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1896

## TO THE HOLDERS OF VIRGINIA DEFERRED CERTIFICATES:

Knickerbocker Trust Company, at the request of some of the holders of the above securities, recently, by public advertisement, requested all holders thereof to send their names, addresses and amount of their holdings to the Company. To this advertisement an ample response was made, and the undersigned are in consequence now enabled to communicate generally with the Certificate holders.

It is a fortunate circumstance that West Virginia has never taken any hostile action in respect to your claim as creditors, and the delay that has occurred cannot be attributed to any action by that State. It did not issue the Certificates, and they do not, in any way, measure the amount which is due to you by West Virginia. They were issued by the State of Virginia, and merely identify the persons who are entitled to receive what West Virginia may ultimately pay on account of her proportion of the debt which was incurred by Virginia before she was divided to form West Virginia. West Virginia owes only an equitable proportion of the money borrowed by the original State before the separation. It is believed that the amount which West Virginia equitably owes can be easily ascertained, and that provision will be made for its payment, provided the Certificate holders cooperate so as to be represented by a responsible agency with whom a Legislature may negotiate.

The undersigned are informed that the merits of your claim as creditors, have never been considered by any Legislature either of West Virginia or Virginia. The question of the amount which West Virginia should assume on account of this inter-state debt has not been discussed in any such Legislature.

The last Legislature of West Virginia, you will remember, declined to negotiate on the basis set forth in the resolution of the Virginia Legislature, which appointed a Commission. We are informed that Virginia will not change that basis of negotiation unless the Certificates are deposited under a proper contract.

This matter depends entirely on a most sensitive popular sentiment, and much misapprehension prevails. But no one, so far as we have heard, has suggested any question between State and creditors, which may not be easily arranged when a Committee representing creditors, meets a Committee representing the State. If the Certificates are deposited under a proper contract, the only question will be about compromising an undisputed debt. We say "undisputed" because the fact that a debt exists is now undisputed, and the amount will also be undisputed when it is ascertained as the Legislature may direct.

It is evident that, as the matter now stands, no one can suggest a proposition which any Legislature will consider. It will continue to be a complete answer to say, that the State should not be committed, unless creditors are equally committed, and creditors can not be committed unless the Certificates are deposited under a new contract, for the reason that all present contracts have expired by their terms. You therefore observe that this matter is now at a perfect standstill, and must continue at a standstill unless you place yourselves in a position to be dealt with.

It is also evident that no substantial progress will ever be made until your Certificates are placed under the control of a responsible Committee acting under a contract similar to that successfully employed for the adjustment of the Virginia bonds. The plan there adopted was that the interests of the bondholders were committed to a Committee, who prepared a proposed compromise and submitted it to an Advisory Board consisting of gentlemen who commanded the confidence both of the bondholders and of the Virginia people. This plan of compromise, having been recommended by the Advisory Board, was then laid before the Virginia Legislature, and a settlement promptly followed.

Certificates to the amount of several millions of dollars are now lodged in the Farmers Loan and Trust Company under different contracts. By the provisions of these contracts any Certificate may now be withdrawn without cost.

It is now proposed as follows:—

That the owners of Certificates shall be represented by a Committee to be selected by the undersigned, with the approval of the Knickerbocker Trust Company, who will have the aid of Virginia and West Virginia parties in such an undertaking as is here proposed.

That the Certificates, or Trust Receipts representing Certificates, shall now be deposited with the Knickerbocker Trust Company, which is prepared to issue a proper receipt therefor.

If a sufficient amount is deposited with such promptness as will justify further proceedings, a contract will be prepared, following substantially the line on which the Virginia debt was compromised, and appointing an Advisory Board of gentlemen of eminence, whose unanimous approval and recommendation shall be necessary for any plan of settlement. This contract will be submitted to you, and if not acceptable you will have the right to withdraw your Certificates without cost.

The Committee after investigation will submit a proposition of settlement to the Advisory Board; if unanimously approved and recommended by them, it will, without expense, be submitted to depositing creditors for not less than thirty days for their acceptance or rejection. If not rejected by a majority in value it shall be binding on all, and the Committee will proceed to act under the contract.

If a sufficient amount of Certificates is deposited, the undersigned will immediately proceed to prepare the necessary contract and invite the cooperation of Virginia and West Virginia parties to form a Committee and select an Advisory Board.

If you approve the plan here suggested, you are requested to forward your Certificates, or your Trust Receipts issued for Certificates, to the Knickerbocker Trust Company, 66 Broadway, New York. The Trust Company will deliver to you its appropriate receipt for your deposit, to be exchangeable for a Trust Receipt conforming to the requirements for listing of the New York Stock Exchange.

It will be impossible to accomplish anything at the coming Legislature unless you act promptly.

Dated, New York, August 26th, 1896.

ROBERT MACLAY,  
ROBERT B. ROOSEVELT,  
J. KENNEDY TOD,  
CYRUS J. LAWRENCE,  
JOHN P. TOWNSEND.

A sufficient amount of Committee is deposited the undersigned will immediately  
proceed to prepare the necessary contract and later the cooperation of Virginia and West Virginia  
will also form a Committee and select an Advisory Board.  
It is requested that you should be prepared to forward your Committee  
or your Trust Receipts issued for Committee in the following order: Trust Company, or Bank  
New York, Trust Company will deliver to you its appropriate receipt for your deposit to be  
deposited in a bank in New York City to the credit of the New York  
Trust Company. It will be responsible to complete everything at the coming legislative session you  
see promptly.

Dated, New York, August 20th, 1906.

- ROBERT MCELROY
- ROBERT D. ROOSEVELT
- J. KENNEDY TON
- CAROL J. LAWRENCE
- JOHN B. TOWERS