

sidy, the Crown has waived them *quoad* this particular railway, by authorizing the company to sell their railway, with all its property, privileges and franchises, to any other incorporated railway company, and particularly by authorizing defendants, by 46 Vic., cap. 97 (1883), without any reserve whatever, to cancel all bonds issued under their Act of incorporation and to issue new bonds to the amount of £135,000 sterling, and, upon resolution of the majority of stockholders, to transfer and convey to trustees the lands, franchises, road-beds and property of the company, with power to the trustees, upon default of payment of principal or interest, to take possession of the railway and property conveyed by said deed and hold the same, free and clear from all liability for other debts contracted by the company; and control and hold the same for the benefit of all the holders of the bonds. Shortly after the passing of this Act the old bonds were cancelled and new bonds were issued under this authority to the amount authorized, and the property of the defendants was conveyed to trustees to secure the payment thereof. A considerable part of the money was paid after this Act was passed and a trust deed executed. Under these circumstances, I think I am justified in arriving at the conclusion that the Crown abandoned any lien it might otherwise have had arising out of the payment of subsidy, and that it has not the interest in defendants' railway which the petitioner alleges it has. But should I be mistaken in this, it appears to me that if any lien or rights still exist in favor of the Crown, they would follow the road into the hands of the Atlantic & Northwest Company, to whom defendants propose to sell it as mentioned hereafter. I do not think the petitioner is justified in complaining that something is about being done that was not contemplated when Government aid was given to this road, for it appears that when additional subsidy was applied for, before the completion of the road, one of the principal reasons assigned for such application was, that the road might ultimately form part of the "Short Line" system. Mr. Colby, then a director of the company, and subsequently one of the corporators of the Atlantic & Northwest Railway

company, wrote a lengthy letter to the then Premier of the Province, in November, 1886, in which he pointed out the desirability of the subsidy being increased as much as possible, so that the road might be constructed up to the standard of other roads which it was then contemplated would form part of such system.

He says, amongst other things, "When the Waterloo and Magog road was classified with the less important roads, it was regarded merely as a local enterprise and was subsidised accordingly. I am sure the Treasurer of that day so considered it. But the times have changed, and it seems to me we should not be heedless of the change. Our contract with the Central Vermont will compel that company to improve the ten miles now built according to the exigencies of traffic. But, for what we have yet to build, is it not better that the Government, by increasing that subsidy, should enable us to construct a better road-bed, and for us to at once modify our arrangement with the Central Vermont, so that it will put on a better superstructure? By this means we may have a road which will be equal in all respects to the International, the Stanstead, Shefford and Chambly, and the other roads which will constitute the same line."

So that when the Lieutenant-Governor-in-Council increased the subsidy to \$4,000 per mile as authorized by the Act assented to on the 28th of December, 1876 (40 Vic., cap. 3), it was contemplated and expected that this road would serve as part of the great trans-continental highway from ocean to ocean. I am also forced to the conclusion upon the evidence adduced, that the petitioner is equally weak when he stands upon the ground that he represents the public, and that what defendants propose to do is against the public interest. There is no complaint from any of the municipalities through which the road now passes, in fact the municipality of the village of Waterloo has expressed itself through its council, by a resolution which is of record, strongly approving of the sale of the road to the "Short Line," as better means of communication would be provided. And that village, if any complaint could be made, would have the best ground to make it, as