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THE OHIO RAILROAD:

THAT FAMOUS STRUCTURE BUILT
ON STILTS.

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— BY —

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THE OHIO RAILROAD:

THAT FAMOUS STRUCTURE BUILT ON STILTS.

The railroad is but sixty years old. When George Stephenson made the trial trip of his little locomotive, the "Rocket," from Manchester to Liverpool in September, 1829, successfully, it was instantly recognized in this country as well as Europe as the coming method of land transportation.

Indeed the two countries were abreast in experimenting on this new and strange motive power. Two or three inventors in this country produced small locomotives in 1829. In 1830 the locomotive, "Best Friend," was built at the West Point foundry, and made its trial trip in November on the South Carolina railroad which, strange to say, is our oldest railroad.

This year, 1830, is the first year in which the United States is credited with any railroad—23 miles.

Europe, with the accumulated wealth of centuries, and the United States, with the accumulated wealth of centuries—to get—started in a neck to neck race in railroad building. It was slow work for the United States, with no money, and a superabundance of poverty, to get under headway.

From 1830 to 1860, the first half of the sixty years, the record shows 30,626 miles, but 1861-1890, the last half of the sixty years, shows 136,546 miles. Total to the end of 1890, 167,172 miles.

To get a better hold on the marvelous work of the last thirty years in this one branch of our material development, please take in this fact:

There was built, equipped, and put into active operation, where no railroad existed before, in thirty years, a mileage

equal to *forty-one* railroads clear across the continent from New York to San Francisco via Chicago, a distance of 3,338 miles.

And this notwithstanding that during four of the thirty years this nation was engaged in putting down a rebellion that wiped out a thousand million dollars of accumulated capital.

But what about the race with Europe in railroad construction?

At the end of 1888, the latest figures attainable, of all the railroads on this globe the United States had 44 per cent.; Europe, $37\frac{1}{2}$ per cent., and the rest of the world, $18\frac{1}{2}$ per cent. Western hemisphere, 53 per cent.; Eastern hemisphere, 47 per cent.—Total, 100.

The railroads of the United States have cost about nine and three-quarter billions of dollars, and give direct employment to three-quarters of a million of men, supporting five per cent. of our population, and indirectly to another large army of workers, getting out the material used by railroads. The tons of freight moved in 1889 aggregated 619,137,237 and the number of passengers was 495,124, 767, about eight times the population of the United States (62,622,250.)

Surely you will agree with me that we can spend profitably a few minutes going back to the birth of this giant, and living over the struggles of our fathers in starting this most beneficial factor in the civilization and comfort of the human race, struggles that seem to us almost ludicrous, but to them were burdensome and even painful.

The year 1836 was a year of the wildest speculation. Of course it was in land—cities on paper, mainly—for then there was nothing else to speculate in. The south shore of Lake Erie, sparsely settled as it was, was platted into city lots at every indentation on the coast, and one speculator, wilder than the others, predicted one solid city from Buffalo to Cleveland. One man, in 1836, paid \$2,500 for a lot in

Fairport, the best harbor on Lake Erie. In 1886, fifty years later, his children were offered only \$200 for that lot. There may be a little food for thought in this to those who have invested in oil and natural-gas boomed towns, especially the farming land additions thereto, at fancy prices. Had that man put that \$2,500 in a savings bank at six per cent., compounded semi-annually, his sons could now draw out the comfortable sum of \$47,976.40.

Moral: Don't buy lots in a "boom," but put your money in a savings bank.

Per-contra: About the same time, 1836, another man bought 102 acres of quagmire and sand of the United States, paying therefor \$127.86 $\frac{1}{4}$. In fifty years that land was worth about ten million dollars. Of course that was in Chicago.

Moral: Don't put your money in savings banks, but buy land, only be sure you buy it in the right place.—Always buy in Chicago in 1836.

Out of that wild speculation, and as an adjunct thereto, sprang, in 1836, that unique enterprise the Ohio railroad.

The first railway project in which the few people then in Northern Ohio were especially interested was that of Col. DeWitt Clinton, of New York, a civil engineer of prominence, but not *the* DeWitt Clinton who built the Erie Canal.

He promulgated, in 1829, the plan for the Great Western Railway, starting from New York city, thence to and up the Tioga, intersecting the head waters of the Genesee and Alleghany rivers, thence to Lake Erie, along the Lake Shore, crossing the Cuyahoga, Sandusky, Maumee and Wabash rivers, to its western terminus where the Rock river enters the Mississippi (Chicago was not "in it" in those days). The distance was 1,050 miles and the estimated cost \$15,000,000, or about \$15,000 per mile, undoubtedly a close, careful estimate.

But soon after came another and most startling project to

do all this for less than a million dollars. It was to be built on a double line of piles, or posts, with planks edgewise, to be bolted thereto. No iron rails or chains, or even ties.

This most economical plan (on paper) with the addition of a light strap-iron rail, was adopted by the Ohio Railroad Company.

The company was organized at the Mansion House in Painesville (then kept by Joseph Card), April 25, 1836. The incorporators were: R. Harper, Eliphalet Austin, Thomas Richmond, G. W. Card, Heman Ely, John W. Allen, John G. Camp, P. M. Weddell, Edwin Byington, James Post, Eliphalet Redington, Charles C. Paine, Storm Rosa, Rice Harper, Henry Phelps and H. J. Rees.

The charter (a most liberal one) was obtained largely through the efforts of Nehemiah Allen, of Willoughby, then a representative from Geauga county (now Lake), who was made president of the company.

The charter gave the company, like its neighbor on the west, the Erie & Kalamazoo Railroad, the banking privilege, which was utilized, as is vividly remembered by the survivors who got "stuck," by the issue of three or four hundred thousand dollars of currency. This currency could never truthfully say or sing "I know that my Redeemer lives" for it never was redeemed.

But the main reliance of the company financially was the celebrated Ohio Plunder Law passed in 1837. As this law was unique—nothing like it before or since—permit me to enlarge upon it and its frightful results. The story was well told by that veteran journalist, Charles B. Flood, of Columbus, nearly ten years ago, after delving among dusty records of the State with a true love for the preservation of history. Would there were more like him! Here is the story of the Plunder Law of 1837. C. B. Flood in Cincinnati *Enquirer*:

The fearfully wild speculation in regard to internal improvements which followed the completion of the Ohio and Miami canals, would inevitably, if not checked in time,

have bankrupted the State and given Ohio the unenviable fame attached about that time to the repudiating States of the Republic.

In the midst of this wild mania for canals, turnpikes, and railroads, the Ohio Legislature, March 24th, 1837, passed "An Act to Authorize a Loan of Credit by the State of Ohio to Railroad Companies—also to Turnpike, Canal and Slackwater Navigation Companies"—which law soon after received the name and is known as, par excellence, the "Plunder Law," and well it deserved the name.

It provided—divested of legal verbiage—that the State should loan its credit in six per cent. stock to the amount of one-third of the authorized capital, if the other two-thirds had been paid in "to the companies organized to build railroads," etc., thus forcing the State to become a partner to the extent of one-third interest in all these schemes. The State received stock in these various enterprises for its bonds.

THE ROADS THAT GOT A SLICE.

The Auditor of the State made a special report December 27th, 1847, giving the State subscription to railroad companies as follows :

Mad River & Lake Erie,	-	-	\$293,050
Little Miami,	-	-	121,900
Vermillion & Ashland,	-	-	48,450
Mansfield & Sandusky City,	-	-	33,333
Total,	-	-	<hr/> \$496,733

"Upon which," the special report of Auditor John Brough says, "no dividend or profit has as yet been received."

(The Legislature, in 1864 or 1865, ordered the stock in Mad River & Lake Erie, also in Sandusky, Mansfield & Norwalk, sold. The Sinking Fund Commissioners sold to Rush R. Sloane, in June, 1866, \$395,800 of common stock in Mad River & Lake Erie Railroad for \$33,840.90 (between eight and nine cents on the dollar for what had cost the State par

nearly thirty years before) and \$4,588, preferred stock, same road, for \$2,233.42, thus closing out the State's costly investment in that road. This was the entering wedge of Sloane's control of that road so long.)

"The credit of the State," the report proceeds to say, "in form of issues of its stock which was loaned to sundry railroad companies for which no return was made, is as follows :

Ohio Railroad Company,	-	-	\$249,000
Fairport & Painesville,	-	-	6,182
			<hr/>
			\$255,182
Total investment in railroads,	-		\$751,915

Some of these companies paid dividends, notably the Little Miami, which by dividends on stock (stock dividends) in 1851, had run the State's interest up to \$200,000 and paid a cash dividend that year of \$13,008.09.

To the same date the Mad River & Lake Erie Company by stock and bonds had increased the State's investment to \$359,850; and had paid a cash dividend of \$15,024. The other roads had paid nothing.

TURNPIKES.

The State issued its bonds to twenty-five companies to the extent of \$1,853,365.21. But thirteen companies ever returned any dividends, and these were reported in 1851 as amounting to \$38,106.76.

CANALS.

The investment in turnpikes was almost a total loss.

The Cincinnati & Whitewater Canal got, \$150,000

The Pennsylvania & Ohio Canal got 450,000

This latter canal was sold by Auditor Taylor to Gov. Tod's Cleveland & Mahoning Railroad for nothing, and less than nothing, as the canal carried with it several thousand dollars taxes then in the treasury. This transaction gave color to the criticism that Taylor was interested with Gov. Tod in the railroad.

RECAPITULATION.

The State investment in

Railroads,	-	-	-	-	-	\$ 751,915
Turnpikes,	-	-	-	-	-	1,853,365
Canals,	-	-	-	-	-	600,000
Grand total,						<hr/> \$3,205,280

The law, which was but an ingenious device for making each citizen of the State rich at the expense of the whole, was repealed March 17th, 1840, when vast preparations were being made by designing men to get up new companies to still further fleece the State.

You will readily see that this law offered a premium on dishonesty. To illustrate: If a subscriber to the stock put in a lot or farm at its real value, say \$2,000, the company would get but \$1,000 out of the State. If, however, he put it in at \$10,000 the company would get \$5,000 out of the State. As it was Ohio State stock the company wanted, and wanted badly, the absurd valuations claimed by subscribers to stock were not questioned or reduced. We will see how this resulted later on.

While the project contemplated a line of road from the Pennsylvania State line to what is now Toledo, a distance of 177 miles, the two paper cities to be “boomed” were Richmond on the east, and Manhattan, three or four miles down the Maumee river from Toledo, a Buffalo Land Company’s speculation. Richmond was located by Thomas Richmond on the west bank of the Grand River, a mile from Fairport at its mouth and two miles from Painesville. Ohio City, Elyria, Sandusky and Fremont were on the contemplated line.

Of course the chief engineer, Cyrus Williams, had to get out a glowing preliminary report, and he was equal to it. Just think of the difficulties that hedged him in. There was not a mile of railroad in operation west of the Alleghanies, and only about five hundred miles in the

United States, all new and experimental. No statistics, no annual reports, nothing to guide him. Yet he drew from his imagination this glowing future for the Ohio Railroad:

“By reference to the map of the United States, and examining the routes of improvements completed and in contemplation, it will be seen that from Maine to Virginia in the East and South, and from Lake Superior to Arkansas in the West, they all concentrate and unite with your road.”

I have been writing annual reports for the last thirty-five years, and in some years, in lieu of dividends, pointed the stockholders to “the glorious future of their great property,” and have sometimes flattered myself that it was fairly well done, but that takes all the conceit out of me. I take off my hat to Mr. Williams. As I shall not refer to him again, I will add he was an able engineer, was connected with our C. C. & C. road afterwards; also the then Mad River & Lake Erie, and died one of the many victims to that terrible scourge, the cholera, in Sandusky, 1849.

But let us return to his glowing prospectus: “Through half of the year, when the navigation of the lakes is obstructed with ice, this must be the traveler’s only route, and the saving of time and the safe and regular transit by railroad must secure through the remainder of the season a large portion of the travel. When we compare the delay, damages and accidents incident to lake navigation, the high and fluctuating prices of freight, and the regular prices of freight by railroad, Lake Erie will hardly be considered a rival communication for passengers, merchandise and light freight. South of the table land (on which the Ohio Railroad is located), to the Ohio River, the country is broken with mountain ridges dividing the waters flowing north and south, and raising impassable barriers to a parallel route.

“The following roads and canals connect, through this road, the fertile regions of the West and the commercial cities of the Atlantic. On the east it receives travel—1st. From Boston to Albany by railroad; by the Erie canal and the

railroads through the same valley to Buffalo; and from Buffalo by the Buffalo & Erie Railroad. 2nd. From New York to Albany by the Hudson River and thence by the same route as No. 1. 3rd. From New York city by the New York & Erie Railroad to its intersection with the Buffalo & Erie Railroad; thence by the latter to the Ohio Railroad. 4th. From Philadelphia by canal and railroads to Pittsburgh, and thence to the Ohio Railroad by either the Conneaut & Beach Railroad, the Ashtabula & Liverpool Railroad, or the Pittsburgh, Warren & Cleveland Railroad. 5th. From Baltimore, by the Baltimore & Ohio Railroad, the Wheeling and Wellsville Railroad, and the Wellsville & Fairport Railroad.

“On the west, the road receives the travel—1st. From the Ohio River by the Mad River & Lake Erie Railroad. 2nd. From Missouri and Illinois by the Terre Haute & Alton, and the Peoria & Logansport railroads, through the Wabash & Erie canal, and railroad. 3rd. From Chicago through the Wabash & Erie canal. 4th. From Evansville and Indianapolis, by railroad and the Erie canal. 5th. From Evansville, by the Indiana and Wabash & Erie canals. 6th. From Lake Michigan, by the Erie & Kalamazoo Railroad. 7th. From Detroit, by the Detroit, Monroe, Huron & Manhattan Railroad (all paper railroads like the Ohio Railroad; to be constructed.)

“Some idea of the business of this road may be formed from the following statement of the amount of business done on Lake Erie, a large portion of which will be drawn to this road. There will be on the Lake the ensuing season, 52 steamboats, whose aggregate tonnage amounts to 15,000 tons; three ships, with 800 tons; six brigs, with 1,056 tons; and 150 schooners and sloops, aggregating 13,800 tons, making 211 vessels with a total of 31,546 tons. From the records kept at Buffalo, the average number of arrivals and clearances for sail vessels will be 13 for each vessel. The average tonnage for sail vessels is 98 tons. The steamboat clearances and arrivals at Buffalo will average 40 for each

boat. The average tonnage for steamboats is 305 tons. This will give for sail vessels, 202,566 tons; and for steam vessels, 650,260 tons; making for the season, a total of 852,826 tons.”

And now after three years of getting ready we come to the beginning of actual construction :

“ For the use of the road, ground 100 feet in width was cleared. There were required 112* piles and 1,056 ties per mile—the former varying from 7 to 28 feet in length, (according to the grade), and from 12 to 16 inches in diameter, while the ties were 9 feet long and 8 inches in diameter. The piles were driven by a machine, consisting of two sills 30 or 40 feet long, placed parallel with each other, at a distance of 7 feet, that being the width of the track. At the forward end of these sills were erected four timbers, termed ‘ leaders,’ 30 feet high, between which, on each side, the iron hammers, weighing one-half a ton each, were raised and let fall upon the pile. A circular saw, attached to a shaft projecting between the leaders, cut the pile to the proper grade, when the driver was moved and the operation repeated. These machines employed eight men and drove about forty piles per day, covering some twenty rods in distance. Upon the head of each pair of piles was fitted a tie, 8x8 inches, in which a gain was cut nine inches wide and four deep, the tie being pinned down through this gain with a two-inch cedar pin; but before this was done half a pint of salt was deposited in the augur hole of each pile, which, permeating the wood, was expected materially to preserve the same from decay. A locomotive saw-mill upon the track, and behind the pile-driver, attended by three men, prepared the rails at the rate of 900 lineal feet per day. These rails or stringers were 8x8, and 15 feet in length. On the wood stringers thus provided were to be placed iron (‘ strap ’) rails, of the weight of twenty-five tons to the mile. Behind all, upon the prepared track, was a boarding-house

* 50 in Original.

for the work hands, which moved with the rest of the establishment.”

Certainly a unique traveling railroad-construction-circus. Its like was never seen before or since.

The first pile was driven at a point near the present L. S. & M. S. Railway station at Fremont, June 19, 1839. The work was prosecuted mainly between Fremont and Manhattan, and in places eastward to the Cuyahoga River. Some of these piles or posts are still in existence and visible after withstanding the elements for more than fifty years. Doubtless the half pint of salt *did* preserve them, as was hoped. But troubles accumulated. The first blow was the repeal of the Ohio Plunder Law early in 1840. This company had grabbed a quarter of a million dollars from the State, but *that* source of revenue was summarily stopped.

Then the Allen interest, which was booming the paper city Manhattan, and the Richmond interest, booming the paper city Richmond, got to quarreling. Above all came the collapse of the wild speculative craze of 1836, relegating back to farms the paper cities that had sprung into existence like mushrooms; and many a paper millionaire of 1836 was hustling to get a piece of pork or a sack of flour to keep his family from starving, in 1843.

The collapse of the Ohio Railroad was complete, yet only ten years later the Cleveland & Toledo and the Cleveland, Painesville & Ashtabula railroads were opened over substantially the same line, and were brilliant financial successes from the start.

We can *now* see that it was fortunate that the Ohio Railroad collapsed as early as it did—for Mr. Williams' estimate of the cost of the flimsy wooden structure was \$16,000 per mile. Ten years later the Toledo, Norwalk & Cleveland—built properly, with earth embankment, T rails, and with considerable equipment—cost, when open for business, but \$15,530 per mile, \$2,500 less than Engineer Harbach's estimate, a most

creditable achievement by its careful, able president, Mr. C. L. Boalt, of Norwalk.

I have referred to the dissensions in the board of directors of the Ohio Railroad. A letter from Thomas Richmond (who, I believe, is still living in New England) in 1877 tells the story of these dissensions much better than I can.

PIONEER HISTORY OF LAKE COUNTY.

“EDITOR *Advertiser*: In my last paper upon the matter of Richmond village, I stated that I would give further reasons for its abandonment.

“It was started and built up under the prospect and promise of its harbor facilities, connected with the tributary country and the natural trade from that position. In 1835 or 1836 the Ohio Railroad Company was chartered, possessing extraordinary provisions and favors, among which was that practically of a circulating currency. In 1836 this company was fully organized, the survey had of the route, from Maumee river to Pennsylvania line, costing six thousand dollars. The location was determined on from Cleveland eastward, running through Richmond, crossing the river near the steam mill. The right of way was all licensed without cost, or very little, and abundant depot grounds given wherever a depot or station was proposed.

“During this year plates were engraved and a large issue of circulating currency printed, and going into circulation.

“And the company had secured a loan of the State of two hundred thousand dollars; thus equipped the prospect for the completion of the road was very good, for by the law the State was to loan its credit to the amount of one-third of the cost.

“I had taken fifty thousand dollars of its stock and given the company twenty-five acres of land for its depot grounds. The financial office was established in Cleveland, where three of the directors lived, one of whom was treasurer and cashier, he having the office charge of its funds. There was a

finance committee of the directors, and I was made chairman of it, thus bringing the finances under my control. Now, at this time, and under these circumstances, I counted the road sure to be constructed, and that too through Richmond, the effect of which would be to concentrate the business of Fairport and Painesville at Richmond.

“ This effect and the country trade I counted as being the measure of the business of Richmond, and that so much was sure, and that even the loss by the Mahoning canal would be so much exceeded by the railroad, as not to be essentially felt by Richmond village.

“ Well, as I said, in 1836 when we had our State bonds and finances complete, our three or four hundred thousand dollars currency ready for use, our railroad track located, at the first meeting of the directors the Cleveland directors proposed that we buy the old Cleveland Bank with our bonds. I fought it, knowing that the bank was exceedingly weak, if not absolutely rotten, and at the end of a meeting protracted to two days I defeated that plan after a severe scuffle over it.

“ My financial plan was to get out a circulation of say about \$500,000, not by loans of even a dollar, but by investing it in the produce of the country, mainly flour, that being most manageable, buying at the mills where the currency would be mostly held in circulation, shipping the flour to New York, have it sold for the credit of the company, and draw against it for redeeming fund for our circulation. Exchange being high it paid a fair profit, even if none was made on the flour. Making this active, I believed that of \$500,000 and our funds for redemption in New York we could rely on the use of \$250,000 to \$300,000 and keep redemption prompt and good. This with our third of outlay by the State and what the stockholders could pay in on their investments, waiting before commencing work until our circulation was out and road established, then commence the road at Cleveland, working east and equipping the road and running cars as often as ten or twenty miles were prepared,

that we could build the road, or at least so far as to have a tangible property to loan money upon, especially as at this day roads were built on wooden rails, and strap bars of iron, the country level, but little grading and not excessive bridging. Six thousand dollars was the estimate per mile of track, level land.

“So you see things looked favorable for Richmond, in prospect of the railroad, notwithstanding the competition of the Mahoning canal up to a given time, I think in 1839. Living at Richmond, thirty miles from Cleveland, I was at the office but occasionally. One day going into the office and looking into the finances, the treasurer seemed embarrassed, and to my inquiries informed me that a director had been to him for \$12,000 currency, wanted it sealed up and pledged his honor that it should be returned with the seal unbroken; he gave it to him but he found it coming in for redemption. Then he told me that the president had given to a party director a farm which he had given \$12,000 stock for, and without any security or payment whatever. I also learned at the same time that these two directors were my enemies and were creating suspicions of my honesty and integrity among the directors. Here too I learned that for some time the president had a gang of workers in Maumee swamp building a railroad from a swamp city called Manhattan, lying in the tall grass some two miles below Toledo out to Lower Sandusky, and had paid out a large amount of money. I knew there had been no order by the board of directors to that effect, not even to begin work, much less there at that place. Nor had they located the road there. Well, all these things stunned me; the most fatal was the President's conduct investing our money there on that road without order, or even publishing it to the directors.

“Our office and financial plans had been running some two or three years. I had arranged a sale in England of our State bonds through Mr. Leavitt, president of the American Exchange Bank, New York, for a nice premium; all to

this hour seemed promising and prosperous. Our circulation had become well established in first rate credit ; there was no difficulty at all in keeping out two dollars to one in New York, subject to draft.

“At this point I at once sought the president and requested him to call a meeting of the directors, as important matters needed consideration. He complied with my wish. The directors met, a full board ; before going into session, I privately told the president that I was going to make a report of all my financial doings, which had been very large in flour investments, and should ask for a committee to examine and report upon it, and I named the two directors that had raised questions of my financial integrity. I read my report, asked that it be referred to a committee of two or three, the president named the two that I requested him to, they examined it, pronounced it all right, the board by vote accepted it, and discharged me from the business I had already done.

“Thus triumphantly with clean hands I exposed to the whole present board just what each had done, bringing heavy censure upon at least four of the board. Then I said: ‘Gentlemen, by this evening’s exposure and my remarks I am obnoxious to many of you, of course we cannot work together agreeably any longer. Now I want some one on the board to relieve me of my stock, refund the money I am out, and that the board accept my resignation, for I tell you *now* and *here* that this company will fail.

“‘It can never live and succeed under such management, with directors who will conduct as these have, and officers that will allow and contribute to such inroads upon its means. Nevertheless I will not be its enemy or in any way be unfriendly to it, for my wish is success to it, although my confidence is gone and I retire from it.’

“The directors complied with my request, took my stock, refunded my money and accepted my resignation.

“With the law of the State to aid to one-third the outlay,

and with the advantage of a circulating medium of currency and the moderate installments that the stockholders could pay in, I could have built that Ohio Railroad if left free from the control of other parties. The allurements of the paper city of Manhattan laid out in the swamp of tall grass, two or three miles down the bay from Toledo, upon the president and some few of the directors, which led them to constructing thirty miles of the road through that swamp, was the death blow to all hopes of building that road, to my mind. And then the infidelity to the interests of the company of the two directors who each had obtained twelve thousand dollars, one of them in currency, and the other in land, and the transfer of officers who contributed to it, satisfied me that failure must come sooner or later.

“With this the prospects of Richmond, Ashtabula and convenient harbor business ended in my opinion. Then I gave up Richmond as a business place, and when I became satisfied of this fact I no longer sold lots, or took pay, or collected any balances due me for lots previously sold, deeming it unjust to collect pay for lots that had become valueless. However the Ohio Railroad Company continued financial business some two or three years after I left it. Knowing whose hands it was in I made no effort to keep acquainted with its details. In what manner it reached its final failure I never knew, or who had the funds at last. The State lost its loan of \$200,000. I think, however, the work on the railroad in the Manhattan interests in the Maumee swamp was discontinued about the time I left the company.”

As already stated, the final collapse of this curious enterprise occurred during the year 1843. For the information of the Legislature, the Auditor of the State, in his annual report of December, 1843, made a somewhat detailed statement of the operations of the Ohio Railroad Company, so far as they related to the State. He said :

“The original subscriptions to the stock of the company

were \$1,991,776. Of this sum, only \$13,980 has been paid in cash ; \$8,000 or \$10,000 in labor and material ; and \$533,776 in lands and town lots. These have been reported as a basis for the credit of the State ; also, there has been added \$293,660 in donations of lands for right-of-way, all of which are of course conditioned to revert, upon failure to complete the work. The lands received in payment of subscriptions were all taken at the most extravagant rates. A few specimens will suffice for the whole :

333 acres in Brooklyn Township, Cuyahoga county, as the " Lord farm,"	
at \$100, - - - -	\$ 33,300
Part of " Center farm " (30 acres) -	3,000
One-eighth of 20 acres in Ohio City,	
parts of lots 51 and 52 - -	6,000
7 lots in Ohio City, at \$1,000 - -	7,000
16 acres, 46 rods, in Huron township,	
Huron county, known as " Steam	
Mill lot," \$1,538.08 per acre, -	25,000
12 lots in Richmond, Lake county,	19,000
Lot No. 10, Willoughby, with brick	
tavern, - - - - -	14,000

" And so on, through the whole list. It will be seen that the president, though more than once pressed to the point, declined expressing any opinion as to the actual value of the lands and lots. By an examination of the appraiser's returns of Cuyahoga county, under the valuation of 1840, I find the first of the tracts valued at \$3,748. It is mortgaged to the Trust Company for \$4,000, which, under the rules of that company, is fully one-half of its actual value. I find the " Center farm " valued at \$386 ; the one-eighth of 20 acres in Ohio City at \$20 ; and the remainder of the lots in that city at from \$6 to \$30 each. Many judicious persons with whom I consulted concurred in the opinion that not one of these lots for which \$1,000 had been allowed in subscriptions, is now or ever was worth more than \$100. I doubt

much, whether from the whole of these lands and lots a sufficient amount could now be realized to pay the debts of the company.

“The process of receiving these lands on subscription constituted a very decided improvement on the modern system of financiering. The lands were sold to the company by the owners, and general guaranty deeds executed for them. A credit was then given by the company for a payment of stock to that amount, and certificates issued bearing interest at the rate of six per cent. per annum. After the lands had been reported to the Fund Commissioners as a basis of a loan of credit, upon the ground that they were purchased for the use of the road, the company commenced selling them for the certificates of stock issued for their purchase; and this process had been carried on up to the date of the investigation, to the amount of \$59,678—thus reducing the payments for lands for the use of the road, upon which the stock of the State had been issued, from \$533,776 to \$474,306. The result of the operation, if left to work itself out, will be that after the company has bought lands at excessive valuation, to the amount of more than \$500,000, and drawn upon them from the State \$249,000 in State bonds, the lands will all be disposed of to the original or other owners, and the company have nothing more for itself, or as a security to the State, than the six per cent. stocks originally issued for the purchase. In many instances, too, these lands have been sold back to the same person from whom they were purchased, and at reduced valuations.

“The General Improvement Law provides for a loan of credit by the State of one dollar for every two expended by the company in the actual construction of the road and the purchase of lands for the use of the same. This latter provision in this, as well as other companies, has been construed to mean the purchase of lands for the purpose of speculation, or even fraud; and, unfortunately for the State, this construction has been concurred in by the Fund Commissioners.

“Between the payment of that \$50,000, and the next of \$169,000 on the part of the State, the president admits that no money was collected from the stockholders, and that the operations of the company were carried on upon its stocks and credit. The explanation of all this is that the company had then commenced the business of banking; and, as was well remarked to me by the president of another of these companies, that, ‘presuming upon the general imprudence of the times,’ they succeeded in putting out and maintaining a large circulation. A portion of this was paid out direct to contractors and laborers on the work. Other portions were exchanged for the then depreciated funds of the State, and the expenditures upon which the second report was based, and the payment of \$169,000 made by the State was entirely of this character. Not a dollar had been collected from the stockholders; not a dollar was in the treasury as a basis of this issue; but upon the expenditure of this character the funds of the State were procured; and then, as will be seen from the deposition of Mr. Taintor, they were used to redeem the circulation already out, and form the basis of a new emission, by which a new sum could be plundered from the public treasury. By this operation the State was not only building the whole road and supporting the horde of officers who were living upon it; but was made a party to the infraction of her own laws, and her treasury drawn in to bolster up and sustain a fraudulent system of banking, that has ended in the robbery of her citizens to the amount of \$35,000 or \$40,000. Surely iniquity, fraud—nay, even swindling—could go no further.

“The amount of stock received by the
company from the State is, - \$249,000

“Cash paid on construction of road, 237,220

“Leaving cash expenditures less than
amount received from the State, \$ 11,780

“And for all this expenditure, the State had some sixty-

three miles of wooden superstructure, laid on piles, a considerable portion of which is already rotten, and the remainder going rapidly to decay. The lands under the law also revert to the State; but they are encumbered by a debt of the company, after deducting the amount paid by the sale of machinery, of about \$80,000. This amount is due to laborers and contractors on the line, and to citizens who have received the notes of the company in good faith, and who are entitled, in justice and equity, to be paid; and if paid from this source, as I have before intimated, I do not believe the lands, at a common-sense valuation, will more than meet the claim. The company failed in July last to meet the interest on the State stock, amounting to \$7,479. The work is therefore forfeited to the State."

After the collapse of the company, Judge Allen, the president, a man of high character and attainments, turned his attention to milling at Manhattan, and died in Toledo in 1861.

The principal Cleveland or Ohio City man in the company was the largest subscriber to the stock, taking for himself and friends, \$307,350 out of a total subscription of \$1,991,776.

As usual, after the final collapse of the company, in 1843, the State by its Auditor, "wanted to know, you know," and investigated.

His annual report to the Legislature, in December, 1843, revealed some startling financiering.

Thus ends this "strange, eventful history" of the attempted rise and decided fall of the Ohio Railroad Company—1836-1843.

I cannot close without acknowledging that I am indebted to that veteran editor and historian of Toledo—Clark Waggoner—for a very large part of the facts in this paper.