

## Corrupt Practices by Railroad Managers

### A. Financial Schemes:

1. Railroad Directors Form their own Construction Company and ***sign Contracts with Themselves!***
2. Railroad Directors/Promoters sell more stock and/or bonds than the actual value of the railroad. They then ***declare big dividends driving up the value of the stock which they then sell for a big profit.***
3. Railroad Directors use their insider knowledge of the Railroad route to ***buy land which they then sell back to the Railroad at a huge profit.***

### B. Examples: PA RR under Thomson, Scott, and Carnegie

1. Sleeping Car Company
2. Keystone Bridge Company
3. Telegraph Company

### C. Major Public Railroad Scandals

1. The South Improvement Company - 1871-72
2. The "Erie Railroad War" - 1867-68
3. The Use of Land Grants - especially the Union Pacific Railroad
4. The Northern Securities Trust and the near collapse of Wall Street -- 1900