

Mr Armstrong has declared in his deposition, sworn to before Mr Langelier, on the 6th February, 1890, and as appears by the two judgements rendered against the said MacFarlane in case No 1339, in the Superiour Court at Quebec, in February and April last.

How then can Mr MacFarlane pretend that he has not been paid according to the terms of his contract, or that the cost of his works was much greater than the amount of the subsidies transferred to him? In fact the additional works required by the engineers were not executed by him. He cannot put forth this pretext in order to allege that he has against the principal contractor and the company a claim worthy of attention.

But your commissioner goes still further.

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he quotes, in the first place, the following clause taken from MacFarlane's contract which was signed on the eighth of June, 1883:—

"And to secure the said payments which are to be so made by the said contractor to the said sub-contractor, the said contractor binds himself by these presents, to make a notarial transfer of the subsidies granted by the Government of Canada for the building of the said railway, and to be applied to the said sixty miles of railway, amounting to \$62,000 for the first 20 milles of road, also the sum of \$128,000 to be applied to the 20 miles of new road in prolongation of the 40 miles to wit: forty to sixty; and also the sum of \$70,000 granted by the Government of Quebec for the said 20 miles, and to furnish to the said contractor all the powers and authority necessary to obtain the said subsidies, which said subsidies shall be deposited in trust in some incorporated bank to be named by the said sub-contractor, and to be to him paid out in proportion as the works progress, and they have been earned, and have become due by the Government."

Then he refers to the deposition, made at the enquiry by Mr. Henry MacFarlane, who swore that he had received about \$200,000 on account of the \$260,000 worth of subsidies which were transferred to him as aforesaid. It is evident that Mr. MacFarlane had no right to handle or retain more than \$60,000, before having completed his contract and shown that the cost of the works exceeded the total amount of the subsidies transferred, including \$18,000 worth of municipal grants which had been transferred to him.

Nevertheless, M. Langelier alleges that Mr. MacFarlane had a right to all the subsidies paid out by the Governments. He forgets that 40 milles of the road were almost completed and that the other contractors had a right to a certain portion of the subsidies as the price of the works constructed by them.