

Stephen, George
Hill to Stephen

June 4, 1901

When Mr Farrer was in St. Paul the question came up of a lease or purchase of the "St Paul Co" by the Nor Pac and the Gt. Northern. You will recall the conversation in Morgans house when Gwinner yourself and myself were present and the question was raised about a line to Chicago I answered that the time might come but it was not now when we should consider such a line. Morgan spoke of the St Paul Co. and Gwinner wrote to Adams ~~szszszszszsz~~ a full account of the meeting. Adams at once told Wm. Rockefeller and Stillman. **Nothing** was said or done until before Christmas, when Miller, Pres. of the St Paul went to Morgan and after some discussi proposed a plan, which

Morgan wired me. I told Mr Morgan that we could afford to take the St Paul at a price, but the "Q" was much the best property for our interest &c. When the St Paul people took up the question with Morgan they began to ask for better terms &c which I felt should not be considered and Mr Morgan finally dropped the whole matter. He acted very nicely in it all, and said "now you must take up the CB&Q which I did. During the time the St Paul was being considered Schiff said to me "I thought you always preferred the CB&Q and considered it much the best property &c." I told him the Q was worth easily two per cent per annum more on the stock than the St Paul. Schiff then said to me that his firm and the "Alton" crowd had tried to buy the "Q" in the market,

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but ... they had only secured ten per cent of the stock and could buy no more that they "Tried ~~to~~ the Q Board with no results..." There was no objection raised by Schiff against our purchase of the Q until it was near the time for closing the deal, when him [sic] and Harriman came to me and wanted a participation in the purchase. This was refused for two reasons, first that the Q Directors would not deal with them as parties in interest and second we did not want them. They then went in and bought about 600,000 shares of Nor. ^rac. on the market which by taking time was not difficult as the dealings are usually quite long. the stock being held

on "the street." When I arrived in N.Y. they offered me their Nor.Pac proxy for ten years if myself and friends would cooperate with them and throw Morgan overboard and they actually had the gall to suppose that I would consider such a proposal. When they found I refused to abandon Morgan and join them in their plan of piracy they made a struggle to gain the actual majority of all the stock. They apparently overlooked the fact that the common shares controlled the Nor.Pac. as its preferred could be paid off. Fortunately, with the aid of our Gt. Northern friends the control of the com[mon] shares was secured, and then they began to make overtures. They had stated in writing that the Nor.Pac in their hands was secured by them for the Union

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Pc &c overlooking the fact that a parallel and competing railway cannot own or control another line in the same position. Now the result has been that we have agreed to give them four or five directors out of fifteen the five so to be elected to be named by Mr Morgan and further not to be in any way Union Pac or personal following of their party. During the time of their supposed control, they boasted "how they would show the world that Morgan & Co were not the only financial house in America &c." "With the large fortunes of this country it is absolutely necessary for permanent safety to hook up a control."

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