, can safely be estimated as follows:

From Railway Company - - -	\$39,000,000.00
From Land and Colonization Co.	56,000,000.00
From Trading, Banking & Developing Co.	15,000,000.00
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Total profits, ten years, all sources	\$110,000,000.00

From an original investment that it is believed need not exceed the sum of \$250,000., equal to \$2,750,000. to each of 40 shares held by the Syndicate which it is desired to form.
