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

Extract from Letter of A.F. H. to Ins. P. Ramo, 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 at least 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 assured me and further stated that if I wanted 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they (Trevino & de la Garza) ha entirely withdrawn Their Concession from Tarrat and Locke—that Locke had "for a consideration" Cancelled and released all claim thereon—and they proposed to use it in an entirely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. T. Higgins
President
Hotel del Coliseo.
Mexico City, Mexico.

Dear Sir:

Your good letter came last evening. The translation of the Railroad Concession 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 Huell, from Topolobampo to Guaymas; and these with Engineer Say's letters to me (Says 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 Vegueta 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 share on this Estimate. The line from Topolobampo to Vegueta— 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 Telefones Garcia to use what-
ever subsidy he has from Casas Grandes East
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 Nevada —
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 on promises anymore.

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 the 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 Topolobamps, 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 cultivating 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 Topolobampo (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 unprecedentedly 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 Sonora, 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.