

December 2020

www.nmra-scwd.org

Volume 52 No. 4



Next SCWD Meet

December 6, 2020 at 1:00 pm

ZOOM Meeting

Contest: Page 2

Clinics: Page 3

Next BOD Meeting:

December 14, 2020 at 7:00 pm

ZOOM Meeting

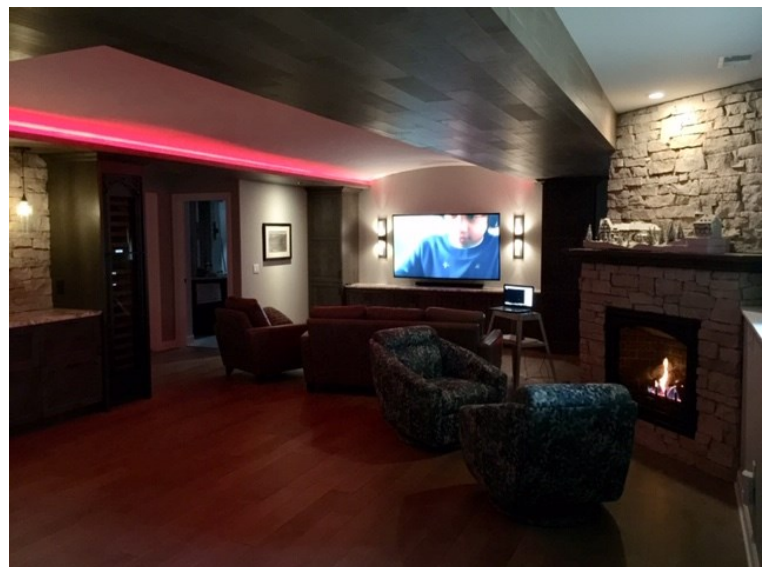


TV on and still be able to tune in to the virtual Show. I applaud the effort that Mike and his Team did to provide this information. They seemed to have several technical difficulties, but they hung with it. I am glad that I was not in his position. I would like to connect with the organizers of the event so I can learn about the technical problems they were having so we can learn from that in case we ever decide to hold a similar event. I was particularly interested in some of the lighting control systems being introduced. There was a very good clinic on LCC. This may be the way I will go with my signaling system.

Super's Report

Phil Hottmann
Division Superintendent

With COVID-19 surging and being asked to stay at home as much as possible, it is the perfect time to spend more time working on our railroads. This past weekend would traditionally have been Train Fest. I know most of you make the trip to Milwaukee like I do. This year the people from the WISE division offered TrainFest X. This was an on-line version of the Show. I thought it would be a fine replacement since I would still have an opportunity to see presentations from manufacturers, clinics, and layout tours. This would be a great way to spend a Saturday. With the third Round of the Masters and Badger Football on TV I thought I could have the




At our November Meeting we presented Steve Lanphear with the Hank Brown award for Continuous Service. I think we all appreciate all the work Steve does with the ListServ. With his many postings each day, The Mystery Photo, Modelers Corner and SIG-OPS. For the most part Steve is the Club and we are all very appreciative of his efforts.



We are looking for a Social Media Chairman. If this is something you might be interested in, please contact me.

We are planning to have another Happy Hour sometime after Thanksgiving. Look for the meeting invite, it will be nice to get together again.

Phil



**Enjoy receiving
interesting rail photos,
model railroad tips and
challenging
Mystery Photos??**

Join The 96+ SCWD members and members from other Midwest Regional Divisions who are participating in the SCWD listserv. You can expect 5 - 10 photos of railfan photos or model railroad photos or other items per week on average, as well as SCWD announcements, monthly Mystery Photo contests, Modelers Corner, and OPS Corner Puzzles. The listserv has been running this since April 2012, and it has been quite popular.

The listserv is a one-way email broadcast to you, not a social media type service. The emails are sent in bulk, but as a BCC: type email.

Please save this email so you know how to get a hold of me. So, if you would like to try out this FREE member service, just send me your **Name** and **email address**, and **City/State** to the address below. You may drop out at any time by sending an email stating such to the same address below.

Steve Lanphear
SCWD listserv Coordinator
scwdmemberlist@frontier.com

Contest Column

Dave Down, Chair

Our 2020 contests continue to be suspended, but necessity (the need to model, the need to compete) is the mother of alternatives. We are looking at starting a photo contest on-line to give us a chance to pretend some things are normal. I will have more information about this at our December meeting (zoom) and the new photo contest will be set up after that for our January meeting.

The theme is:
“Old and Run Down.”

The categories are:
A. Motive Power and
B. Structures.



As we have done before, you can submit photos of prototypes or models. The four options then will be PA - Prototype engine; PB - Prototype structure; MA - Model engine; MB - Model structure.

The way this will work is as follows:

Send your photo as an electronic file to Dave Down at dfdown2000@gmail.com or mail a copy of your photos to Dave Down at 3395 Swansee Ridge, Sun Prairie, WI 53590. (All photos will be returned.) All picture submissions need to be received no later than December 12. The contest will be open for voting on December 15 and will close January 7.

Voting will be done on line by going to this link:
<https://pollunit.com/polls/iggvtu3d-pdptkph1k6nag>

The plan is to send an email to each SCWD member with this same link. We ask that only SCWD members vote and limit their votes to one picture in each category. Since this is a totally new effort, if you have any questions during this process, please feel free to call me at 608-235-5436 and leave a message. I will get back to you as soon as possible.

If this goes well, we will have another contest for the March meeting with a new theme.

Dave

Layout Tours

Phil Hottmann

Thanks to Dave Casey for his in-depth presentation during the November meeting. This was more than a normal layout tour. I really liked the comparisons of the prototypes to his models. It would be nice to be able to make the trip to Wonewoc again to see or operate his layout.



For December we will be touring Don Meyer's Tyoga Northern Railroad 3 season layout. This layout is beautifully done. You should not miss this one.

We have a couple of openings for layout tours this year. So, if you're interested please contact me.

The good thing with our virtual tours is we have several layouts tours that you haven't seen before.

Phil

Clinic Corner

Mike Vivion, Clinic Chair

For those who joined our virtual Zoom meeting on November 1st, I hope you enjoyed the on "Taking Full Advantage of Your Layout Design Software" presented by Steve Miazga from the WISE Division. If you missed the meeting, Steve's PowerPoint for his clinic is posted on the SCWD web page. Check it out as I think you can glean some useful information from it even without hearing Steve's actual presentation. I have received some good feedback on Steve's clinic, and I welcome any feedback anyone else may have to share with me.

As I mentioned in my November column, we have another excellent clinic lined up for our December 6th Zoom meeting. David Popp, of the *Model Railroader Video Plus* on-line show presented by Kalmbach Publishing, will be presenting a clinic on the N scale Canadian Canyons Layout Project which was built and presented in 2018 in a series of at least 15 MRVP shows, and also published in the January 2019 *Model Railroader*. David will present a video which covers the entire development of this layout and also be available on-line to answer questions. If you are an *MRVP* subscriber, as I am, this will be your opportunity to ask David your specific questions about the project. Even if you do not model in N scale, I think you will pick up some valuable ideas for working on your own layout or planning a new layout. This clinic was presented by David at the National N scale Convention in Rosemont, IL, in 2019, and was extremely well received. I hope you will set a reminder in your calendar to join us on Sunday, the 6th, to enjoy this clinic with us.

As you are probably aware, we will not be able to hold our normal Annual Model Railroad School in January due to the Covid-19 situation. We will, however, be having our Virtual Meeting on Sunday, January 3rd, and are planning a special "Division Retrospective" as the Clinic for that meeting. See next month's *Bad Order* for more information about this special presentation.

Mike

NMRA 2021 Rails by the Bay
Join us next summer in
Santa Clara!



Visit www.nmra2021.com for initial information.

The Credit Mobilier Scandal

By James Feldman

The Great Transcontinental railroad was built on the shoulders of the greatest financial scandal of the 19th century: The Credit Mobilier.

In a series of Acts between 1862-64 Congress authorized and chartered the Union Pacific Railroad to complete a transcontinental line west from the Missouri River to the Pacific coast. They authorized the issuing of 60 million dollars' worth of government bonds and the awarding of twenty million acres of land grants to finance the project. These bills were intended to attract private capital to undertake the project.

The bills failed utterly to accomplish that goal. Private capital looked on the project with a cold eye and concluded that there was very little chance of good investment returns on the railroad. To start with, there was the potential difficulty of building thousands of miles of track across plains, deserts, and mountains in the face of high freight costs and probable armed resistance from Native American tribes.

Secondly, there was no existing demand for railroad freight or passenger traffic for virtually the entire proposed route. Since no towns or cities of any significance yet existed on the western prairies. One potential investor scoffed, "There is not a single business operating between Omaha Nebraska and the Pacific Ocean."

To be feasible, the railroad would have to generate enough income to maintain and operate the line, service the debt on the 30-year government bonds and provide profit for the investors. No one believed it was possible.



Thomas Durant

Thomas Durant and George Train didn't believe it either. But the two men saw a different opportunity to making money. While they knew that the railroad would not make profits in its operation, they saw vast profits in the *building* of it. And since that was what the government had asked for and provided money for, that is what Durant and Train were going to do: build the thing whether it could be run for a profit or not.



George Train

They needed a front for the construction contracting. The idea was to create the appearance that private capital had formed a corporation to carry out the construction the government wanted. To that end they bought an obscure little corporation, the Pennsylvania Fiscal Agency which had no business employees, assets or obvious value other than its legal charter. Durant and Train immediately added other Union Pacific officers to the board. This was the image for the government and for private investors.

Train reorganized the company as a construction contractor and renamed it the Credit Mobilier (no connection to the French company of the same name). The company still employed no one and owned nothing. They were immediately able to sell large quantities of stock in the new company by explaining to the previously skeptical private capital that profits would come not from the operation of the railroad but from its construction. Everyone agreed it couldn't miss, and it didn't.

Simply put, construction contracts were assigned by the UP to the Credit Mobilier under a no bid arrangement. The company hired the workmen and contractors who actually performed the work, then billed the UP at a very steeply increased rate. The UP used the government's money to pay the Credit Mobilier these inflated rates thereby making the company look very successful, which provided very large profits for the stockholders, especially Durant and Train who held most of the stock. The private stockholders also saw great returns which attracted more private capital driving the stock price ever higher. This too was a windfall for Durant and Train as the value of their stock holdings rose sharply. Current estimates show that the railroad cost fifty million dollars to build, but the Credit Mobilier billed Congress ninety-four million with stockholders pocketing the difference.

Another aspect of the scam was issuing stock at a lower than market price then giving stock to members of Congress and government auditors securing favorable reports on the condition of the company. Sometimes the Credit Mobilier used its own discounted stock to pay its bills adding another layer of confusion to any investigation.

The stock distributed to members of Congress ensured that they would vote to pass more amendments to the acts, giving the UP (and themselves) even more money, land grants, and favorable regulatory rulings. By the end Congress had doubled the original amount of money and land grants for construction.

It is interesting that at the time most of these manipulations were legal (except the bribery). The government had recently authorized the formation of limited liability corporations. Previously, debts incurred by a corporation were the responsibility of the shareholders, even to their private possessions. The new law limited the shareholder's liability to their holdings in the company. This was one of Durant and Train's great insights. They sold this feature relentlessly to investors.

Eventually the whole thing collapsed. In 1872 Durant was pushed out of the Credit Mobilier by investors who had come to believe the railroad could be operated at a profit after all and replaced with Congressman Oakes Ames. In the bitter infighting that followed, certain compromising letters were leaked to the reform newspaper the *New York Sun*. The ensuing public outrage forced Congress to launch an investigation. Eventually they named nine politicians as complicit in the scam. Oakes Ames and James Brooks were censured. Others later implicated were eventual President James Garfield and President Ulysses Grant's Vice President Schuyler Colfax.



Congressman
Oakes Ames



President
James Garfield



Vice President
Schuyler Colfax

No one went to jail, since as noted most of the actions were legal. Durant died of natural causes a couple years later poor and anonymous. Train died broke and insane in 1903.

All the financial shenanigans left the Union Pacific completed but broke. It declared bankruptcy in 1893. It was absorbed and reorganized multiple times before eventually returning to profitability.

A couple of myths need to be dispelled. It has often been claimed that the UP deliberately used irrationally lengthened routes to increase the cost of construction. In the hundred and fifty years since the line went into use, a very small distance has been shaved off the original route, and most of that the result of changing levels in the Great Salt Lake.

Another myth is that the government was cheated out of vast amounts of money as a result of the 'gifts' to the UP. They were not gifts; they were thirty-year bonds that were paid off in full and on time.

Likewise, mythological is the idea that the land grants should have paid for the whole project. The sale of the land never came close to paying that much, and the government sale of its share of the land was made easy and profitable because of the presence of the railroad. Much of it was of so little value that it is still part of the government's vast land holdings in the West, having never found a buyer.

Subsequent to the Credit Mobilier scandal, many laws regulating corporations and especially the manipulation of stock were passed and generally enforced, although the savings and loan crisis in the 1980s had some features in common with the Credit Mobilier scandal.

James Feldman, SCWD Member



Smile! 'Tis the season!

From the NMRA

By [Alan Anderson](#)

Fundraising Department Manager

The NMRA has been set up with Amazon so that as we members (and even those who aren't) shop online with Amazon, we can support our favorite model railroad association, the NMRA. It's called Amazon Smile. You can use Amazon Smile for making purchases for gifts for families, birthdays of children and grandchildren, Christmas shopping, anniversaries, or DIY projects. You name it!

If you're familiar with making purchases on Amazon, it works the exact same way. But instead, just go to <http://smile.amazon.com>. You'll log in the same way. You'll shop the same way. You'll pay the same price.

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When you shop at smile.amazon.com and you've selected the National Model Railroad Association as your selected non-profit, Amazon makes a donation to the NMRA based on your purchases. It's a great way to help the NMRA achieve its mission of establishing and maintaining standards and serving members, and all model railroaders

I hope you'll consider continuing shopping the way you are already shopping on Amazon and just use smile.amazon.com.



SCWD listserv starts a new idea for “stuck at home” model railroaders

“I know that these are difficult times for all of us, but if we could pull together as model railroaders and share what we have been working on in our basement train rooms now that we have more time, perhaps we can all get some inspiration from our fellow SCWD members” said Steve Lanphear who manages the SCWD listserv.

I proposed a Modelers Corner, where we could post photos of work in progress or work completed on your layouts. I figured that since we aren't having photo and modeling contests, clinics or layout visits, maybe we could share progress or ideas that we are working on.

Here's how it could work: you send me a photo along with a brief description and I post it on the listserv for all to see. If you would like feedback from the group, let me know and I will include your email in the post, but that is optional. That way if one of you has a question they can contact you directly.

And from that day on March 29 to the present, we have had upwards of 110 posts from our modelers. We hope to continue this for as long as it is of interest to our members.

Steve Lanphear
SCWD listserv Coordinator
scwdmemberlist@frontier.com



**Minutes SCWD Board Meeting
7:00 pm, October 12, 2020
via Zoom meeting**



The meeting of the South Central Wisconsin Division Board of Directors was called to order at 7:04 pm by Superintendent Phil Hottmann. Phil Hottmann, Bob McGeever, Dr. Bill Clancy, Jim Feldman, David Down, Dave Dingman, Steve Preston, and Bill Mitchell were present.

Minutes:

Motion by McGeever, second by Dingman, to approve the minutes of the September 15, 2020 meeting. Motion carried.

Paymaster Report

Bob McGeever reported that the transfer of financial accounts from US Bank to Associated Bank has been completed. The Train Show mailing list has been updated. Donations have been received for the SCWD Company Store. The monthly Paymaster Reports were presented. Motion by Mitchell, second by Dingman, to approve the Paymaster Reports. Motion carried.

Committee Reports:

Bad Order

The October "BAD ORDER" newsletter is published on the SCWD website. Kathy, our newsletter editor, is always in need of articles. Please submit articles by the 14th of the month to SCWDKATHY@AOL.com via email attachments.

Membership Meeting Held via ZOOM on Sunday, October 4, 2020

The ZOOM meeting was joined by 29 people. The clinics that were presented were very good. November clinics are being lined up.

Contests - Model and Photography

Building on the success of the video contest, Dave Down will be contacting Tom Morrison to discuss ideas to host a photography contest via the internet. At our monthly 'face to face' meetings there were 8 contest categories. For the internet contest, there may be only a modeling category and a prototype category. Details are still being discussed.

The 2019-2020 model project contest will be held at the next "in person" monthly membership meeting. At this time, no one knows when the COVID-19 rules will allow public gatherings.

Membership

Steve Preston informed the board that a new member joined our organization. The membership roster is up to date.

Rail School - Canceled for January 2021

Rail Show - Canceled for February 2021

Bob McGeever sent on an electronic message to our SCWD membership on October 6 announcing the cancellation of the February 2021 Model Railroad Show and Sale. Refunds are being sent to the vendors who have paid for vendor tables. Notification is being sent to exhibitors. The website will be updated to reflect the cancellation of the Rail School and Rail Show for 2021.

Old Business:

Survey

Phil Hottmann will be requesting ideas from our members through his "**SCWD Bad Order - Super's Report**". Our members are encouraged to submit ideas for monthly meetings as well as insights for our organization to the members of the SCWD Board of Directors.

Youth in our SCWD Organization

The SCWD Youth Group is officially disbanded. People younger than 19 need to be encouraged to join our members in the monthly ZOOM meetings. Steve Preston and Bob McGeever have the necessary details on NMRA Youth and Family memberships. All electronic communications with youth should be sent to the parent or guardian of the youth participant.

New Business:

The January Rail School and the February Rail Show have been canceled. Our members are still vital to maintaining our South Central Wisconsin Division of the National Model Railroad Association. Communication between members and participating in our monthly membership meetings is encouraged.

Support of Small Businesses:

Please support our local hobby shops which are continuing to be affected by the State of Wisconsin and Dane County COVID-19 rules. Many of us are now getting back to working on our layouts and do need supplies. Most hobby shops are now open with limited hours and occupancy limits. These hobby shops offer gift certificates or gift cards for later purchases. Call ahead for store hours and guidelines for each hobby shop.

Adjournment:

A motion was made by McGeever, second by Dr. Clancy, to adjourn the meeting. Motion carried. The meeting was adjourned at 7:39 pm.

Bill Mitchell - Clerk

NOTES from the Clerk:

After the official meeting an informal discussion was held about ideas to get members to participate in the ZOOM monthly meetings. Phil Hottmann will be including some ideas in his next "**SCWD Bad Order - Super's Report**" newsletter.

Monthly Membership Meeting: The ZOOM meetings continue to be somewhat of a **new experience** for some of our members. Members are encouraged to participate in these monthly ZOOM membership meetings. If anyone has problems joining the meeting please contact Phil Hottmann via email or phone number listed in the **RED BOOK**. The ZOOM software needs to be "downloaded and installed" before using ZOOM the first time. Once the ZOOM software has been installed on your computer system all you have to do is "join" the meeting by "clicking" on the ZOOM link provided in the email invitation. Each member is able to "mute" and "turn on/off video" which is found on the bottom of the computer screen.

LISTSERVE & Special Interest Groups - Operations: The photos, switching contests, and layout progress updates that are being sent out by Steve Lanphear are greatly appreciated.

BOD Meetings: Members of the SCWD are invited to join a Board of Directors meeting. Send a request to Phil Hottmann for a ZOOM link to the upcoming meeting.

Happy Holidays!

To get us in the festive spirit, Hank Koshollek has generously sent me a few winter train photographs that he has taken over the years.

To those that might not know Hank, he has been our Train Show Photographer for over thirty years! His interest in our show started when he was a photojournalist for the Capitol Times newspaper. He saw the advertisement for the Train Show which at that time was held on the Edgewood College campus. Hank wanted to promote the hobby as possibly an alternative to football and baseball.

Hank says that this was the beginning of some great friendships while also learning about the great hobby of model railroading. His interest in the American Flyer started in the 70's and continues to this day.

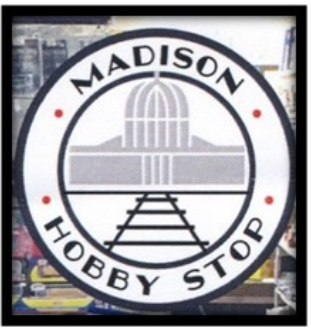
So thank you to Hank for the years of supporting our Train Show with your great photography and thank you for sharing these great photos from your private collection.

Kathy Clancy, Editor









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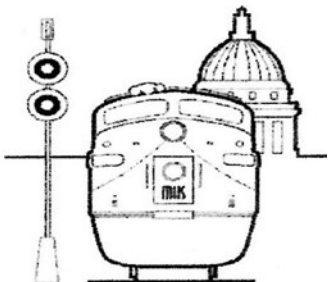
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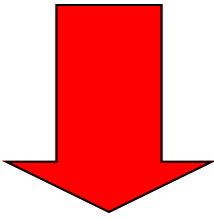
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If you change your email address, don't forget to notify:
 Kathy Clancy
 Bad Order Editor

Changing your email address with the NMRA does not change it for Bad Order mailing.

Thank you!

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Photos in the Bad Order, unless otherwise noted,
 are by Kathy Clancy

Deadline for submissions: **14th of the month**
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Madison Hobby Stop – 6622 Mineral Point Rd (inside Clock Tower) – Madison WI *

* = Train Show Ticket advance sales

SCWD 2020-2021 Meeting Schedule

Regular Meeting

Dec 6, 2020
Jan 10, 2021
Feb 7, 2021
March 7, 2021
April 11, 2021
May 2, 2021

BOD

Dec 14, 2020
Jan 11, 2021
Feb 8, 2021
March 8, 2021
April 12, 2021
May 10, 2021
June 14, 2021

