| Debt | Interest | Total | | Payment. | | Balance. |
|---|---|---|---|---|---|---|
| 22000 | 2025 50 | 24025 50 | | 3500 | | 20525 50 |
| 20525 50 | 1973 90 | 22499 40 | | 3500 | 1st. | 18999 40 |
| 19000 | 1915 50 | 20915 50 | | 3500 | | 17415 50 |
| 17415 50 | 1865 04 | 19280 54 | | 3500 | 2nd | 15780 54 |
| 15780 54 | 1807 82 | 17588 36 | | 3500 | | 14088 36 |
| 14088 36 | 1748 59 | 15836 95 | | 3500 | 3rd | 12336 95 |
| 12336 95 | 1687 29 | 14024 24 | | 3500 | | 10524 24 |
| 10524 24 | 1623 85 | 12148 09 | | 3500 | 4th | 8648 09 |
| 8648 09 | 1558 18 | 10206 27 | | 3500 | | 6706 27 |
| 6706 27 | 1490 22 | 8196 49 | | 3500 | 5th | 4696 49 |
| 4696 49 | 1419 88 | 6116 37 | | 3500 | | 2616 37 |
| 2616 37 | 1347 07 | 3963 44 | | 3500 | 6th | 463 44 |
| 463 44 | 1271 72 | 1735 16 | | 3500 | | 1764 84 |
| 41850 | | | | 1850 | | 40000 00 |
| 40000 | 1200 | 41200 | | 3500 | 7th | 37700 |
| 37700 | 1131 | 38831 | | 3431 | | |
| 35400 | 1062 | 36462 | | 3569 | | 35400 |
| 32900 | 987 | 33887 | | 3487 | 8th | 32900 |
| 30400 | 912 | 31312 | | 3512 | | 30400 |
| 27800 | 834 | 28634 | | 3434 | 9th | 27800 |
| 25200 | 756 | 25956 | | 3574 | | 25200 |
| | | | | 3518 | 10th | 22400 |

The above table shows the result of the debt of the company at the end of ten years, under a rental of $7000.= per annum as has been offered. After the red figure balance the rent is utilized in this table to reduce the bonded debt by semi-annual calls of such bonds as are drawn by lot, according to the custom in such cases, bringing the bonded debt at the end of ten years to $22.400.= The red balance has been increased in the first payment on bonds, but the difference would have been more than made up by quarterly payment of int

The proposition to foreclose the mortgage on the property of the Barren Fork Mo. & L. Co has been presented to the bond-holders, but no proposition has been presented whereby this procedure might be obviated, or why in fact the consummation thereof would not work the greatest good to the greatest number. Let us look the matter over. The bonds held are $29.900= of these the Sinking Fund Committee hold $2.000= which are in point of fact the joint property of all the stock holders; the debt of the company outside of the bonds, less a cash payment that could be made, is about $22.000.= The interest on the bonds to May 1st is $13,156= making total debt $65.056= or an amount equal to one-half of the capital stock, and therefore any purchaser would be more than likely required to pay about that amount at the foreclosure sale. If the property were so bought by a syndicate of bond-holders those who hold bonds in amount equal to one-half of their stock would save their interest, those who had less would sacrifice their interest pro-rata, while those who had more would increase their interest in the re-organization and it is in fact only to the interest of those who occupy this last named position that the foreclosure should be insisted on. While it might at first glance appear that the stockholder who holds bonds in the proportion of 1. to 2. of stock could not be affected, let us state the case from this view. The intent is to sell the property. Does it not stand to reason that a property whose bonds are out, the interest on which has been paid up in full, and the future interest secured by a lease of the property at a price per annum that will not only pay the interest but reduce the debt in ten years to $22.400.= would find more ready sale than one that had been closed out at sheriff's sale, for non-payment of interest on its bonded debt. (This proposition presumes that the present bond-holders will take bonds for the past-due coupons.) A proposition to take a lease, as set forth in the table, with good and sufficient bond for the faithful performance of the terms thereof has been submitted to the Directors for their consideration; The accompanying table shows the status of the company's debt semi-annually during the term of the lease, and the result at the end thereof, and after that a 5% paying stock beyond peradventure.

Will you give the matter careful consideration? Weigh all the points well, and decide which is best.

Yours respectfully

W. Wright

Gentlemen Stockholders of the Benton Fork Mining Road Company.

The ~~indictment implied~~ arraignment contained in the postal card addressed to the Stockholders and containing the call for the present meeting requires that I should state what are the grounds on which I have acted and the reasons therefor I waive all reference to the petulant tone and temper of the language of the call, and to the rather disingenuous attempt of the Secretary to prejudice the minds of the Stockholders in advance of the meeting now convened.

I was not present at the adjourned meeting of the Stockholders on the evening of February 26, which formed the rather illogical sequel of that called for the 29 of January preceding. An unexpected incident prevented my being present, though had I known that so momentous a proposition as to a change of charter, a change involving the organic existence of the corporation would be submitted I should undoubtedly have been present. To extraordinary a slip without due notice having

been given never entered into my mind. Whether a strict interpretation of the bye laws required it or not common prudence would have suggested that the shareholders should have had previous notice of the business to be submitted in order that a free exchange of views might have been had, in a full meeting of the policy or impolicy of the proposed new departure. So much impatience existed to have the new Charter turned forward to its birth that although on the following day I addressed a note to the Secretary of the Board of Directors, in language entirely respectful counselling a prudent caution and opportunity for conference my note remained unanswered, unacknowledged and unanswered, and any knowledge I gathered of the contents of the proposed Charter I had to obtain from Frankfort instead of from the natural source of information at home. After some days however I learned its contents and ~~sent notice~~ requested to the Judiciary Committee to whom it was referred to allow me to be present when the Board of Directors presented their argument for its

adoption. The Judiciary Committee attended this
Conclave ~~which had not received from the Secretary~~
~~of the Board of Directors~~ and on ~~last~~ Tuesday the
11th inst. had the pleasure of hearing the document
read and commented upon by the Secretary of the
Board of Directors. The argument of the Secretary did
not remove the objections which had ~~adhered~~ themselves
to me when I read the document myself. and when
allowed the opportunity I presented these objections as
briefly and as pointedly as I could with the result
that the Judiciary Committee rejected the proposed
Charter unanimously and directed the Secretary to
prepare and present a Charter on which the Stockholders
could agree. The Secretary was also informed that
irrespective of the objections which I had presented
the Charter whose acceptance he urged would, if
it did pass the Legislature undoubtedly be vetoed
by the Governor on legal and constitutional
grounds. From this point of view therefore as well
as from my own an indiscreet haste would have

proved fatal to the new Charter.

But what were the objections to the new Charter? They may be summed up in half a dozen words. The new Charter would have created a directory absolute and irresponsible, nominally the servant but really the master of the Stockholders.

By it they were authorized to make and unmake, alter and amend their by laws without reference to the stockholders and without their knowledge consent or advice.

By it they were authorized to create a debt equal to two thirds the authorized capital which by the terms of the instrument was $500.000 —

By it they were authorized to mortgage the property of the company for any amount within the limits of the debt which they were authorized to create. and this without the knowledge advice or consent of the stockholders.

Thus within one year or ten years or at any time at the option of the Directory, a debt equal to $333.000 might be created by them and the

assets of the Company mortgaged for that amount.
By the power over the bye laws, the Directory might change the place of the annual meeting of the Company, and give or withhold any information at their discretion. No action of the Stockholders could compel or require financial Exhibits or know anything about the policy receipts expenditures assets or liabilities of the Company. I do not say that the directory would refuse, but in the event that they chose to go their own way and do their own way no authority existing in the Stockholders could require or compel them to do otherwise.
But it may be said that the directory exists but for one year and a new one could be elected amenable to the wishes of the Stockholders. Theoretically this is true. But infinite mischief might be done between the beginning and the end of one financial year, a mischief altogether beyond remedy.
To the extension of the franchises of the Company I had no objection, though I saw little likelihood of any advantage immediate or prospective from the

possible railroads steamboats Wharves docks &c so vividly portrayed on paper. Neither did I object to an authorized capital of $500,000 or 5,000,000 if any ~~gentleman~~ member of the company wished to deal in such expansive ideas. But I did object to the authority to create a debt or actual bona fide obligation in dollars and cents equal to two thirds of $500,000. and I did object to the power vested in them to mortgage the property of the company for a debt thus created

I said to the committee and I repeat it here tonight that the charter if passed in that form would hand over the stockholders bound hand and foot into the power of a board of directors who might do with the property of the company what they pleased. The franchises of the company were enlarged, but these franchises by the act which created and enlarged them were also demanded to a board created by the same act with absolute and irresponsible powers. I did not question the disclaimer of the

declare that the Board had no intention to use or abuse such extraordinary powers. What I did question was the justice and the expediency of conferring such powers upon any board however immaculate they might be and however good their intentions. Any board which controls as this does 11/26 of the stock of a company and which can always control a sufficient number of proxies to elect themselves is already possessed of a power which may be made dangerous to the interests of the minority. When this power to create a debt was limited to $30,000 they transcended this authority and created a debt exceeding that amount to a degree that nearly swamped all the stockholders more than a year ago.

I advocated before the Committee the following amendments

1st. That the number of Directors be increased from five to seven.

2nd. That all alterations or amendments of the by-laws affecting the interests of the stockholders, ~~or the~~

should be valid only when ratified by the Stockholders at this annual meeting or at a meeting called for that purpose due notice being given and the object of the meeting being stated in the call

3rd That a debt might be created not exceeding two thirds of the paid up Capital by the consent of ~~a Majority~~ of the Stockholders.

4th That no Mortgage should be laid on the property of the Company without the consent of ~~a Majority~~ of the Stockholders at their annual meeting or at a called meeting due notice having been given and the object of the meeting having been stated in the call.

I have always thought that any business whether individual or corporate should be carried on as nearly as possible on a cash basis, and that in proportion as one departs from this salutary and wholesome principle of individual or corporate management, in just such proportion risks and complications and disasters are probable. A great financial genius may take

heroic ~~acts~~ ventures, but even he does so at his peril.
In seasons of commercial distress and financial panic
these adventurous spirits are generally the first to go to
the wall. Now I hold that operations projected on
the possible creation of a debt of two thirds of any
fictitious basis whether it be half a million or a
million and a half is radically unsound and without
bottom. Let the Authorized Capital stand at half a
million or a million or any possible amount which
may please the elastic fancy of the Company or
the Board. Let them have the authority to increase
the Paid up Capital to any amount within these limits.
If a profitable field of investment is probable,
whether by the discovery of petroleum or in the
establishment of sawmills, or the building of railroad
steamboat wharves or bridges that probability can
surely be made apparent to the stockholders and
the general public and no difficulty can be
had in inducing and creating an extension of
the capital stock, paid up. The authority to create

debt will thus keep pace with the extension of the operations of the company on a paid up basis. If the Paid up capital increases by the creation of additional bona fide stock the ~~ability~~ authority to create debt is correspondingly enlarged. If the Paid up capital stock is diminished by the retirement of stock through the its purchase by the Company, then the power to create debt is correspondingly diminished. But of these matters and probabilities let the Stockholders and not the Board of Directors only be the judges, and with them let the responsibility rest.

For myself I am content to go slow and will be satisfied with a ~~Moderate~~ Modest 6 per cent on my investment leaving the magnificent visions of railroads and steam ships tunnels and bridges docks and wharves to the more imaginative fancies of ~~the Board of Directors~~. Those gentlemen whose business experience & extended operations can work it provide warrants dreams of such a golden harvest.

The argument that what would be merely a dormant privilege to us might enhance the value and desirability of the property if opportunity for sale occurred I look upon as worthless. Any future company who might become the owner of the property by purchase or foreclosure could easily induce the legislature of Kentucky to suppress "Raid up" and substitute "authorize" if they wanted to enjoy the luxury of contracting a large debt. At any rate I am not in favor of saddling the present corporation with an incubus to create them to get rid of when created for the sake of any prospective advantage to any successor whether by purchase or foreclosure. If the property is to be retained and worked profitably it must be by economy, and skill on sound financial principles. If a profitable sale or a sale involving the least possible loss is to be made its value will be little if any increased by the existence of illusive privileges which any new corporation can obtain without cost for itself.

The malady from which the Barren Fork Mining & Coal Company is suffering is too much stock and too little value. One part of this stock consists of shares for which par value was paid, all the par value of which inured to the benefit of the Company. Six hundred of such shares exist which represent $60,000 cash value the benefit of which went to the Company. There are in addition to these seven hundred shares representing a nominal $70,000, but actually costing if my information be correct not more than one fourth and possibly even less of that sum, some of these shares passed out of the hands of the original holders of stock and are now held by others representing to the present holders a cash expenditure of par or upwards, but in other respects as regards benefits accruing to the Company representing only their original cost. There are however still in the hands of stock holders $300 ~~that~~ seven hundred shares ~~or there about more or less of shares~~ of original stock, representing on the books of the Company par values, but which realized to the Company and contributed to its existing assets not more than one fourth probably of this par value.

When the Company was formed the original projectors doubtless believed that the stock upon the basis of which they began operations would in a short time if it did not then, represent

actual value. That when vitalized by the proceeds of three hundred shares sold at par it would yield a handsome dividend. If such expectations had been realized for a reasonable period no one could have found fault with the result. The result would have been the proof that these original shares represented a real and not a fictitious value. But how stands the case with the Banner Fluor Mining Reveal Co today. With a nominal Capital of $100,000 represented by 1000 shares the Co. began operations. The plan suggested of borrowing $30,000 secured by the property was either impracticable or abandoned and the stockholders formed themselves under the necessity of placing ~~30,000 $30,000 30~~ 300 shares of the Company upon the Market and applying the proceeds to the development of the Enterprise. Fortunately or unfortunately the public had not the same appetite in Coal stocks then which it has now and all the stock offered was readily taken. The proceeds of the sale was applied to the development of the mine. After a time it was discovered that the proceeds accruing from the sale of stock was insufficient for this purpose and a meeting of stockholders was called to authorize the issue of more stock. The proposition was to increase the Capital stock to $50,000 and it was alleged that this would be ample to place the Company on its feet,

with all the most approved machinery and appliances for output and transportation to the C.S.R. $30,000 of this stock was taken by the two credulous stockholders, and applied in the direction indicated above. Besides the Expenditure of the first $30,000 and the second $30,000 the Company is now called upon to meet a debt of $65,000, $15,000 in excess of the chartered powers of the ~~Co~~ Company or of the Directory. ~~From this big sum~~ And not only this but all the earnings of the Co. Amounting to thousands of dollars, Amounting last month for example to $2,600 have been absorbed. It would be interesting to know how much has been earned and how much has been absorbed in the Machinery of this ~~de~~ ever increasing debt. I suppose it is not an unreasonable estimate that $10,000 have been thus absorbed. This added to the $65,000 which the Company is now called upon to provide for expends an actual Expenditure of $75,000

The results as indicated by these figures show that the Original stockholders greatly miscalculated overestimated the intrinsic value of these ~~four~~ 700 shares. When the Capital Stock stood at $100,000, $30,000 of which was cash the remainder the real estate, the real estate, that which was estimated at $70,000 was 70 per cent estimated value of the whole. When the Capital

stock was increased to $130,000, the real ~~estate~~ estate that which was still estimated at $70,000 stood at 54 per cent of the whole. At this stage the amount of miscalculation or overestimation was measured by the difference between 70 per cent and 54 per cent. Now when $75,000 more has been expended with no return to the stock holder making the aggregate cost $205,000, the the real estate still estimated at $70,000 is only 34 per cent of the whole. Originally it was ~~two and one third times~~ 7/10 the estimated value of the whole, now it is as represented by its par value less than 7/20 of the whole. The conclusion is inevitable that this real estate was overestimated, put in at ~~a fict~~ what has turned out to be a fictitious value. being nothing else the value it pur ports to be, or in other words that the disease from which the company now suffers is too much stock and too little cash value. Now the company is asked to burden the additional burden. The par value paying stockholders have as the figures show contributed disproportionately thus far to the development of the enterprise. They are now asked to continue this powers still further. They are asked not only to ~~con~~ contribute additional powers and additional money, but the company out of debt, but ~~to borrow~~ in doing this to raise to a value equal with this over the ~~fictitious~~ stock which has never had any other than a fictitious value and which has been an incubus and a

dead weight upon it. For myself I am willing & glad in granting additional powers by amended charter, and to contribute of my means to help the Company out of its financial embarassment, provided these burdens be equitably laid, provided this stock which has only a fictitious value and which intrinsically never had any other than a fictitious value be cut down to its cash value as measured by its original cost. If this cannot be done and a reorganization cannot be effected on this basis then I insist that stock which cost its holders par or upwards be made preferred stock and that all the twenty and twenty five cent stock ~~and under~~ take a back seat ~~and~~ until the ~~dead~~ stock which cost par, the dividend bearing stock, if any dividend can ever be made, ~~shall~~ again enough to pay itself respectable dividends. If the figures of Captain Wilgus are right, the holders of original stock in consenting to this would only be consenting to a postponement of dividend for a short time and not to the extinguishment of their stock, if not then the Company would be rid of the incubus which is now on it, with little or no sacrifice of any actual expenditure. Then all would pull and share in proportion to the cash paid and all would have an equal chance of getting out of the concern what he paid in, letting the illusory stock go the way of all other illusions.

The stock holders meeting of Barren Fork M+G Co Jany 10. was adjourned to Jany 13. at 7½ o'clock P.M. at Miller and Gough's Store. The business to be transacted is important

W T Wright Sec'y

J. M. Graham

Leaving college in 1871 to accept position as Transitman on the survey in Northern Indiana,; was engaged on various surveys until 1873 when I was made Assistant Engineer of the Grayville & Mattoon Railroad. A year later was made Assistant Engineer of the Bedford & Bloomfield Railroad, and after 1875 was Chief Engineer of that Road. From 1876 to 1881 was Chief Engineer of the Dansville, Olney & Ohio River Railroad. From 1881 to 1882 was Chief Engineer of the Chicago, Texas & Mexican Central Railway. From April 1882 to April 1883 was General Superintendent of the Dansville, Olney & Ohio River Railroad. From April 1883 to 1887 was Superintendent and Assistant General Superintendent of the Northern Pacific Railway. In 1887 was made General Manager and Chief Engineer of the Northern Pacific & Manitoba Railroad, which position I held until 1891, when I accepted position as Superintendent of the Baltimore & Ohio Railroad, and was later made General Superintendent of that line. In 1899 was made Chief Engineer of the Baltimore & Ohio Railroad, and occupied that position until January 1, 1904, when I was made Vice-President of the Erie Railroad Company.

No 4 Vol 3-3-

Survey No 28
Block A
On waters of White River
13 miles East from centre of County
Land Scrip 130
Original Grantee Contract &
Montgomery R.R. Co.
Thence relinquished to Norman
Freeman 18 Nov 1879
Thence to Robt. McKeen