

Texas Press Clipping Bureau  
DALLAS

From Progressive

Mr. Stockton

Date 12-11-25

MR. FERGUSON STARTS  
A BACK FIRE  
Star-Telegram.

Former Governor Ferguson's effort to be-little the victory of Attorney General Moody in the American Road Company suit and to prove that it represents an actual loss to the State, instead of a recovery of \$600,000 should occasion no surprise. It was to have been expected since Mr. Ferguson was sitting in with the Highway Commission about the time this deal was made for the sole purpose, as he expressed it at the time, of protecting the interests of the State and of his wife's administration. Especially was Mr. Ferguson's effort to be expected after his wife, as Governor, had employed outside attorneys at the State's expense to fight the Attorney General to recover money for the State; and to defend the very contract that the Attorney General, as chief legal officer of the State, was attacking in the courts. Mr. Ferguson could hardly be expected to do otherwise at this juncture, and his statement is typical in every sense of his methods of the past. Mr. Ferguson's tactics always have been to start a counter-offensive when under fire, rather than to meet an issue squarely.

However, in the face of the startling revelations that came out in the American Road Company trial, the testimony of the defendants themselves and the court's judgment in the case, it will take more satisfactory explanation than is contained in Mr. Ferguson's lengthy statement to convince any thinking person that the American Road Company deal was a good one for the taxpayers.

Mr. Ferguson's main contention is that the "contract" provided for two surfacings of the highways instead of one. "Go back and read the contract," he says in his statement, "and see if the language is not so plain that even a farmer, though not a lawyer, can see that the State was entitled to a two-course treatment on these roads." This naturally brings to mind a few questions that the layman would like to have answered satisfactorily.

If there was any such thing as a contract—and the testimony in the trial showed it nothing more than a gentleman's agreement—why didn't the State require a bond to insure its fulfillment?

Does Mr. Ferguson think it good business to award highway work totaling \$2,100,000, according to his own figures, without requiring bond to guarantee its performance?

If the "contract" did provide for a second surfacing of the roads, why did the State pay the full price of 30 cents a square yard on all estimates,

when it now claims the work was only half completed? What sort of business is it to pay a contractor in full when only half of his contract has been performed, and especially when there is no bond to protect any of it?

If a second surfacing of all highways involved in the American Road deal was provided for at the time it was made, why did the company pay out one cash dividend of \$200,000 and another of \$319,000? Is it the practice of contracting companies to pay out in dividends to their stockholders most of their receipts as they come in when they are confronted under their contracts with the necessity of doing the work over again?

Had the American Road Company refused to resurface the highways how would the State have forced it to do so, when its total assets were only \$51,000 and the State had no bond of any character whatsoever?

These are questions that will have to be answered before the public will be satisfied that the "gentleman's agreement" provided for a second surfacing of the highways.

However, one can grant for the sake of argument that the "agreement" did provide for a two-course surfacing instead of one, and still the price paid by the State was too high. The Attorney General claimed that for a one-course treatment 10 cents a square yard would have been fair and profitable; 20 cents for a two-course treatment. The State paid 30 cents. This contention Judge Calhoun upheld after hearing the evidence. On this point the court said: "And the court further finds that the money paid and to be paid to the American Road Company for the work done under said contracts is grossly excessive and unconscionable and that to complete the asphaltic surfacing of additional miles of roadway called for by said contracts under the terms most burdensome upon the defendants would, by the terms of said contracts, require the State to pay an excessive and unreasonable price for such work."

Thus the court holds that if the contract were interpreted to provide for a second surfacing, which is meant by the expression "terms most burdensome to the defendants," that the price would still be excessive. The court's order also holds that the allegations set forth in the Attorney General's petition were proven by the evidence and the judge in his order holds that to have permitted the company to carry out the remainder of its surfacing, under any interpretation of its terms, would mean greater loss to the State than that shown in the suit, covering the work already done. Evidence at the trial showed that 7,000,000 square yards of road remained to be surfaced at 30 cents a square yard. On a basis of 10 cents as fair for one treatment, the loss to the State on this work would have been \$1,400,000 more. On a two-course treatment, as the Highway Commission insists was provided, the loss would still have been \$700,000. This contention Judge Calhoun upholds.

Mr. Ferguson also makes the point that since the American Road Company has been relieved of its contract and the obligation to resurface the highways already given one coat, that the State will have to do it at a cost of \$900,000. The evidence shows that it only cost the American Road Company \$400,000 to lay the first surface. Is it reasonable to suppose it will cost the State any more, especially since the preliminary work has been done?

Mr. Ferguson's statement likewise reproduces a letter from the highway engineer showing that after three months' use the roads already surfaced required a second treatment. In view of this, one would naturally ask if the State, according to Mr. Ferguson's theory, intended to resurface the roads every three months?

Also—  
How much value is there in a road surface that only lasts three months? These are questions that the public should bear in mind. When they are satisfactorily answered the public may get the picture of the situation Mr. Ferguson would like for it to have—but not until then.