



This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

### Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

- + *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.
- + *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.
- + *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.
- + *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

### About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at <http://books.google.com/>

28  
188

EIGHTH

ANNUAL REPORT

OF THE

PRESIDENT AND MANAGERS

OF THE

Delaware, Lackawanna and Western Rail Road Co.

TO THE STOCKHOLDERS.

nn

New York:

S. S. MOTLEY, STATIONER, 16 & 18 WILLIAM STREET.

1861.

# OFFICERS

OF THE

Delaware, Lackawanna and Western Rail Road Co.

FOR 1881.

---

CHRISTOPHER R. ROBERT, ..... *PRESIDENT.*  
DRAKE MILLS, ..... *Vice President.*  
ANDREW J. ODELL, ..... *Treasurer and Secretary.*

---

## MANAGERS.

DRAKE MILLS,  
JOHN J. PHELPS,  
WILLIAM E. DODGE,  
MOSES TAYLOR,  
GEORGE BULKLEY,  
GEORGE W. SCRANTON,  
JOHN I. BLAIR,

HENRY YOUNG,  
CHARLES H. MARSHALL,  
SAMUEL L. MITCHILL,  
RUFUS R. GRAVES,  
LOWELL HOLBROOK,  
SIMEON B. CHITTENDEN,  
SAMUEL WETMORE.

---

## STANDING COMMITTEES.

### *Executive Committee.*

JOHN J. PHELPS,  
MOSES TAYLOR,  
DRAKE MILLS,  
GEORGE BULKLEY,  
RUFUS R. GRAVES,  
JOHN I. BLAIR,  
WILLIAM E. DODGE.

### *Finance Committee.*

MOSES TAYLOR,  
JOHN J. PHELPS,  
JOHN I. BLAIR,  
SIMEON B. CHITTENDEN,  
SAMUEL WETMORE.

### *Coal Committee.*

DRAKE MILLS,  
GEORGE BULKLEY,  
JOHN I. BLAIR,  
WILLIAM E. DODGE,  
CHARLES H. MARSHALL,  
LOWELL HOLBROOK.

### *Barge Committee.*

GEORGE BULKLEY,  
SAMUEL L. MITCHILL,  
CHARLES H. MARSHALL,  
DRAKE MILLS.

### *Committee on Accounts.*

HENRY YOUNG,  
RUFUS R. GRAVES,

LOWELL HOLBROOK,  
SAMUEL WETMORE.

# ANNUAL REPORT

FOR

1860.

At the annual meeting of the Stockholders, held on the 22d day of January last, a brief and partially estimated statement of the business for the year ending 31st December, 1860, was presented, which was referred back to the Board of Managers, to be perfected and published. In pursuance of that action, the Board have prepared the following statements, showing the results of last year's business, and the condition of the Company, at its close.

## TRANSPORTATION DEPARTMENT.

The revenue derived from the several branches of this department, was as follows:

From Transportation of Coal, . . . . .	\$1,730,186 51
" " Merchandise, . . . . .	239,321 12
" " Express Freight, . . . . .	8,494 73
" " Mails, . . . . .	9,615 89
" " Passengers, . . . . .	126,333 68
" " Extra Baggage, . . . . .	218 02
" Storage, . . . . .	65 70
" Telegraph, . . . . .	796 65
" Rents, . . . . .	400 00
" Use of Locomotives, . . . . .	12,044 77
" " Cars, . . . . .	13,859 45
	<hr/>
	\$2,191,836 52
The Expenses (including all extraordinary repairs and renewals, except the cost of five locomotives, charged to Renewal Fund, to replace five of the Winans Coal Burners,*) were (a fraction less than 40 per cent.) . . . . .	874,647 92
	<hr/>
Profit, . . . . .	\$1,316,688 60
The Earnings of this department, for 1859, were . . . . .	1,062,436 30
	<hr/>
Increase, 24 per cent. . . . .	\$254,252 30

\* These Engines were put on the Road in 1856 and 1857, and although large expenditures have been made on them, the service they have performed has been trifling, owing to their defective construction, and they are now worthless, except for old iron.

## COAL DEPARTMENT.

## TONNAGE.

The quantity of Coal on hand, 31st Dec. 1859, was..... tons,	46,113 02
“ “ carried to market in 1860, was as follows :	
Mined by the Company from lands owned and leased by them,..... tons,	570,685 06
Purchased from other parties,..... tons,	509,542 04
	<hr/>
	1,080,227 10
	<hr/>
Tons,	1,126,340 12
There was sold and delivered.....	1,058,883 17
	<hr/>
Quantity on hand Dec. 31, 1860,.....net tons,	67,456 15

The Coal moved in 1860 was more than 80,000 tons in excess of the estimate contained in the last Annual Report, and was an increase of 250,792 tons over the quantity for 1859.

## REVENUE.

Value of Coal on hand 31st December, 1859,.....	\$154,410 90
Amount paid for the mining and purchase of Coal, Transportation to Market, and all other expenses of Coal Department in 1860,.....	3,445,244 80
	<hr/>
	\$3,599,655 70
Amount received for Coal sold, and Rents, in 1860, \$3,181,888 91	
Value of Coal on hand 31st December, 1860,.....	211,214 85
	<hr/>
	3,898,103 76
	<hr/>
Loss,	\$206,551 94

Nothing is here allowed for the Coal mined from the lands owned by the Company ; and the freight is calculated at 2c. per ton per mile over the Company's own Road, and what is actually paid on connecting Roads, with a charge on the latter for use of Engines and Cars.

## INCOME ACCOUNT.

The balance to the credit of this account, 31st December, 1859, was	\$598,529 25
Deduct amount of bad debts accrued since opening of Road, to 31st December, 1859, heretofore standing in suspense account, and now charged off as losses, .....	40,551 68
	<u>\$557,977 57</u>
Add:	
Profit in Transportation Department,.	\$1,316,688 60
Profit on Bonds retired in Sinking Fund, (closed,) including interest accrued thereon, .....	28,828 19
Interest on Warren R. R. Stock, (other than that in Renewal Fund,).....	6,755 91
	<u>\$1,352,267 70</u>
Less:	
Loss in Coal Department,.....	206,551 94
Insurance, Taxes and Bad Debts incurred in 1860,.....	17,611 40
Balance of General Interest account,.	8,068 81
	<u>227,227 16</u>
Net income for 1860, .....	<u>1,125,040 55</u>
	<u>\$1,688,018 12</u>

## DEBITS.

Interest on 1st Mortgage Bonds, of 1871, .....	\$68,000 00
" 1st " " 1875, .....	104,930 00
" 2d " " 1881, .....	179,386 67
" Income Bonds of 1862, .....	17,455 58
" " " 1865, .....	1,510 88
" " " 1867, .....	24,366 40
" Warren R. R. Bonds, .....	42,000 00
" " " Stock, .....	76,821 50
" Rent of Cayuga and Susquehanna R. R., .....	54,600 00
Total Interest on Debt, and Rent of Connecting Roads, for 1860, .....	<u>\$563,570 98</u>
Three years' Interest on Capital Stock, (say 18 per cent. on \$3,860,250) to December 31, 1859, paid in April, 1860, in Stock, .....	603,458 75
Dividend out of Earnings for six months, ending 30th June, 1860, endorsed on new scrip, (say 6 per cent. on \$4,011,050,) .....	240,663 00
	<u>1,407,692 73</u>
Balance of Income account, .....	<u>\$275,325 39</u>

## CAPITAL STOCK.

Amount outstanding on 31st December, 1859, was 67,205 Shares,		\$3,860,250 00
Issued for 3 years' Interest, (18 $\frac{3}{4}$ ct.) on the above		
Stock, to December 31st, 1859, .....	11,986	" 599,300 00
Issued to Moses L. Noyes, per agreement, in settlement of old claim, .....	80	" 4,000 00
Issued for Old Subscriptions, settled, .....	15	" 750 00
Issued for Bonds converted, .....	950	" 47,500 00
The amount of Scrip Stock issued to retire the Income Bonds of the Company, was 26,600 Shares, \$1,330,000; of which there has been settled in full .....	21,418	" 1,070,650 00
<hr/>		
Total Stock paid in full, .....	101,649 Shares,	\$5,082,450 00
Amount paid on account Subscriptions made in 1853, .....	say on acct. of 31	" 352 50
Amount paid on acct. Scrip Stock accepted by parties to whom it was allotted, .....	say on acct. of 3,305	" 106,344 83
The number of Shares of the Scrip Stock upon which no payments have yet been made, beyond the dividends endorsed thereon, is .....	1,882	"
<hr/>		
Total Capital Stock, .....	Shares, 106,867	
equal to \$5,348,850, on which has been paid ....		\$5,189,147 23

The expenditures on CONSTRUCTION ACCOUNT, (exclusive of Warren Rail Road,) during the year 1860, amounted to \$234,-258 06; of which amount \$42,600 has been transferred to the debit of Renewal Fund, as heretofore explained. The items of the remaining sum (\$191,658 06,) are as follows:

2 Locomotives .....	\$20,223 15
704 Four-wheel Coal Cars .....	117,820 60
10 House Freight Cars .....	5,964 26
New Tools and Machinery .....	5,297 84
New Tracks and Switches .....	10,884 26
Old Right of Way settled .....	3,894 91
Trestles and Machinery for piling Coal at Elizabethport .....	26,345 59
New Water Stations, &c. ....	1,727 45
<hr/>	
	\$191,658 06

The equipment on 31st December, 1860, consisted of the following engines and cars :—

Locomotives.....	74
Passenger Cars.....	17
Baggage and Express Cars.....	5
House Freight Cars.....	148
Platform Cars.....	231
Eight-wheel Coal Cars.....	260
Four-wheel Coal Cars.....	3,754
Wreck Car.....	1
Caboose Cars.....	21
Derrick Cars.....	2

The expenditures on the WARREN RAIL ROAD have been as follows :

For excavating and arching Tunnel, including		
Switches leading to and from it,.....	\$108,703 69	
For old right of way, settled,.....	1,150 02	
" new dwellings at Junction, &c.,.....	2,109 40	
		\$106,963 11
Amount previously expended,.....		1,596,585 49
		<u>\$1,703,548 60</u>

For the expenditures made on this Road, this Company receive an equal amount of the Capital Stock of the Warren R. R. Co.

The VESSEL PROPERTY has been increased by the purchase of three new Coal Barges, at a cost of \$12,660 97. The property in this department now consists of 18 Barges and 1 Schooner.

#### RECAPITULATION OF CONSTRUCTION EXPENDITURES IN 1860.

For new Track and Equipment,.....	\$191,658 06
For Warren Rail Road,.....	106,063 11
For new Barges,.....	12,660 97
Total,.....	<u>\$311,282 14</u>



## RENEWAL FUND.

The amount set apart as a Renewal Fund, to provide for depreciation and extraordinary repairs, amounted, on 31st December, 1859, to.. \$410,144 29  
 There has been added to this sum, during the year, the interest accrued on its assets,..... 22,311 58

---

\$432,455 87

There has been charged against this Fund the cost of five Locomotive Engines, (transferred from Construction account,) to replace five of the Winans Coal Burners, condemned. The cost of the five new Engines was..... \$48,600 00

Less the estimated value of the five Winans Engines for old iron, ..... 6,000 00  


---

 42,600 00

---

\$389,855 87

Deduct also the Stock of the Lack. and Bloomsburg R. R. Co. unavailable, ..... 132,450 00

---

Balance of Renewal Fund, ..... \$257,405 87

The assets of the Fund are as follows (at their par value):

Stock of Warren Rail Road Co. ....	\$364,350 00	
Bonds " " " .....	22,100 00	
Bonds of Lackawanna and Bloomsburg R. R. Co. ....	32,000 00	
Stock of the Delaware, Lackawanna and Western R. R. Co. ....	16,500 00	
		<hr/> 434,950 00

Measures having been taken to redeem the Income Bonds of the Company at par, the Sinking Fund heretofore opened to retire them has been closed.

In pursuance of the provisions contained in the First Mortgage Bonds of 1875, (Eastern Extension,) a Sinking Fund for their redemption was commenced in April, 1860, and \$57,000 of the said Bonds have been purchased and cancelled for that account. There is nearly enough on hand for the requirements of April, 1861.

The Rail Road and Coal Works were in as good condition on 31st December last as they ever were ; and during the year then closed, no accident occurred requiring any large expenditure for Repairs.

All of which is respectfully submitted.

C. R. ROBERT, *President.*

NEW YORK, *Feb.* 19, 1861.

#### **MANAGERS.**

DRAKE MILLS,  
JOHN J. PHELPS.  
WILLIAM E. DODGE,  
MOSES TAYLOR,  
GEORGE BULKLEY,  
GEORGE W. SCRANTON,  
JOHN I. BLAIR,

HENRY YOUNG,  
CHARLES H. MARSHALL,  
SAMUEL L. MITCHILL,  
RUFUS R. GRAVES,  
LOWELL HOLBROOK,  
SIMEON B. CHITTENDEN.  
SAMUEL WETMORE.

# The Delaware, Lackawanna and Western Rail Road Company.

BALANCE SHEET, DECEMBER 31st, 1860.

Cost of Rail Road and Equipment, .....	\$9,145,951 41
" Coal Lands and Improvements, .....	462,882 87
" Barges, .....	59,956 42
" House and Lot in Oswego, (taken for debt,) ..	1,400 00
" Coal Yards, .....	8,464 41
Cash on hand, .....	61,288 79
Bills Receivable, .....	291,882 27
Accounts Receivable, .....	368,285 74
Materials on hand, .....	309,035 08
Coal on hand, .....	211,214 85
Stock of Warren R.R.Co.(besides that in Renewal Fund)	106,150 00
" Washington Mills, (taken for debt,) .....	9,500 00
Bond of Lack. Iron and Coal Co., (due July 1st, 1861,)	1,000 00
Scrip of Atlantic Mutual Insurance Co.....	1,340 00
Assets of Renewal Fund, (cost).....	428,400 00
" Reserved Fund, (cost).....	126,647 66
" Sinking Fund of 1875, (cost).....	56,000 00
"         "         1871 and 1881, (cost).....	25,721 48
Suspense Account, (Notes and Claims past due,) ....	10,286 24
	<hr/>
	\$11,680,857 22

Capital Stock paid in, .....	\$5,189,147 83
Mortgage Bonds, (including \$145,000 in Reserved	
Fund, \$56,000 in Sinking Fund of 1875, and \$42,000	
in Sinking Fund of 1871 and 1881,).....	4,957,500 00
Income Bonds, (including Certificates unredeemed, and	
\$28,480 in Reserved Fund,) .....	265,416 57
Fractional Certificates of Warren R. R. Stock, .....	1,939 88
Renewal Funds, .....	257,405 87
Bills Payable, .....	327,839 08
Accounts Payable, .....	406,283 15
Income Account, .....	275,825 89

---

\$11,680,857 22

E. E.

A. J. ODELL, TREASURER.

CONFIDENTIAL.

Advised

*For the Stockholders of the Delaware, Lackawanna and Western Railroad Company, ONLY.*

Jasper Freeman Esq.

DEAR SIR: Some circumstances recently occurring have made it my duty to myself and family, (and, perhaps, also to you,) to submit for your perusal the following communication; which, as you will observe, was *designed* as well for the stockholders as the "managers" of the Delaware, Lackawanna and Western Railroad Company—my election, as President of the Company, having been made directly by the former.

I much regret the necessity for this measure, and shall send this communication *only* to such as it may be deemed necessary to disabuse of erroneous impressions.

Though clearly understood by the "managers," some of the allusions will need explanations to render them intelligible to the stockholders. Such explanations will be found in the accompanying foot-notes. Some names and other private matters have been omitted for obvious reasons.

Very respectfully, yours, etc.,

GEO. D. PHELPS.

NEW-YORK, Sept. 9th, 1856.

*To the Board of Managers of the Delaware, Lackawanna and Western Railroad Company.*

GENTLEMEN: Referring to my two communications of July 11th and the 29th ultimo, wherein, in the discharge of my duty, I have with great care recommended to the consideration of the Board, several important measures and changes, deemed by me essential to the best interests of the Company,\* I have now very respectfully to beg your patient consideration to a few remarks in review of the report of your committee, and the action of the Board thereon.

And, first: the selection of your committee was singularly unfortunate. Instead of placing upon it those who, from their more frequent visits to Scranton and the line of your works, were most familiar with the facts and wants referred to by me, and who would consequently have been better competent to judge of the importance of my suggestions and recommendations, one, from his long absence from the city, and another, from his comparatively recent entrance into the Board, could not be expected to know much of the matters referred to by me, and the third was well known by you all as systematically opposed to my measures and recommendations; a state of feeling natural enough, when the circumstances which produced it are duly considered.

But, strange as was the selection of your committee, their action was still more unusual and *extraordinary*. Notwithstanding my communication was full of most important suggestions, and was in the hands of your committee full seven weeks, still not a moment's consultation was held with me in reference to it, nor was the slightest opportunity given me to explain my views, or to offer my reasons for the important changes I had so strongly recommended;† and yet, as stated by the chairman of your committee, "other members of your Board *were* consulted;" and, *most strange* of all, the very officer upon

\* These communications, and the report of the committee referred to, may be seen by any stockholder feeling an interest in the subject.

† I had early intimated to the chairman of the committee, my expectation and desire to confer with the committee, and understood him to reply that I should be invited to meet with them.

whose conduct, it is thought, I made the most direct reference, and the most severe reflections, and who, it was well known, was the immediate cause of most of the existing difficulties, *was* freely consulted, and invited to a conference with your committee in session. This, to me, is inexplicable upon any known principles of usage or equity.

In again carefully considering my communication and the report of your committee upon it, I am left in wonder and surprise; and, while I would now again, most respectfully, reiterate every one of my suggestions and recommendations, as having been rendered still more important by events and transactions of more recent date, I am still, as then, "prepared to be well satisfied with your decision;" although the implication in the closing of your committee's report should still be retained.

On one point, however, alluded to in the report of your committee, and still more strongly dwelt upon subsequently by several of your number,\* I must be permitted to offer my solemn protest. I will never consent to be held responsible for measures which I have always disapproved, nor for the correct administration of departments, for the proper supervision of which the Board have so repeatedly and continually refused to grant me the necessary means.

Without repeating here, the more prominent difficulty in the way of a proper discharge of my duties, well known to you all, and the least remedy for which you decline to grant me, I may safely say, that seldom was one ever called to discharge the duties of a similar office under so many embarrassing circumstances.

One reference more to the report of your committee. The considerations of *economy*, so plausibly suggested, are calculated to divert the attention from the more important matters suggested by me, and have raised a false issue in the argument.

My plans, if duly considered and fairly construed, would

\* After the adoption of the report by the Board, I remarked that they would, of course, consider me relieved from all responsibility or supervision of the treasurer's department and accounts of the Company—the customary office of "Auditor" having been denied to me. This, however, was refused me, and it was insisted that I should still be "held responsible for *every* thing." This action of the Board left but one course for me to pursue.

have been found *not* calculated to increase, but rather to diminish the current expenses of the Company. Yet I would respectfully protest against the doubtful policy of dispensing with needed officers and employees, and the payment of small and inadequate salaries. Our Company has hitherto suffered much from these causes, and can not again resort to that practice without a great sacrifice of its best interests.

While speaking thus plainly of your committee's report, I must not be understood as censuring its authors or its advisers, nor those who voted for its adoption; but while I cheerfully accord to them the right to the free exercise of their opinions and acts, I claim for myself the same rights and privileges; and under all such circumstances, and especially in an association like ours, where so radical differences of opinion exist, I hold it to be the wisest and only safe policy, to separate a connection which can not be longer continued harmoniously and profitably to the Company.

The foregoing considerations will have prepared your minds for the discharge of my only remaining duty to the Company; namely, to announce to the Board, and through them to my constituents the stockholders, my resignation as President of the Company—my salary and official connection with which terminates this day.\* Should my further occasional services be deemed necessary to complete any unfinished business, they will be cheerfully rendered on such intimation from your Board.

This is an unpleasant duty; and the separation is, in many respects, a painful one.

Though I have long needed, and, as is well known to most of you, have most ardently desired, the rest and relief which

\* Among the many remarks upon my resignation, it has been urged that this act was too abrupt and peremptory. When it is stated that this was my *third* formal resignation; that the second was made in March last, and upon either of the two following conditions, namely, "that the Board would select an honest man to take my place," "or unite with me in calling a meeting of the stockholders, from whom I received my office, and to whom I would resign it without any terms;" and when it is further known that this second resignation has never been withdrawn, but that I have often urged its acceptance, "as the greatest favor that could be conferred upon me," surely it could not be expected that I should make another *conditional* resignation. It would not have been deemed either sincere, or respectful to either the Board or myself.

this act will give me; still, in deference to the advice and strongly-expressed desires of some whom I esteem my friends, I had consented and *promised* to remain at my post till the close of the year; at which time I fondly hoped to be able to present the affairs of the Company in a more complete and satisfactory condition. Whether any one of those friends will regret this act or not, I feel well assured that none of them, knowing the circumstances which have led to it, will condemn the deed or hesitate for a moment to relieve me from the promise.

Though some trifling inconvenience may result, I do not fear any serious damage, for it has often been found that a more *general* change in the management of such institutions, produces good rather than evil. But whatever may be the consequences, it should be borne in mind that I am one of the largest in interest, and must therefore share those consequences in my full proportion.

In this connection, it is no small comfort for me to be assured by your committee, that you will have still in your employ a gentleman of great experience, undoubted capacity, and of the most sterling integrity; qualities which I most cordially unite in awarding to him; and as your committee further say, "that if more power were given to him and he was held more directly responsible for results, that a larger business might at once, or within a reasonable time be realized," I shall dismiss all apprehensions of evil consequences, and anticipate favorable results.\*

\* In reference to this insinuation, which has been since repeated in other forms, it is due as well to the gentleman referred to as to myself, to insert the following extracts of a letter quite recently received from him on this subject:

"Now in answer to the above," (an extract from my letter quoted by him,) "I can only say that as one of the Company's officers I have felt more restrained in my action relative to business questions, than when in the service of the Delaware and Hudson and Pennsylvania Coal Cos., but had no good reason to consider you as being the cause of this; nor am I now prepared to say that I consider it an evil. On the contrary, many cases have come up where, if left at full liberty, my decision would not have been as conducive to the Company's interests, as it proved to be when changed or modified by your suggestions, or by those of the Board."  
 \* \* \* \* \* "When looking, therefore, at the whole question, it would seem to me that the restraints, thus far, have been beneficial, but that, whether this is so or not, they necessarily grew out of the regulations of the Board, and therefore it is not right to blame you on this account."



In thus taking leave of you, I trust I shall be indulged with a few personal reflections, though some of them may appear a little egotistic.

First of all, I desire to express to each member of the Board my most sincere thanks for their kind forbearance towards me and my many faults. I am not insensible of all of them, and very well know, that in the *honest*—perhaps *too scrupulous*—discharge of my many peculiar duties, I have often tried the patience of my associates. While I sincerely beg their forgiveness of all I have done to offend, I also desire them to believe that I have been actuated only by the most disinterested motives, and to promote the best interests of the Company.

Ours has been a peculiar organization. I doubt if there exists another in the United States which is calculated to interpose so many obstacles to the faithful and honest discharge of the duties of its officers. Collateral and conflicting interests are always difficult to adjust and arrange satisfactorily. In our case they have been of a peculiar character and force. Human nature is such, that it is impossible, wholly, to divest one's self of the influence of personal interest.

While I would not, and can not, impute to any one a submission to any such influences, I must be permitted to refer to the existence of such circumstances, as one of the causes producing this unpleasant communication.\*

"In conclusion, permit me to recapitulate what I said in a former letter; that in all our business transactions, I have been fully satisfied that your constant aim and effort has been to promote the interests of the Company, and that I know of no one upon whose judgment I would sooner rely, or whose honesty of purpose I would sooner trust."

\* To illustrate the point here referred to (but without any reference to the right or wrong of the question, upon which I am aware there is some difference of opinion,) I will simply state that one of our managers is a director and large stockholder in the Lackawanna Iron and Coal Company; one eighth owner in the Lehigh and Tobyhanna Land Company; largely interested in real estate on the line of the road, and President of the Warren Railroad, in the construction of which his son is a principal contractor. Another is director and very large owner in the Lackawanna Iron and Coal Company, one eighth owner in L. and T. Land Co., one third owner of Oxford Furnace, and director and very large stockholder in the Central R. R. of New-Jersey. Another is in the same relation to all except the C. R. R. of N. J., and another is very large stockholder in L. I. & C. Co., one eighth of L. and T. Land Co., very large owner and President of Union Iron & Coal Co., etc., etc. When the relations of these parties to others similarly interested, and the great and constant intercourse between the companies mentioned, and this, are considered,

The office of President of this Company is not, and never can be, a sinecure, in the occupancy of an honest and conscientious man. Whatever may be his salary, if fitted for the office he may earn more, and with far less of labor, trials, and vexations in many other ways. To make his position endurable it must be made as agreeable as possible; and no man of a proper degree of self-respect will long consent to continue in such office, after his views and wishes are generally disregarded.

Though the opportunities have been frequent and almost constant, I have never sought or ever consented to promote my private pecuniary interests or personal popularity at the expense of the Company. *No, not to the extent of one dollar!* Nor have I ever introduced into the service of the Company a relative or personal friend, except in one instance, when — found his way from the Erie road, to the position of fireman, from which he was promoted to that of engineer; and from which he was soon afterwards dismissed for cause; and, on an appeal to me, I gave orders to enforce the regulations. I mention this only because your Treasurer reported the said employment to the Board, in derision.

I have often, and cheerfully, according to my small means, loaned my funds to the Company—frequently for long periods; but never received more than seven per cent per annum for such use; and more than once the money has been borrowed at bank, on my own paper and private securities especially for this purpose.

My name, as indorser, in common with many of you, has always been freely at the service of the Company—sometimes to an amount exceeding a hundred thousand dollars; and at this moment it is so, in bank, to the extent of forty-five thousand, though everywhere else so denied.

I have in all things served the Company with all my mind and strength, and if the results are not all that could have been wished, there *is much* in the retrospect with which I may well be satisfied.

some slight idea may be formed of the embarrassments referred to. I do not say that this Company has hitherto suffered wrong in consequence of these collateral interests, but simply, that the performance of my duty as its President has thereby been rendered much more delicate and embarrassing.

I found the Company without a *valid* charter,\* by-laws, or organization. I leave it in the possession of every needed enactment, (save one from the Legislature of New-Jersey,) condensed into a well-digested code, embracing every known law appertaining to, or affecting our franchises in the three States of Pennsylvania, New-York, and New-Jersey; and with a system of by-laws and an organization which, with the slight changes recently recommended, are all that can be needed for years to come.

I found scarcely a title to right of way on record, and very few of any importance or difficulty to obtain, *secured*. So far as the Board have left this matter in its legitimate hands, nearly every case has been adjusted and recorded; and I do not hesitate to say, that all the cases on the whole line of works would have been disposed of before the close of the year, and a most complete road-book, now being constructed under my directions, would have been laid before you at that time, had I remained in office. Even now, there are left but two cases on the northern division, and *very few* on the southern, over which our most efficient Attorney has had control.

Every rod of the Keyser's Valley route (the only portion which *was* left to my management) has been secured without the payment of one dollar, including some additional lands and other privileges.

The equipment and rolling stock of the Company have been increased about tenfold—nearly all of which has been purchased by me, payable one third to one half in the stock of the Company at par—and that, too, without any increase in the prices paid. But I will go no further with these details. Every member of the Board knows, or *ought* to know, that since I entered into their service the increase in every department of the Company's operations, and especially in construc-

\* The charter had long been forfeited by a non-compliance with its requisitions. I immediately procured the passage of the act of April 2d, 1855, restoring all the franchises of the Company and granting other important privileges. Other important acts were subsequently obtained at my suggestion. Among them, that of March 22d, 1855, increasing the number of managers from 10 to 14, the principal motive for which was to bring into the Board more of those who had no conflicting interests to trouble them. No by-laws or organization of any kind had ever been adopted, nor had the minutes and accounts of the Company been legally or intelligibly kept.

as to my predecessor in Office to state - that his salary - it being understood that the office were mainly to be performed by him

tion, transportation, and the production, purchase, and shipment of coal, has been more than four-fold. All of you do *not* know that up to a few months since, every contract for the purchase (amounting to more than five millions of tons) and sale of coal, was made by me. I may be permitted the indulgence of some satisfaction in this retrospect; for though I have been most nobly and generously seconded and assisted by some of you, still the inception and consummation of the whole, as was proper, devolved on me. In this connection, it is more a privilege than a duty to refer in commendatory terms to my co-laborers in your service.

In perfecting the records, and arranging the various important contracts and documents of the Company for safe keeping and convenient reference, your Secretary has done his duty *faithfully* and satisfactorily; and this department of our enterprise may be proudly referred to as a *model* for neatness, system, and correctness; and for all this, I feel sure that he will not deny me the credit of some important suggestions.

In our attorney and land-agent, the Company has a treasure, not by any means appreciated; and who, if allowed the opportunity and means, will soon prove himself one of your most valuable and trusty officers. He is competent for, and worthy of a much more extensive sphere of operations, and the Board will promote the interests of the Company by affording him greater opportunities for the exercise of his talents.

I have so recently made special reference to the General Coal Agent and other officers of the Company, that further mention of their acceptable service is unnecessary.

To all of them, I desire in this place, to express my thanks for their cheerful and valued coöperation in the service of the Company; and it is with peculiar satisfaction that I am permitted to add, that with a *single exception* no officer or employee of the Company has ever manifested an intentional disregard of my wishes or orders, or has treated me with personal disrespect.

Before closing, it seems to me proper that I should again refer to a few matters of unfinished business, for your guidance in their adjustment.

The question of settlement with the Lackawanna and Bloomsburg Railroad Company for bonds, will come before you to-

day. My views have been so fully expressed, that I need say no more than to call your particular attention to the contract existing between that Company and this; and to suggest, that the clause granting us the right to transport coal at specified rates over that road, at least as far as Pittston (the same having been disclaimed by some of their most prominent and influential managers) should be by them reëffirmed and acknowledged, before the said bonds are paid for. The right to operate their road, which was a condition in our agreement to subscribe for said bonds, can better be yielded.

Some two or three unfinished matters remain to be adjusted with the Lackawanna Iron and Coal Company, connected with our depot grounds at Scranton, which have been deferred for our final decision upon the question of removing our passenger station-house. Your Attorney and Secretary understand all the points connected with this. In this connection, I would report to the Board, that, in accordance with their wishes, I have always given that Company the preference, in the purchase of our materials and supplies. By an arrangement made some months since, we were to be furnished with railroad axles at — per ton, and merchantable bars at — for the larger sizes (the smaller and more desirable sizes not being furnished by that Company.) I have recently discovered that for the last two months we have been charged a much higher price, the bills of which, having been approved by the proper officer, and one of them *paid* by the *Treasurer, without remark*, furnishes an apt illustration of the importance of having an Auditor to detect such mistakes, as often urged by me.\* I have recently, again, made investigations, and find that we can obtain these supplies much cheaper from other sources, a list of prices and terms for which will be found on file. As Cooper & Hewitt's manufactures are acknowledged to be of superior quality, the great difference in price will certainly justify the Board in giving them a fair trial.

I have recently, in a former communication, called your attention to the importance of having the full possession and control of the Warren Railroad. If any reliance can be placed

\* Other cases, showing the great importance of having an Auditor to examine and certify accounts, had been before often reported to the Board.

upon the opinions and reports of your officers having charge of the construction and transportation departments, this Company has already suffered very much from injudicious management of that section of our line, not only in extravagant expenditures of money, but in delays in preparing the road for the safe running of our trains.\*

This matter demands your immediate consideration and action. And in connection with it allow me to refer to the claim now made by Messrs. R—— & D——, contractors for the construction of the large tunnel now before you.†

After all the declarations made to the stockholders of this Company by the President of the Warren Railroad Company, in confirmation of his discreet and economical management of the affairs of that Company, and the low price at which that work was to be completed, there can certainly be no propriety in your assuming his controverted contracts, and thereby involving this Company in litigation, or the payment of large damages on account of the mistakes of officers and managers not under your control.

It will be remembered that some months since I called your attention to the fact that an important document, containing erroneous statements, and unjust and injurious reflections upon some of your officers and managers, had been clandestinely taken from its proper custody, and printed without the knowledge or consent of any other officer or manager of the Company.

For reasons then assigned, the further consideration of the subject was deferred. As this will be my last opportunity, I deem it my duty now again to refer to it. As then stated, all the circumstances (and they were many and striking) referred the act to your ————. With a view to remove all doubt, and to give an opportunity, should one be desired, for explanation or apology, I addressed the following note :

\* It has been before remarked that the son of the president of that road is one of the principal contractors for its construction. This, without being a good cause, may be the reason for these reports.

† The claim of Messrs. R. & D., contractors for the construction of the large tunnel, is likely to result in a large amount of damages to be paid, either by this, or the Warren Railroad Company ; and in this connection it may not be amiss to state, that it was recently reported to me by one of the managers of that company, that but one meeting of that board had been held since the work was commenced.

\_\_\_\_\_, Esq.:

NEW-YORK, August 30, 1856.

DEAR SIR: I have in my possession a printed copy of the communication of \_\_\_\_\_ on occasion of his resignation, etc., etc. Will you inform me by whose orders, or at whose instigation, the same was printed, and how the manuscript for the same was obtained? Your early reply will much oblige, yours very respectfully,

(Signed,)

GEO. D. PHELPS, Pres't.

Having received no answer in two days, I again called his attention to the subject, when he replied *verbally*, in substance, that, if I would show him the pamphlet, *perhaps* he would give the information asked. For obvious reasons I declined his terms, and there the matter rests.\* I do not know that any other of the Company's documents have been thus printed; some have been copied, I believe, and even my late communication of July 11th was, by the same officer, placed in the hands of a clerk to be copied, the very morning after its presentation to you, while it was virtually in the hands of your late special committee, and not yet acted on or reported upon by them. It is scarcely to be presumed that any *intended* wrong was contemplated, or any overt breach of confidence; and I can only account for the act upon the supposition of an inordinate disposition to cultivate the highest degree of popularity. Actuated by the same influence, and unrestrained by some action of your Board, who knows but *this* communication will be printed and circulated among the stockholders!

In accordance with your authority and instructions, many of the unsold Bonds of the Company have been executed in blank, and hypothecated as security for moneys borrowed. There are at this time so disposed of, as follows: \* \* \* \* \*

The disposal of the balance of our bonds is a question of great importance, and which will demand your immediate attention. I regret to be compelled to dissent from the plan proposed by your Finance Committee. Very many of our stockholders are quite unable to take any more of our securities, however low they may be offered; and they can hardly

\* I had previously reported three other extra-official acts of the same officer, by which the Company were losers to a considerable amount; but it was not deemed "expedient" to act upon these cases until certain unfinished matters of business were disposed of.

fail to be dissatisfied with any arrangement which does not afford the opportunity for a free competition, and the highest market price ; being more interested in keeping up the reputation and value of their present investments, than in obtaining more bonds at a reduced price.

I remain still of the opinion, heretofore often expressed, that the *general* interests of the Company would be promoted, and a higher standard obtained for *all* our securities, by the sale of a portion of our bonds in the London market ; either through a local agent, or a special agent sent there for that purpose. Even should this plan be attended with considerable cost, the ultimate advantage to both the Company and the individual stockholders, could not fail to be more than adequate to any such expenditure. Should this suggestion still fail to secure your approval, I hope you will, upon discussion, come to the conclusion to offer them again at auction. The circumstances and prospects of this Company have much improved since the last sale ; and if these circumstances are properly exposed and set before the public, I should have no fears of a result *less* favorable than the price suggested for their apportionment among the stockholders, while all cause of complaint on the part of our associates would be most effectually avoided.

The contract for a line of telegraph from Great Bend to New-Hampton, has been executed, and the work is rapidly progressing. The same contract provides for extending the line to Ithaca and Elizabeth Port, at our option, in which case arrangements will need to be made with \* \* \* \* \*

Nothing else of special importance, or which requires your immediate attention, occurs to me, at this time. As before intimated, I shall cheerfully give any assistance necessary to transfer all unfinished business into the hands of my successor, who, I most sincerely hope, will prove more competent and successful.

As reported in my last communication, the prospects of the Company are most cheering and hopeful. The problem of our success is solved. Every day increases my confidence in the final realization of all our anticipations. Notwithstanding the vexatious delays in the opening of our southern division, and the other untoward events of the first half of the year, I still think, that with a proper distribution of the accounts, and the



continued zeal and activity on the part of our officers and agents, the close of the year will show net earnings of full seven per cent, and for all future years of full twelve per cent per annum. I can, therefore, most cordially unite with your late special committee in their expression, that "up to the present moment, there is nothing in the aspect of the work but what is calculated to give confidence and encouragement in the enterprise." With the most earnest desire that we may realize all these anticipations, and with the best wishes for your associated and individual peace and happiness,

I remain, very truly and respectfully, yours, etc.,

GEO. D. PHELPS.

## CONFIDENTIAL.

*For the Stockholders of the Delaware, Lackawanna, and  
Western Railroad Company ONLY.*

*J. S. Campbell*

DEAR SIR:—The accompanying copy of my communication to the Board of Managers of the D. L. & W. R. R. Co., resigning the office of President of that Company, was printed several weeks since, but has been almost wholly withheld from circulation in the hope that its more general distribution would be found unnecessary. Nothing has transpired, however, up to this time, to lessen my former impressions of duty; while some circumstances have rather tended to strengthen those convictions. Acting upon what I deem good advice, I now place a copy in your hands, together with the annexed copy of my communication to the Board, of 11th July, and also the Report of the Special Committee thereon, (which Report, and its acceptance, was the direct and immediate cause of my resignation,) that you may more correctly judge of my faithfulness to your interests during the last four years, and that you may the more intelligently discharge your duties and enjoy your prerogatives as a Stockholder. I could draw but one inference from the peculiar and extraordinary opposition of certain members of the Board; and as I could not change my convictions of duty, it was only for me to remain, subject to constant annoyances, or to resign, and free myself from them. I believe I adopted the wiser and better course.

It is due to my late Executive Committee—who, from their more frequent visits to Scranton, and the Company's Works, and their (almost daily) attendance at the office for business purposes, were most familiar with the circumstances and wants of the Company—to state that, with but one exception, (Mr. D., who seldom met with them,) they were wholly free from any conflicting interests,

and that they almost invariably approved of my suggestions and recommendations, and heartily sustained me in all my efforts to promote the best interests of the Company.

It is also proper to state that five other members of the Board (so far as has come to my knowledge) were unembarrassed with any *personal* opposing claims; but the social and business relations of some of them, with other parties, interposed great obstacles to their free action and expression of opinion; and they have generally remained quite neutral.

Some explanatory foot-notes have been appended to this, and some additional explanations have been suggested, as necessary to the *accompanying* document, which please add to the several notes, as follows—viz :

To the last note on second page of the other document, add—"I have since learned that Mr. Blair, one of the Special Committee, and one of the parties more particularly referred to, as 'systematically opposed to my measures,' submitted to Mr. Young, the Chairman of the Committee, a long and decidedly hostile *counter report*; which, though submitted to other parties, was not even *named* to me. Thus, we have the very anomalous case of a grave communication from the President of a Company, implicating the official conduct of at least two of its officers, referred to a Committee, of which one of its most active members had long been habitually hostile to said President, and the officer most directly implicated invited to a full conference with the Committee, while the author of the communication is kept in profound ignorance of their movements, till their Report is presented to the Board. And all this, notwithstanding the request and promise that an opportunity for further explanations should be given."

Add to note on page sixth—"Among other remarks recently made, is this, that I was 'impracticable,' etc. True, I was 'impracticable,' when I felt that the interests of the stockholders were in jeopardy—the benefits of which impracticability to the stockholders, like some other *preventive* measures, may never be known."

Add to note on page seventh—"My views on this subject have been greatly misrepresented, or misunderstood. I do not object to any stockholder or manager being interested in other associations or enterprises on the line of our works, to *any extent*. But I do think that when such interest is greater—in any other association or concern with which this Company is in regular business intercourse, (the respective capitals of the two Companies being considered)—than that possessed by the same party in this Company, and is of a nature to conflict with that of the Railroad Company, then such party can not consistently act as a manager in the latter Company. To illustrate my point, and show the existing difficulty more clearly, I will state a *few* of the cases.

"One party is interested in the Railroad Company to the extent of  $\frac{1}{12}$  of its capital; in another company, to the extent of  $\frac{1}{3}$ ; in another, to the amount of  $\frac{1}{2}$ ; and in another, to an amount not known, but believed to be much larger than that in this Company. Another person is interested in this Company to the extent of  $\frac{1}{34}$  of its capital; in another company, to the extent of  $\frac{1}{2}$ ; in another, to  $\frac{1}{2}$ . Another member is owner of the stock of this Company to the extent of  $\frac{1}{4}$  of its capital; in another

company, to the amount of  $\frac{1}{4}$ ; in another,  $\frac{1}{4}$ ; in another,  $\frac{1}{4}$ ; in another,  $\frac{1}{4}$ .<sup>\*</sup> Three others are similarly interested, though not in the same proportions. Now, assume a contract between this and any of the other Companies, for the transportation of freight, by which a concession of  $\frac{1}{4}$  of a cent per ton per mile is made—in one case, the difference might be \$60,000 per annum; in another, say, \$30,000; and in other cases, more or less, according to the amount of freight transported.

"It is easy to see how the interest of the several parties would be affected. In one case, he might lose, as a stockholder in the Railroad Company, the  $\frac{1}{4}$  part of the amount, and, in his other relation, gain  $\frac{1}{4}$  or  $\frac{1}{4}$  of the same amount, as the case may be. In another case, another party would lose  $\frac{1}{4}$ , and gain  $\frac{1}{4}$ . In another contract, the same party would gain  $\frac{1}{4}$ , and lose  $\frac{1}{4}$  of any assumed amount. In another case, the same party would lose  $\frac{1}{4}$ , and gain  $\frac{1}{4}$ , of the amount at issue. The third party referred to would be affected as a stockholder in this Company to the extent of  $\frac{1}{4}$  part, and in the other Companies, respectively,  $\frac{1}{4}$ ,  $\frac{1}{4}$ ,  $\frac{1}{4}$ , etc.—the other rates not being known. It is needless to enlarge upon this idea. Every one who has any knowledge of railroad transportation business, is aware of the constant, almost daily occurrence of losses, damages, delays, and other events, requiring as frequent negotiations and settlements between the parties; and every one who has any knowledge of human nature, knows how difficult it is, under the circumstances here presented, to avoid all conflicting interests, though they may not openly show themselves."

To the note on page eighth, add—"It is due to my predecessor in office to state that he served the Company without salary—it being understood that the duties of the office were mainly to be performed by the *then* General Agent at Scranton; and, therefore, no responsibility should have attached to him; nor am I disposed to impute blame to *any one* in this respect. No Company has any reason to expect careful services without an adequate compensation for such service."

When I entered upon the very arduous and very responsible duties of my late office, I promised to remain no longer than I could faithfully and successfully promote the interests of the Stockholders; and though my confidence in my own ability and disposition to serve you acceptably is not in the least diminished, yet it was quite plain to me that the existing circumstances made it an imperative duty to myself, if not also to you, to retire from a position so fraught with difficulties and embarrassments.

Should these communications and explanations have the effect to convince the Stockholders that I have not been unfaithful to the trust committed to my charge, and that I did not abandon my post without good cause, my principal object will have been attained.

January 17th, 1857.

GEO. D. PHELPS.

---

<sup>\*</sup> These statements have been obtained from sources supposed to be reliable, and are believed to be very nearly correct, without regard to fractions.

Office of the Delaware, Lackawanna, and Western Railroad Company, }  
51 WALL STREET, N. Y., July 10th, 1856. }

*To the Board of Managers of the Delaware, Lackawanna, and  
Western Railroad Company.*

GENTLEMEN :

Every day's experience in the discharge of my duties, only confirms my convictions of the necessity of the many and important changes and additions in the several administrative departments of this Company, which have often been brought to your notice; and which I deem it my duty once more to lay before you, in this more formal manner.

Without troubling you with the details to illustrate the vast and rapid increase in the duties of your executive officers, I may safely venture the assertion that *few*, if *any*, of you have any true sense of the present responsibilities and duties which devolve upon the head of your Company.

In addition to the supervision of our own works, which have cost some \$8,000,000, the general oversight of the Cayuga and Susquehanna, and the Warren Railroad, and the works at Elizabeth Port, costing an additional sum of nearly \$3,000,000, devolve upon this office. Nor is *this* all. The arrangements for using the Central Railroad of New-Jersey and the New-York and Erie Railroad, amount to about the same thing in duty, and more in care and perplexity, than the supervision of a whole line from New-York to Ithaca, a distance of 265 miles, to say nothing of the arrangements for sending our coal cars over the whole of the New-York and Erie, and most of the connecting roads.\*

The Coal business of this Company alone has become nearly equal in amount to either the Delaware and Hudson, or Pennsylvania Coal Company; and infinitely more difficult to manage, because scattered over a large portion of the States of New-York and New-Jersey, whereas the business of the two Companies mentioned is mostly concentrated at a single point. In connection with this idea I may call your attention to the fact, not always recollected, that while we have been *working* a pretty extensive system of improvements, our operations in the *construction departments* have not only been extensive, but difficult in their own

---

\* From Jersey City to Buffalo, and through the whole line of Canals.

nature, and still more embarrassing and trying from the circumstances connected with the Engineering department.\*

Notwithstanding the great variety and constantly increasing duties herein intently noticed, I have hitherto endeavored to keep a careful watch and an intimate supervision over the whole; but I have been long satisfied, and have often repeated to you, that more help, and some change in the organization of our affairs, is essential to the best interests of the Company.

It has been my custom, and under our present arrangements I am required, not only to discharge all the duties ordinarily devolving upon the President of both a Railroad Company and of a Coal Company, but also to negotiate nearly all the contracts for the purchase and sale of coal, (some of them neither small nor unimportant) if contract for all the engines, cars, and other equipments of the road, and to superintend the purchase of all the materials and supplies obtained in this and neighboring markets; neither of which latter duties, so far as I know, are performed by the President of any other important Railroad Company in the United States. Thus and above all this, the signing of 4400 Bonds, (every one of which has been carefully inspected by me,) and all the acceptances issued by the Company, and my constant and incessant signing checks and approving accounts, has made it always difficult, and frequently impossible for me to be absent from the office a single moment during the business hours of the day.

Furthermore, and what was quite unexpected to me I have found it often necessary to perform many and much the most trying duties of the Treasurer of the Company.

The foregoing allusions are not made by way of complaint against any one, and least of all against the members of the Board, most of whom have also borne the duties as individuals, and as members of the various committees. With a commendable zeal and faithfulness, many of them much more so than could be reasonably expected of gentlemen laboring without compensation. My motive is only to prepare your minds to consider and act upon the following suggestions and changes, which are now most respectfully recommended, namely:

First. That the President be relieved from the necessity of providing the means for making the current payments of the Company, and that that duty devolve wholly on the Treasurer, under the advice and supervision of the Finance Committee; or, failing to grant this relief, I ask to be provided with a suitable clerk to assist me in those duties, and that this little pecuniary matter be placed under my control.

Second. That the confidential office of Auditor be perpetually held by a suitable person be appointed to discharge those duties through whom I can have a proper insight into, and supervision of the management of all the business and affairs of the Company; or, failing to succeed in this latter object, that the Board will formally exonerate me from all pecuniary responsibility with the officers of the Company.†

\* Without going into detail I will simply state that the pecuniary management of the Company is the greatest of the many duties which I have to perform. It is a duty which I have to perform with the most careful and accurate attention, and I have to perform it with the most careful and accurate attention. I have to perform it with the most careful and accurate attention, and I have to perform it with the most careful and accurate attention.

† I have made considerable for the payment of the same, and I have to perform it with the most careful and accurate attention, and I have to perform it with the most careful and accurate attention.

‡ I have made considerable for the payment of the same, and I have to perform it with the most careful and accurate attention, and I have to perform it with the most careful and accurate attention.

§ This office is now held by the Treasurer, and I have to perform it with the most careful and accurate attention, and I have to perform it with the most careful and accurate attention.

Third. That the Board will provide a suitable person to make, or superintend, the sales of coal east of the Hampton Junction. That duty is daily increasing in importance, and the business of the Company can not much longer be safely managed without such an officer. Mr. Dimond is a most faithful and deserving officer, but his duties in providing all the means for shipping and delivering coal, superintending over barges, ec., take quite as much as one man can advantageously perform. It should be borne in mind that in this branch of our business especially, more and better help is needed in its formation state than will be required after all plans are perfected and matured, and a good run of customers obtained, and the trade fully established. This remark will apply with equal force to nearly every other department of our enterprise.\*

Fourth. A purchasing clerk is much needed and strongly recommended to the Board. Our present arrangement works as well as any similar one could be expected to operate, but our purchases of materials and supplies amount to a large sum of money; a very small per centage on which, would more than equal the salary of a suitable clerk, and his services would in various other ways be of great value to the Company.

Fifth. Connected with the above, and nearly equal in importance, is the office of store-keeper, through whose hands all supplies should pass, and there be charged to the several departments consuming the same. This office might conveniently be located at Elizabeth Port, and the officer might assist in the coal shipments, where all his spare time could be profitably employed in place of Mr. Lippincott's clerk, now employed there.

Sixth. A reorganization of the superintendent and engineering departments is, in my opinion, important. The principal superintendent does not seem to possess the confidence of the Board.† He is certainly deficient in some important qualifications, while he possesses others in an eminent degree. If deemed best to retain him, I would recommend that Mr. Stowe be transferred to the Northern Division, as assistant superintendent, where his services in our connections with the New York and Erie Railroad Company, would be very valuable. And I would then suggest that Mr. Rogers, the present engineer of the Warren Railroad, be made assistant superintendent of the Southern Division, and engineer for all remaining construction works. For both positions I believe him well qualified. We are now employing two or more engineers, both of whom could be very soon discharged, and their duties be well performed by Mr. Rogers, thus saving much in current expenses, if not adding to the efficiency of the two departments; and at the same

appointment of the officer as a *great necessity*, and many months ago a very competent person was found and approved by the Executive Committee, and by them nominated to the Board. His services were not only needed to examine and certify all accounts and bills at the principal office, but his duties would lead him to frequently investigate the books and accounts of *all* officers on the line of our works. It is an office quite common in similar institutions, and one which our present Treasurer long occupied in the N. Y. and Erie R. R. Co., before he came into the service of this Company. From some cause, quite unaccountable, our Treasurer always strenuously opposed the appointment, and I confess that his peculiar opposition led me to fear that there was the more reason for its adoption. Other reasons, not proper to refer to in this place, led me to believe the appointment necessary to my successful management of the affairs of this Company.

\* The great importance of this suggestion has been abundantly manifested, and if I am not greatly mistaken, the salary of a most competent coal salesman has been lost to the Company several times over. The same remark will apply to more than one of the following recommendations.

† This change has since been made.

time giving Mr. Dotterer more time to devote to the machine-shop, where his services are much needed, and for which service he is better qualified.

Seventh. The office of master of bridge repairs is now vacant, and was never, in my opinion, properly filled on our road.

Our bridges are now many; and some of them *very costly*, and the maintenance of all *vastly important* to the business interests of the Company.

They are constantly liable to destruction or damage, and the use of neither of them could be dispensed with a single day, without great loss; hence the importance of their being carefully watched and kept in constant repair. But of equal importance is it to have suitable provision for their reconstruction in case of destruction; and that too in the shortest possible time. To this end a bridge repair-shop, a cheap structure, should be provided at Scranton, where at least one span, or arch of each of the different sized bridges (and I believe they are all of three models, or patterns) should always be kept ready made, together with such other timbers and materials as are most likely to be needed, and most difficult to be obtained. Also, all the most important patterns, used in the construction of the several bridges, should be there carefully preserved. Mr. Best, brother of the builder of all our bridges, is an applicant for that office, with his brother's strong recommendation.\*

Eighth. A master of gravel trains is, in my opinion, a very important officer on our road, and will be so for some time to come. Until our road is fully completed, a great many gravel trains will be needed in constant employ, and they can not be so economically and efficiently worked without a controlling and constantly supervisory head.†

Mr. Adams, who has been long in our employ, in various capacities, has now the partial control of this service. I recommend that all the gravel trains on the Southern and Warren Divisions be placed under his general supervision.

Road and track-masters, foreman of section men, etc., are more properly the creatures of the general agent or superintendent; but with a view to create more efficiency in the several departments, and a better selection of the various sub-officers, I recommend:

Finally. The adoption of the following resolution to become one of the By-Laws of the Board. Having long and carefully considered this matter, I do not hesitate to urge the main principle of the recommendation, as being under existing circumstances, very important to the best interests of the Company; and in this connection, while I would refrain from any discrimination among our officers at Scranton, I can not but refer to our counsel, or attorney, Mr. Brisbin, as one whose capacities and peculiar qualifications render it the interest, if not the duty of this Board, to place him in a position where his talents can be made more useful to us, and his good influence be more generally felt, all over the line of our Works; and I would suggest that his title be "Attorney and Counsel" to the Board, instead of "Counsel," as at present.

[Here follows the plan of organization of the "Local Committee" at Scranton, which having been immediately adopted by the Board, and not referred to the "Special Committee," is herein omitted. My second communication, of Aug. 8th, is also omitted, for the latter reason, above named.]

---

\* This important suggestion remains unheeded, so far as I am informed, except in regard to the patterns which have been secured.

† This measure was deemed so reasonable and necessary by "the Local Committee," that they had immediately adopted it, and it had some time been in successful operation, when reported against by the "Special Committee."



Having long felt the great importance of the measures now suggested, many of which have frequently been verbally stated in your presence, I now deem it my duty to place them before the Board in such way as will give the greatest facility and least trouble in considering them; and with such careful and candid consideration I shall be well satisfied, whatever may be your decision in regard to *any* or all of these suggestions.

Very respectfully,

(Signed) GEO. D. PHELPS, President.

## Report of the Special Committee on the foregoing.

---

The Committee appointed at a meeting of this Board, held on the 11th July ult., and to whom was referred a part of the communication of the President, having for its object, important changes in the organization of this Company, have given to the subject as much attention and consideration, as circumstances would permit, and submit the following Report.

The enterprise in which this Company is engaged, and which we hope soon to see accomplished, is one of great magnitude. It proposed originally no less an object than that of supplying the whole of Western New-York, and the country bordering on the Lakes, including a part of Canada, with a superior quality of hard, or anthracite coal, to be obtained at Scranton, and its vicinity. The favorable result obtained, in prosecuting the earlier part of this work, was so satisfactory, that it was judged wise, not only to extend and enlarge its operations in supplying the Western market, but to open a road, over which this coal might be transported to the city of New-York, and thus enable the Company to share in the large and profitable traffic, of supplying the Eastern market also. The building, or constructing of this road, has no doubt been the direct cause of the great increase of labor to which the President has referred. This pressure has been the more keenly felt by the officers of the Company, as your Committee believe, because of the deep interest they have uniformly taken in the success of the work. This state of feeling on the part of the executive of the Company, has given increased confidence to the Managers that the work would not only be completed in due time, but be well done—done in such a manner as to secure to the Stockholders a liberal and satisfactory return for their capital expended.

Up to the present moment, there is nothing in the aspect of this work, but what is calculated to give confidence and encouragement in the enterprise; and your Committee entertain a well-grounded hope, that the [officers and managers will, each in his place, stand fast, and not entertain even the thought of laying off the harness until a result is brought out that shall prove satisfactory to all who have an interest in the Company.\*

The suggestions by the President, made in his communication, are given under eight several heads, all of which are important, as will be seen by a reference thereto; but, at the present time, there is, as your Committee thinks, good reason

---

\* Up to this point no notice is taken of the business referred to; but an intimation is thrown out, that what is to follow might constrain some one to "lay off the harness."

to act with great caution, in regard to making changes in the organization of the Company.

We have at the present time, in the service of the Company in the city, a President, Treasurer, and Secretary, whose duties are specifically pointed out in the By-Laws, covering all the executive duties required, to carry forward the business of the Company in the most efficient manner. The By-Laws of the Board, very properly give to the President, or, perhaps we should say, render it the duty of that officer, to exercise a general supervision over all the concerns of the Company and officers, and employees. This relation established by the By-Laws, between the President, the officers, and the concerns of the Company, your Committee regard as important, and one which, for aught cause, ought not to be disturbed.\*

The gentlemen filling these offices enjoy, as your Committee believe, the entire confidence of the Board, and there does not appear any necessity for a change; but, if they are properly sustained by this Board, and they are careful to aid and sustain each other, as contemplated by the By-Laws, we can not fail, as your Committee think, of reaching a result in the business of the Company, that will be quite satisfactory.

It is possible that some additional aid may be required, in the way of clerks, which the Board will no doubt grant, on the first intimation from the proper source that they are wanted.†

We have at Scranton a full list of officers, all of whom, so far as the Committee are informed, are entitled to, and enjoy the confidence of the Board.

We have in addition also at Scranton a Local Committee, whose special duty it is to suggest such measures and such changes, from time to time, as seem to them best calculated to promote the interests of the Company.‡

Your Committee think, and therefore recommend, that for the present there be no additional officers appointed. The suggestions of the President, under the sixth, seventh, and eighth heads, relating to the reorganization of the engineering department, the employment of a suitable person to look carefully after the condition of the bridges of the Company, and some one to give special attention to the gravel trains, are all very important. The roads of the Company are now so nearly completed, that a large saving may be made; or, at least, ought to be made in the expenses of the engineering, without losing any thing in the efficiency of that department.

To accomplish this in the best manner, the Committee suppose that recourse should be had to the General Agent and the Committee of which he is Chairman; counsel from this source ought to be reliable; if it is not, then we ought to consider at once the subject of making a change.§

\* At this very time, it was well known to the author of this Report, (for he had been often told,) that I could not properly and satisfactorily discharge my duties for want of the services of an Auditor—an office that had always been provided for in the By-Laws, and only, or mainly objected to by the Treasurer.

† All the new appointments recommended by me were *but clerks*, and yet the President does not appear to be "the proper source." The appointment of the brother-in-law of Mr. Young, on his nomination, to an important position in the general office, immediately after I left the Board, seems to indicate the "proper source."

‡ This "Local Committee" was organized by the adoption of the last recommendation in my communication, which was the subject of this Report, and had *no cognizance* or powers over such matters as were referred to by me. Nevertheless, had this Special Committee consulted the "Local Committee," they would have received a hearty approval of nearly every one of my recommendations.

§ I had sought and obtained this very "counsel," but did not deem it my duty to back up my recommendations by quoting the opinions of subordinate officers, innocently supposing that the President was "the proper source" from which nominations and recommendations should come to the Board.

The Committee would suggest the propriety of requesting our General Agent at Scranton, Mr. Archbald, to detail some good mechanic at the ordinary price paid for the labor of such persons to be employed in preparing the material, and to keep it always in readiness, promptly to repair or re-construct the bridges of the Company whenever occasion may require it.\*

Mr. Archbald is himself a competent engineer, understands perfectly all that appertains to railroads, the mining and transportation of coals. Some years back, Mr. Archbald was well known by one of your Committee as the General Agent of the Delaware and Hudson Canal Company at Carbondale, at which place he had the entire charge of the Railroad of the Company, having himself constructed it; also of the opening and working the Coal Mines.

At that period Mr. A.'s opinion was regarded as worthy of all confidence: he was many years in the employ of the Company, and was ever considered an economical, safe, prudent, and energetic Manager.

He gave entire satisfaction to the Directors of that Company, and seldom, if ever, disappointed them in the results that he promised.

Mr. A. is now some years older than when he was thus known, but it is believed that, if now trusted and relied upon, to plan and execute the business of our Company at Scranton, his prudence and energy would still be found equal to the task of accomplishing any reasonable requirement. In regard to the management of the gravel trains, the Committee suppose the superintendent, with the advice of the local Committee, will be able to arrange and work them on some plan that will be satisfactory, without the expense which must necessarily follow an appointment made for this specific object by the Board.†

The present seems to be a period in which we should exercise a strict regard to economy, and at the same time make strong efforts to enlarge the business.‡

And your Committee will venture the suggestion, that if more power was granted to Mr. Archbald, and he was held more directly responsible for results, that a large business might at once, or within a reasonable time, be realized.§ This accomplished to an extent that will insure an income sufficient in amount to meet the interest on the outstanding bonds and capital of the Company, we shall be at ease, and then quite free to make such changes in our organization as wisdom and experience may suggest.

In this Report, the Committee has inadvertently omitted to remark on the recommendation of the President under the Third Head, to wit: "That the Board should provide a suitable person to make or superintend the sales of coal east of the Hampton Junction."

This service, the Committee believe could be well accomplished by a person to be employed by the Coal Committee, to act under the advice and counsel of said Committee.

HENRY YOUNG, } Committee.  
J. I. BLAIR, }

New-York, Aug. 29th, 1856.

\* I appeal to the judgment of any competent R. R. officer, whether my recommendation, or this rejection of it, is most productive of the interest of the Company. The trifling additional expenditure suggested might save to the Company thousands of dollars. The same measure has been adopted as an indispensable means of safety by nearly all companies—even where the bridges and tressellings are of far less cost and magnitude.

† As stated in a preceding note, this appointment was regarded of so much and immediate importance by the "Local Committee," that it had been made, and the measure was in successful operation at the very time this impartial Committee reported against it.

‡ I do not hesitate to express the most confident opinion, that if my recommendation of an Agent for the sale of coal had been adopted, the result would have been many thousands of dollars benefit to the Company in the extra quantity of coal sold, and much preparation and expense for stocking coal would have been unnecessary.

§ See note on 5th page of my other communication.

It will be observed that the Committee most carefully avoid all reference to the first two and the most important recommendations in my communication—viz: the appointment of an Auditor, &c. For more than two years, this measure had been frequently and earnestly recommended to the Board. The By-Laws had *always* provided for the office, and contemplated the appointment. The Board had voted me a clerk, with a salary of \$1,500; which needed help, I voluntarily relinquished in the hope that I might thereby have granted to me this more important assistant and up to the time I left the Board, I never had an assistant of any kind. At one time, encouraged with the hope that this point would be yielded, I secured the services of a most competent accountant, (for many years a bank cashier,) at a salary of \$1,500, the same sum that had been voted me for a private clerk. The employment of this person was approved by the Executive Committee, and by them recommended to the Board, and——rejected, because of the opposition of the Treasurer—the same influence which defeated the recommendation in the last case. Is it asked how this officer obtained and exercised so much influence over some members of the Board—the reply would not be difficult or “expedient.” Is there still any wonder that I resigned? If so, I am prepared to give further explanations.

Having made *very* large sacrifices of both my means and my comfort to promote the interests of the Company, and most sincerely believing that the interests of the Stockholders are in jeopardy from the causes herein alluded to, I believe I have only done my duty to myself and you in thus addressing you.

G. D. P.