

# JACK SPALDING MAKES SOME LIVELY CHARGES IN A REAL WARM TALK

## Says the Officers of the Consolidated Sought To Wreck the Traction Company, and Failing, Fought Its Financial Arrangements.

### HE TELLS "INSIDE HISTORY"

#### Funny Story of a Cuff Button Lost by Mr. Woodruff.

### BANKERS FLED, SAYS SPALDING

#### The Deal Was Closed, However, and Attorney Asserts That the Road Will Carry Out Every Promise Made to the Public.

JACK J. SPALDING, OF KING & Spalding, counsel for the Atlanta Railway Company, does not relish the intimation by President Ernest Woodruff that the Atlanta Railway Company had applied for franchises to boost its stock and then sell it. When asked what he thought of the Consolidated's petition, Mr. Spalding said:

"It shows, in the first place, that the Consolidated never intended to build any of these lines it was seeking franchises for, but that it merely wanted to bottle up this territory and prevent anybody else from building. They made a great big bluff and got caught, and now Mr. Woodruff writes this letter in order to kick up a dust and raise a cloud with which to hide his retreat.

"In the next place, it reads very much to me like it was intended to mislead some eastern financial institution with which it may have dealings.

"You see," said Mr. Spalding, "I had intended to let all these old scores rest and have nothing further to say about it, but the insinuations cast by this letter upon the conduct of the Atlanta Railway Company and the people with whom we are associated has led me to feel that I ought to give some little of the inside history touching the conduct of the Consolidated in relation to this matter.

"To fully understand the situation it is necessary to bear in mind that the people who have owned the Atlanta Railway Company for the last three and a half years came into this ownership because they had to buy the road under mortgage foreclosure in order to protect their bonds. None of them were interested in operating street car companies, but had invested in these bonds, and Mr. Hale and his associates succeeded in running the road into the hands of a receiver. When these bondholders bought it in they organized the present Atlanta Railway Company and have been operating it since and my firm has been its attorneys all the while.

"We have urged upon them frequently the desirability and necessity of making these proposed extensions, in order to round out the system of the company, but being merely investors and not interested in operating street railroads they declined to put up the additional money necessary to do the work.

"Under this management a majority of the stock and bonds of the Atlanta Railway Company were held by a committee in Baltimore and the minority were scattered about over the country—there being only three minority holders who resided in Atlanta.

#### Consolidated's Alleged Option.

"A short while since the Consolidated people secured an option upon this majority stock and also attempted to secure options upon the minority stock. While this was being done they agreed not to press their application for franchises, which had been filed with the city council, until after they acted upon this option; hence the owners of the Atlanta Railway Company took no step

whatever toward securing the franchises. These Consolidated people dallied along as though they were going to accept the option and buy the stocks and bonds, until it came right up to the verge, and they then threw it down very vigorously, just like a man would do if he intended to break a thing to pieces and pick up the wreckage. In this situation the Atlanta Railway Company immediately filed its application for the franchise over the viaduct and out Magnolia street, as it had the means in its treasury to build this line.

"Right at this juncture Mr. Shaw, of Baltimore, one of the committee holding the majority stock, and Mr. Jacob Haas of this city, one of the minority holders, were in our office and I suggested to them that I had a party of friends whom I believed could be interested in this property, and through whom the money could be raised to make all of the extensions, but as my firm was attorneys for the road I would not take it up unless it was their desire for me to do so. They both solicited me to do this, and my firm took the matter up with the result I will state further on.

"You will remember that one of the many points urged by the Consolidated before the council as to why they should be given precedence was the fact that the Atlanta Railway Company had remained silent so long, and made no application, while they knew well at that very time that the reason it remained silent was because of the option which their people held on the stock which controlled the property.

"My firm took the matter up with some gentlemen with whom we are in close relations, and formed a party to buy out such of these stockholders as were unwilling to raise the money with which to make the extensions. The Atlanta Railway Company then made application for the additional franchises.

#### Strikes Trouble in Baltimore.

"As soon as the franchises were secured I went east to close up these financial arrangements and get the money with which to build the extensions. The council acted on the evening of the 19th of October, and I left that night. Everything was in fine shape and was perfectly satisfactory and agreeable. The papers were drawn and had been submitted to the attorneys for the parties interested and approved by them, and were ready to be signed up, in about four or five days after I got to Baltimore.

"On the morning on which the papers were to be signed one of the bankers who was to put up some \$50,000 of the money came rushing into the office where I was making my headquarters and wanted to know if we had accepted a franchise with the condition in it that the city of Atlanta could regulate our fares?

"This seemed strange to me, and I wondered where he got his information. I explained the situation to him, and he went away apparently satisfied, but he dropped out and did not put up the money.

"In a little while another party, who was to put up a considerable sum, came rushing in to know why I did not tell him that the Atlanta Consolidated Street Railway Company was going to build a parallel line to the Atlanta Railway Company's out to McPherson barracks, and utterly destroy our business out there? This was an old gag in Atlanta, but it was news to me in Baltimore. I explained this the best I could to him. He went away apparently satisfied, but dropped out and did not put up his part of the money.

#### A Brand New Idea.

"Next day another fellow came in and said, 'How is it that you are going to build new lines into territory where the Consolidated Street Railway Company already has lines, and which it is willing to sell—as they are unprofitable—for less money than it will cost to build these new ones?' This was a brand-new idea to me, and staggered me considerably, as I did not think that the Consolidated could have built out to the new waterworks, out Magnolia street, out Greensferry avenue and Woodward avenue, and all these various routes since I left Atlanta. I explained it to him, and he went

out apparently satisfied, but did not put up the money.

"I sat under a shower of just such interviews as these for a number of days.

"Finally I went around to a leading financial institution in Baltimore, and the president told me more reasons why the Atlanta Railway Company should not, and could not build these lines than I ever heard of before. He knew all about the trouble of our condemning the Consolidated's lines on Mitchell street near Forsyth. He knew it was a great deal better that we should run down Hunter and up Thompson street than to attempt to go down Mitchell street to the viaduct, and he knew the whole situation to a pin point.

"This was the last straw, and in desperation I asked him where he got all this information. 'Why,' he said, 'Mr. Ernest Woodruff, the president of the Atlanta Consolidated Street Railway Company, has not left my office fifteen minutes.'

"This was such a sudden shock that, so to speak, I fell in a heap. After I had been revived, taken a sip of cool water and walked around a while to gather my thoughts and was about to begin the conversation again, he said: 'Mr. Joel Hurt, one of the leading financiers and business men of your city, is also in town, and their banker in Atlanta has been advising his friends here in Baltimore about these things.'

#### Mr. Woodruff's Cuff Button.

"When I had recovered from the prostration which this statement produced, I turned to my friend and said: 'You are certainly dreaming. I know Mr. Woodruff and Mr. Hurt, and I know that they would not follow me here to Baltimore to try to break up my arrangements for raising \$200,000 to take back down to Atlanta to put into the development of that city.'

"'Why,' I said, 'Mr. Hurt has just run for councilman on the platform that he ought to be elected because he had brought so much money to Atlanta to be put into similar enterprises, and I know you are mistaken. Neither of these men could have done any such thing.'

"He coolly swung around in his office chair, reached over his desk and picked up a beautiful silver cuff button and said: 'Mr. Woodruff dropped this while he was in here, and I will thank you to return it to him with my compliments.'

"It was late in the evening, and I walked out in the cool air; strolled around Washington monument, that magnificent structure erected by the state of Maryland to that great patriot. I read the noble sentiments inscribed on the base of this structure; I looked around at the magnificent bronze statue of the philanthropist, Peabody; I walked down the street past the grand old cathedral and the cardinal's mansion, and by this time my fevered brow had cooled, and I was more than ever convinced that my friend had been mistaken.

"When I walked into the Hotel Rennet the first two gentlemen I met were Mr. Woodruff and Mr. Hurt. I gazed down at Mr. Woodruff's cuffs and found that one of his cuff buttons was missing. I said:

"'Woodruff, what in the devil are you doing up here, going around trying to break up my plans for?'

"'Why,' he said, 'I haven't done a thing. I haven't seen a man; I haven't been anywhere.'

"I pulled out his cuff button and handed it to him, and he said:

"'Where did you get this?'

"'Out of one of the leading financial institutions of this city,' I said, 'but if you haven't been anywhere; if you haven't tramped around here and seen all of them, it will be a mighty easy matter for you to remember where you left it.'

"He took on a dry grin, and the situation was so intensely ludicrous that even Mr. Hurt laughed.

#### Says He Made the Deal.

"I now felt immensely relieved. I got my friend Hurt to cash a little check for me. I lunched with him and Mr. Woodruff, dined with them, and we went to the theater together and had a pleasant time generally. You see I had just found out that this particular deck had two jokers in it, and I knew just exactly how to play my hand. I went out the next morning, and in less than two hours closed the whole business up, and, after having been detained two weeks, came away and left my friends, Woodruff and Hurt, on the field.

"It is hardly necessary to add that the Atlanta Railway Company has made its financial arrangements, and that with the co-operation of the good public which has been extended it in the past, the lines will be built notwithstanding Mr. Woodruff, Mr. Hurt and the Consolidated.

"I heard incidentally, while in Baltimore, that the Consolidated had a very interesting financial problem of its own in the vaults of one of the trust companies in that city, and I had a good, fair oppor-

tunity to put my knife under its fifth rib; but remembering the good friends that I had who are interested in this property, and that it was an Atlanta institution, I declined to say one word on this line. On the contrary, I stated to every one that inquired, that the Consolidated had a magnificent property; the choicest franchises, which had been granted without charge, and that if it had been earning its fixed charges and operating expenses under the past method of its management, with a real popular, influential management it would prove a regular bonanza."

"What about the statements in Mr. Woodruff's letter, that the Atlanta Railway Company has sold out?" was asked.

"Well, there is nothing in that. The Atlanta Railway Company is organized just like it always was; Mr. Amorous is president; it has the same secretary and the same directors. Mr. Zimmerman is manager, and doing business at the old stand. A number of stockholders who were unwilling to help raise money to develop the property have sold their stock, but so far from its having been sold to outsiders and speculators is concerned, a very much more substantial part of it is now owned in Atlanta than was ever owned before. I do not care to give any names other than my own. I am very largely peculiarly interested in this property, and consider that my holdings are one of the most valuable assets I have—and there are others here in Atlanta.

#### Ready To Help the Consolidated.

"So far as his letter states that this property has passed into hands of non-resident promoters and speculators, he is, unfortunately, stating something that is wholly untrue. The only speculation in the matter is that the present owners believe in the future of this property; in the future of Atlanta, and that it is a city large enough to support two street car lines—one of which proposes to give transfers; to give polite, considerate and efficient service, with a road properly extended and thoroughly equipped—and in return expects a fair, reasonable profit upon the investment.

"So far from the gentlemen with me being speculators and promoters, they are entirely substantial and conservative, and, if the Consolidated should happen to get into financial difficulties, have the most ample ability and facilities to take their system in and care for it."