

On September 3, 1879, a group of Detroit businessmen headed by James McMillan, C. S. Newberry, Francis Palmer, George Hendrie, F. E. Briggs, Hugh McMillan of Detroit and George I. Seney of New York incorporated the Detroit, Mackinac and Marquette RR., and proceeded to build a line of railroad between St. Ignace and Marquette, a distance of 151 miles. The State of Michigan allotted to it 1,327,041.65 acres of swamp land as a Land Grant. The line was opened December 19, 1881. Officers were James McMillan, President, John S. Newberry, Vice-President and Hugh McMillan, Secretary and Treasurer.

The object of the road was to form, in connection with other roads, a line along the whole extent of the southern coast of Lake Superior to a connection at Mackinaw with railroads all ready constructed (New York Central and Pennsylvania subsidiaries) from southern Michigan to that point. A branch from the main line to Sault Ste., Marie was in contemplation. On the west a connection would be perfected with the Northern Pacific at Iron River, Wi., and that railroad used for the 43 miles to Duluth. When these connections were completed the new railroad was to form a link in a new trans-continental route.

In 1882 the Detroit, Mackinaw & Marquette terminating at St. Ignace and the NYC and PRR terminating at Mackinaw City, across the Straits, organized the Mackinac Transportation Co., that provided two car ferrys "Algouah" and "Faxon" (a third ferry, the "St. Ignace" was acquired in 1888) to transport passengers and freight from one side of the Straits to the other.

Ore docks were being built in St. Ignace to handle iron ore that would be brought 165 miles from the mines near Marquette. It was later learned that the expense was too great and docks were built in Marquette by the Marquette & Western RR., a subsidiary of the DM&M.

When the DM&M was being projected it was the plan of the founders to buy the MH&O RR., a going concern, and continue the new road from Nestoria toward Duluth. But the MH&O was not for sale, neither were the owners agreeable to giving up any part of the iron ore business it alone, then enjoyed, at the port of Marquette.

This situation brought the second line, the Marquette & Western RR., into the field as an ore carrier from the mines to Marquette. Likewise, the DM&M, thru the M&W was a constant threat to parallel the MH&O. Another matter that the DM&M management was adept at was postponing, from year to year, the building of the promised branch line to Sault Ste., Marie.

While the DM&M was outwardly doing a good business, behind the scenes, it was having trouble meeting interest on bonds that were falling due. Therefore, in October 1884 an agreement was made with the bondholders to defer interest for several years. And because of shortage of cash the DM&M sold the Marquette & Western April 1, 1885, to the MH&O which line saw an opportunity to be rid of a close competitor and in doing so increased its common stock by \$600,000 and issued \$1,400,000 6% bonds, secured by a mortgage on the purchased property and with which the M&W bonds were retired.

Like a cyclone that might have whirled out of nowhere, the news of the bankruptcy of the DM&M hit the streets of Marquette and other cities and towns in the Upper Peninsula in the summer of 1886. There was shock but no panic as legal steps were immediately taken to operate the railroad, under the name Mackinaw & Marquette RR. Co., temporarily pending reorganization.

At the foreclosure sale October 21, 1886, the directors purchased the DM&M and acquired a controlling interest in the MH&O thru a perpetual lease of that Company's property and its subordinate line, the M&W, by guaranteeing a sum