

shuts out any dispute between the Preference Bondholders and the other classes interested in the Railway, and narrows the controversy to the question between the Preference Bondholders and the Judgment Creditors, who are outside claimants.

"The interests of the Preference Bondholders and of the ordinary Bond and Shareholders are identical, in keeping the road open and developing its resources, while the necessary effect of enforcing the claim of the Judgment Creditors, by seizure of the rolling stock, would be to stop the road and so do irreparable damage to all classes interested, whether as Shareholders or Bondholders.

"The claim of the Judgment Creditors goes to the very root of the security of the Preference Bondholders. If the *present* Judgment Creditors can seize the *present* rolling stock, then, if they were paid off, what is there to prevent fresh Judgment Creditors springing up hereafter and claiming the same rights? In this way, the *ordinary* Bonds as they become due, which they *all* do before the First Preference Bonds, might, by obtaining judgments, get what would practically be a priority over the Preference Bondholders; for nothing can be clearer than that whoever, *for the time being*, has the power of seizing the rolling stock and plant, can coerce the other classes into terms, and so get paid in preference to any one else. A large proportion of the ordinary Bonds and the whole of the Unsecured Debt have been created *since* the issue of the First Preference Bonds, and *with full notice*, therefore, of the Preference Bondholders' first charge.

"The Directors, in recommending the raising of a million and-a-half sterling in March, 1860, proposed to do so by the issue of Bonds for short periods, but "*without interfering with the existing preferential rights of the Bondholders of all classes;*" whereas, if the holders of such proposed Bonds could, as is now suggested, obtain "the power of seizure of the rolling stock" when their Bonds became due, they would practically have priority, not only over the Preferential Bonds, but over all other Bonds which became due at a date subsequent to theirs.

"The Judgment Creditors having resorted to legal proceedings, the Preference Bondholders are **compelled**, in *self-defence*, to take steps to protect the rolling stock from seizure.