

5. The Company fully complied with the provisions of the agreement regarding the substitution of fully paid shares for partially paid shares held by subscribers to that date, and also procured the subscription of \$200,000 of additional stock.

6. The Company issued in 1904, and in the following two years, bonds to the value of \$6,678,200, which were guaranteed by the Government of Canada, and upon which issue of bonds as collateral, the Company procured advances from the Bank of Montreal, to the extent of \$5,016,066.

7. It was urged before the Committee that contrary to the provisions of the agreement ratified by Chapter 54 of the Acts, 1903, the issue of the said bonds preceded the payment of the \$200,000 of additional stock by reason of the fact that a cheque of M. P. Davis given in payment of subscription of stock, in the sum of \$94,900 was not immediately converted into cash and that there was, therefore, in this respect, not a compliance by the Company with Section 4 of the agreement of October 19, 1903.

The Company regarded the cheque as cash, and certified to the Government that full payment of the \$200,000 of additional capital had been made, and the Government, thereupon, guaranteed the issue of the bonds above referred to.

The full \$200,000 had not, as a matter of fact, been placed by the Company to its credit with its bankers at the time the bonds were guaranteed, although a cheque sufficient to make up the amount was then held by the Company as above stated. Subsequently, the cheque was placed to the credit of the Company and the full \$200,000 was used by the Company for the purposes of the undertaking.

8. The matter of the suitability and character of the plans of the bridge, both as to the substructure and the superstructure, the methods and system of inspection during the construction and kindred and allied questions, has been the subject of investigation by a Royal Commission, subsequent to the destruction of the bridge in August, 1907. The Report of the said Royal Commission being now before Parliament, your Committee deem it inadvisable to make any comment in relation thereto, particularly as the questions involved are largely of a technical character.

9. The whole undertaking of the Company is mortgaged to secure the Government guaranteed issue of bonds. Of these bonds the Government now holds approximately \$2,330,000 of the whole issue of \$6,678,000. The balance of the same is held by the Bank of Montreal which claims as of April 30, 1908, against these bonds, the sum of \$3,773,223.71. The bank is under obligation to the Government to deliver the balance of the bonds to the Government on payment of the balance of advances and stipulated interest.

Under Chapter 35 of the Acts of 1903, the Government is empowered to advance to the Company, money to release from the pledging to the bank, the bonds in question, and under this legislation, the \$200,000 referred to was advanced and a proportionate amount of the bonds was received by the Government as above stated.

When the Bank of Montreal is paid its claim by the Government, the Government will possess the whole bond issue and will have an undivided lien upon the substructure of the bridge and approaches, including the Chaudiere bridge and a large amount of delivered material. The substructure cost over \$1,000,000, and the approaches referred to, over \$1,000,000, and the value of the delivered material amounts approximately to \$1,000,000.

Your Committee also beg to submit herewith for the information of the House, the minutes of their proceedings, the evidence taken by them during the enquiry, and the exhibits filed in connection therewith; and recommend that the exhibits be not printed.

All which is respectfully submitted.

A. K. MACLEAN,  
*Chairman.*