

Railroad stock sale

This offer to sell shares is to help finance the construction of a railway from Kansas City to Port Stilwell (Topolobampo), Mexico, approximately 1,100 miles. The offer is for shares of stock of the International Construction Company, which is building a portion of the Kansas City, Mexico and Orient Railway in Mexico and Texas. This route is advertised to be the shortest line from Kansas City to the Pacific Ocean. The construction was delayed to find a route over the Sierra Madre Mountains. A route has been found and construction is progressing. The reverse side of the document is a map of the proposed route.

Creator: Kansas City, Mexico and Orient Railway Company

Date: Between May 31, 1900 and January 31, 1902

Callnumber: Box 3 (K Port 385 Folder 4 Or4)

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KANSAS
HISTORICAL
SOCIETY

Railroad stock sale

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KANSAS STATE
HISTORICAL SOCIETY.
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W. W. Sylvester

International Construction Company

Incorporated under the Laws of Delaware, May 31, 1900.
Legalized under the Laws of the Republic of Mexico.

CAPITAL, \$7,000,000,

DIVIDED INTO 70,000 SHARES OF \$100 EACH,
Of which 10,000 Shares are offered at par.

This Construction Company is building that portion of The Kansas City, Mexico & Orient Railway in Mexico and Texas, upon which, work has been under way ever since the incorporation of the Company, May 31, 1900.

The \$100. shares now offered for subscription are offered upon the following terms, viz.: Payment of \$50.00 per share at the time of signing the subscription and \$25.00 per share in four months thereafter, and \$25.00 per share in eight months thereafter, making a total of \$100. per share, and upon these payments being made the shares will be issued as full paid and non-assessable.

The Stocks of the Railway and the Construction Company respectively will be held in a separate voting trust for ten years, and voting trust certificates will be issued for same.

The following are the Officers of the International Construction Company, viz.:

Directors.

A. E. STILWELL, President, Kansas City, Mo.
W. W. SYLVESTER, Vice-President, Kansas City, Mo.
E. E. HOLMES, Banker, Kansas City, Mo.
H. CLAY ARNOLD, Merchant, Kansas City, Mo.
FREDERICK HUTTIG, Manufacturer, Kansas City, Mo.
J. H. KIMBALL, President Delaware Trust Company, Wilmington, Delaware.

Treasurer.

W. A. RULE, Cashier National Bank of Commerce, Kansas City, Mo.

THE KANSAS CITY, MEXICO & ORIENT RAILWAY COMPANY
has been organized under the laws of Kansas for the purpose of building the road from Kansas City to Port Stilwell, otherwise Topolobampo.
The Company is legalized in the Republic of Mexico.

THE KANSAS CITY, MEXICO & ORIENT RAILWAY COMPANY
will come into possession and control of the railroad as fast as it is built by the Construction Company. A Finance Committee, consisting entirely of residents in England, has been appointed, under the By-Laws of the Railway Company, and all the meetings of this Committee will be held in London.
The railroad is to be operated by the Executive Committee of the Directorate in the United States, composed of:

A. E. STILWELL, President of the K. C., M. & O. Railway, Kansas City, and City of Mexico.
W. W. SYLVESTER, Second Vice-President of the K. C., M. & O. Railway, Kansas City, Mo.
DR. W. S. WOODS, President of the National Bank of Commerce, Kansas City, Mo.
W. A. RULE, Cashier of the National Bank of Commerce, Kansas City, Mo.
E. L. MARTIN, Kansas City, Mo.
H. H. MELVILLE, Boston, Vice-President of the Great Northern Railroad of Canada.
W. H. BAKER, Vice-President and General Manager Postal Telegraph Co., N. Y.
WILLIAM HUTTIG, Director of the National Bank of Commerce, Kansas City, Mo.

and a Sub-Committee of the Directorate in Mexico, composed of

ENRIQUE C. CREEL, President of the Central Bank, City of Mexico, First Vice-President of the K. C., M. & O. Railway Company, Chihuahua.
LORENZO ELIZAGA, Secretary of the Mexican Congress.
ALONSO FERNANDEZ, Member of the Mexican Congress.

THE INTERNATIONAL CONSTRUCTION COMPANY
was organized May 31, 1900, for the purpose of entering into a contract with The Kansas City, Mexico & Orient Railway Company to construct that part of the line of said Railway Company which is to run from the south line of Oklahoma to the Pacific coast of Mexico at Topolobampo, now Port Stilwell, being between 1,000 and 1,100 miles of road. Work under this contract has been in progress ever since the incorporation of the Company, and at the present time over 200 miles of the line have been graded, and track work will begin in a few weeks. The greater portion of the time during the last eighteen months has been spent in finding a practical route over the Sierra Madre Mountains. This problem has been satisfactorily solved, and work will now be pushed rapidly forward.

THE RAILWAY COMPANY
is to issue the following stock and bonds to cover each mile of completed road and equipment, viz.: \$22,500 first mortgage 4% gold bonds running fifty years from their date, interest payable semi-annually on the first days of January and July, and \$20,000 per mile in common and \$20,000 per mile in non-cumulative 4% preferred stock (both stocks to be issued as fully paid and non-assessable), and in addition \$2,500,000 like bonds for extra work in the Sierra Madre Mountains, mentioned in the following paragraph.

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THE RAILWAY COMPANY

has entered into a contract with the Construction Company for the latter Company to build and equip (to the extent of \$2,000 per mile of road) the road in the territory above named for which the Construction Company is to receive for each mile of completed road the following securities of the Railway Company, viz.: \$18,000 first mortgage 4% fifty year gold bonds, \$16,000 preferred non-cumulative 4% stock, and \$12,500 common stock, in addition to all subsidies receivable by the Railway Company. Beyond this the Construction Company is to receive an additional amount of like bonds, aggregating \$2,500,000, for the heavy work in the Sierra Madre Mountains. The securities above mentioned are to be delivered to the Construction Company upon the completion of each section of ten miles of road, as certified to by the Chief Engineer of the Railway Company.

The Railroad, being completed in accordance with the existing scheme, there will (after deducting the stock and bonds to be issued to the Construction Company) be left in the Treasury of the Railway Company the following securities, viz.: For each mile of completed road, \$4,500 first mortgage bonds, \$4,000 preferred stock, and \$7,500 common stock, aggregating on the entire line \$6,750,000 bonds, \$6,000,000 preferred stock, and \$10,250,000 common stock. These securities will be applicable under the auspices of the Finance Committee hereinbefore referred to, for additional equipment, improvement of road-bed and other purposes.

THE ROUTE OF THE RAILROAD

from Kansas City to Wichita, Kansas, will be about 200 miles, or 27 miles shorter than any other road. This portion of the line between Kansas City and Wichita, as well as that south of Wichita, to the Rio Grande traverses the finest agricultural and grazing region in the Southwestern country. It will pass through the coal fields of Osage County, sixty-five miles from Kansas City. It will bring the cattle of Western Oklahoma, Western Texas, Southeastern New Mexico and Old Mexico to the Kansas City market with a haul hundreds of miles less than any road now in existence. It will be a direct line to all that vast section, which is now producing more grass cattle than any other part of the United States. From Kansas City to the Northern Texas line the road will pass through a fine and well-developed agricultural region, not surpassed anywhere in the country. The route from the Rio Grande to City of Chihuahua, a distance of 160 miles, follows the Conchos River and passes through a grazing and mineral country, which will develop rapidly as soon as the road reaches it. Chihuahua has a population of 40,000 and is one of the most important cities of the Mexican Republic. Its commercial and mining interests are very great and will without doubt contribute largely to the revenue of the road. The Mexican Central Railroad now passes through this city. Lead, copper, gold and silver ore, cattle, general merchandise, coal and lumber will contribute a heavy tonnage to and from this section. The line also passes through a deposit of semi-anthracite coal lying east of Chihuahua. This coal field has never been developed, owing to want of transportation facilities. The scarcity of coal in Mexico makes this an extremely valuable property to the Railroad Company.

The necessity for the road to develop the vast resources of the territory through which it will pass, is unquestioned by any one familiar with the subject.

BETWEEN CHIHUAHUA AND THE FUERTE RIVER

the line will traverse the finest mineral country in Mexico, portions fairly well developed considering the great lack of transportation facilities, but when the railroad is completed it will open up a section that should rival Leadville and Cripple Creek in their most prosperous days. Some of the largest mines in the world are now in operation in the Batopilas and Palmajero Districts, and in the celebrated mining region beyond the town of Guerrero (Concepcion) close to which the projected railroad will pass.

The road will go through a large long-leaf pine forest for 150 miles, beginning 140 miles south of Chihuahua. Central and Eastern Mexico, which are deficient in such timber, will, it is anticipated, consume all that the railroad can haul out, and an immense tonnage in this connection is practically assured.

FROM PORT STILWELL

north the route will, until it reaches the mountains, lie in the Fuerte River Valley, which country is as fertile as the best parts of California. Sugar, coffee, cotton, tobacco and fruits, produce large crops of fine quality. Cane has to be planted only every five or six years. The higher table-lands produce good crops of cereals, and vegetables in abundance. There is a deposit of good anthracite coal to the northeast of Port Stilwell, which should make that port an excellent coal station.

Allowing for curves and necessary deflections from straight lines, the route of the projected railroad will give the East, through Kansas City, an outlet to the Pacific coast at Port Stilwell, within 1,600 miles from Kansas City, or a saving of about 500 miles over the distance to San Francisco. It will also give Kansas City an advantage of about 400 miles over any existing rail route to the City of Mexico via Chihuahua, and to the great tropical fruit, sugar, fibre and coffee districts of Central and Southern Mexico.

The road, when completed, will have 0.6% grades over the first division out of Kansas City, that is to Wichita; 0.5% grades over the second division, Wichita to the Cimarron River; 1% grades over the third division, Cimarron River to the Red River; 1% grades over the fourth division, Red River to Sweetwater; 1.25% grades over the fifth division, Sweetwater to San Angelo; 1% grades over the sixth division, San Angelo to Pecos River; 1% grades on the seventh division, Pecos River to Rio Grande; 1.5% grades on the eighth division, Rio Grande to Chihuahua; 2% on the ninth division, Chihuahua to Baycoyna; 2.5% grades on the tenth division, Baycoyna to La Junta, and 1% grades from La Junta to Port Stilwell.

There is no transcontinental line which can compare in operative features with the grades this road obtains. Some of them can, and will, obtain grades somewhat similar but only after considerable lapse of time and a large expenditure of money.

(The foregoing statements as to grades, etc., is taken from the report of Chief Engineer M. P. Paret, dated December 27th, 1901, addressed to the Finance Committee in London, and a copy of which report will be furnished on application, and is open to inspection with other documents as mentioned at the foot hereof.)

The line runs through Kansas, Oklahoma and a section of Texas which is very deficient in railroads and cuts all of the East and West lines at right angle, thus in effect making the latter feeders for this railroad. It is a line that will give better connection between the great Northwest and the great Southwest than any now in existence. As may be seen on reference to maps, Chicago, Kansas City, Chihuahua and Port Stilwell are almost in a straight line.

A most important feature of this enterprise is the harbor at Port Stilwell, superior to any other on the Western Coast, South of San Diego. It is a mountain-locked harbor about 700 square miles in area, having a depth over the bar at the entrance at low tide of about 22 feet, and it is estimated that by an expenditure of a comparatively moderate sum this could be increased to 35 feet, so that a vessel drawing 33 feet could pass at low tide and lie within one hundred feet of the shore on the north side of the Straits of Jossua, which will form the commercial front of the city. Port Stilwell is 1,320 miles from San Francisco by way of Cape San Lucas, and 200 miles north of Mazatlan, the most important port of Mexico on the Pacific, and only second to Vera Cruz in commerce. Port Stilwell is only 1,200 miles from Galveston and less than 1,500 miles from New Orleans. It is about 700 miles nearer to New York than New York is to San Francisco. The distance from St. Paul, Minnesota, to Port Stilwell is about the same as that from Puget Sound to St. Paul.

Other very important advantages connected with the undertaking are that the railway company has, under the terms of the concessions from the Mexican Government under which it operates special and priority rights for the construction, for the Government, of wharves, warehouses and other harbor works at Port Stilwell, subject to arrangement of details with the Government Public Works Department, and the concessions also contain the most liberal provisions for exemption from import duties for five years of all construction and operating materials and rolling stock required by the Railway Company, and for the practical freedom of the Railway Company from Mexican taxation (except the ordinary stamp tax) for 20 years.



SUMMARY.

THE CONSTRUCTION COMPANY,

through various sources, will come into possession, ownership or control of the following assets:—

FIRST.

\$18,000 per mile of first mortgage 4 per cent. 50-year gold bonds of the Railway Company, plus \$2,500,000 in these bonds for work in the mountains of Mexico.
\$18,000 per mile of 4 per cent. non-cumulative preferred stock of the Railway Company fully paid and non-assessable.
\$12,500 per mile of the common stock of the Railway Company, fully paid and non-assessable.

SECOND.

All subsidies granted by the Mexican Government in the form of bonds, also all bonds given by States and Municipalities in Mexico and Texas, as well as the subsidies which may be given by individuals and from other sources.

The following is the Mexican Government subsidy:

\$3,000,000 5 per cent. Mexican Government 5 per cent. Bonds of Redeemable Interior Debt for the mountain work, estimated at 250 kilometers.
\$7,000 per kilometer for the part west of the mountains, which will be from 400 to 450 kilometers.
\$900,000 from the State of Chihuahua in 5 per cent. Bonds of that State. This, it is expected, will at once be increased to \$1,000,000.
There is reason to believe that the Federal and State Governments will concur in granting a large subsidy from the State of Sinaloa, as soon as the Legislature of that State meets in or about April, 1902.

THIRD.

All mineral exposed by excavation of the roadway is subject to entry and appropriation by the Company under the terms of the concession. Under these terms the Company has already located a large number of gold, silver and copper claims, and the engineers are locating more each month; amongst them are numerous gold mines. In spite of the absence of facilities for transportation, there are a great number of mines actually working profitably in the territory reached by the road, whilst others have been abandoned merely on account of inadequate transportation facilities, it being at least 15 days' mule travel to the nearest railroad or to the coast. The company has permission from the Mexican Government to locate, for entry and appropriation, on favorable terms, zones of mineral land upon which, for six months subsequent to any such location, no location with similar object can be made by any other person without the consent of the Company.

FOURTH.

Subject to completion of surveys now in hand, and to compliance with other reasonable conditions, the Company acquires four-fifths interest in 1,250,000 acres of land in the States of Chihuahua and Sinaloa, by the acquisition of four-fifths of the stock of a company owning the concession for such lands. These are timber and farming lands, with strong indications of oil in some parts.

The company that owns this concession is the Mexican Timber Field Company, Capital \$5,000,000, of which the Construction Company owns \$4,000,000 (or four-fifths, as stated), \$3,500,000 of which will be at once divided *pro rata* among the shareholders.

FIFTH.

It will be entitled to all the new town sites along the portion of The Kansas City, Mexico and Orient Railway which the Construction Company is to build, and this should be a source of great profit to the Company.

SIXTH.

It owns a contract for the acquisition of one-half interest in 600,000 acres of coal land located east of Chihuahua, hereinafter referred to. This land contract was acquired in consideration of the Railway Company undertaking to build its line intersecting a portion of the land in question. This should be one of the most valuable assets of the Company.

THE INTERNATIONAL CONSTRUCTION COMPANY

being organized mainly for railroad and incidental work, it has been deemed expedient to arrange that such portions of the concessions as involve the ownership and exploitation of mining claims shall be vested in a Development Company. For the execution of that plan, the International Construction Company has organized the

CHIHUAHUA & SINALOA DEVELOPMENT COMPANY,

with a capital stock of \$7,000,000, divided into 70,000 shares of \$100 per share, to which all these properties will be transferred.

It is intended that the majority of the Directors of this Company shall be resident in England, and that all meetings of the Directors shall be held in London.

It is proposed to divide *pro rata* among the stockholders of the International Construction Company 80% of this stock, without further payment therefor. The balance (20%) will remain in the Treasury of the Chihuahua & Sinaloa Development Company, to be sold, and the proceeds used in the development of the properties of the Company.

The map accompanying this Prospectus is not issued as geographically correct, but simply to show the general direction of the line of the railway and relative positions of places along the route.

The International Construction Company, being an American Company, constituted according to the laws of one of the United States, the Prospectus is framed accordingly. It would be impossible to set out within the ordinary limits of a prospectus all matters which might be considered material in relation to such an enterprise as the one in hand. Certain persons proposing to subscribe for capital, and others concerned in the undertaking, have sought some information in the form of questions framed by their solicitors and counsel, and answers thereto have been made by the President and legal advisers of the Company in the United States and Mexico, which, with copies of concessions under which the Railway Company and the Construction Company are operating, as well as sundry other relevant documents, can be seen at the offices of Messrs. Church, Rendell & Company, No. 9 Bedford Row, London, W.C., Solicitors for the Kansas City, Mexico & Orient Railway Company in England.

Checks for payments on Stock subscribed for in the United States should be made payable to the International Construction Co., and sent to the Company in Kansas City, Missouri.

Subscriptions in England and the Continent are payable by check to the International Construction Co., and such checks should be sent to Messrs. Kuhn & Co., 31 Lombard Street, London, E.C., who have been authorized to give provisional acknowledgments for the same pending formal receipts of the Company being available from Kansas City.

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