

"seeking to deprive us (the Bondholders) by every means
 "in their power of what we have always understood and
 "believed were our unquestionable rights under the Trust
 "Deed."

As regards this, the Chairman has sought to mislead the Bondholders. No such expressions have ever been used by the Messrs. Allan, or any one on their behalf, in reference to these matters, and the proceedings in the Courts do not warrant any such statements.

The only matter really in dispute between the Trustees of the Bondholders and the Company, is as to the meaning of the mortgage. The mortgage grants the First Division of the Railway to the Trustees "*subject nevertheless to the working expenses of the said Railway and telegraph, and to all rates, taxes and assessments and other Government charges.*" The Company claim that "*subject to the working expenses of the Railway*" means what it says. The Chairman and Trustees deny this contention, claiming that these words mean "*subject to the working expenses of a portion of the Railway,*" i.e. the First Division.

This in effect is the sole matter of contention between the Bondholders and the Company, and might have been readily decided by the Courts without the useless and expensive litigation that is now going on.

There really is no conflict of interest between the Messrs. Allan and the Bondholders. The severment of the line would be harmful to all. Without the business given by the Second Division and Branches, the First Division would not earn running expenses; and without the extension, and the business thereby created, the First Division can never earn enough to pay interest upon the bonds.

Shortly after the appointment of Mr. Montagu Allan as Receiver, and after he had given large security for the proper performance of his duties, the Trustees representatives sought to take possession of the 180 miles with the announced