SEMI-WEEKLY EDITION

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J. K. CORNWALL'S EXAMINATION BY BENNETT IS CONCLUDED

Member For Peace River Has Been On Witness Stand For Two And a Half Days

UNDERGOES GRUELLING CROSS-EXAMINATION BY INSURGENT'S COUNSEL

Cornwall Maintains He Has No Interest in the Alberta and Great Waterways Railway

Cornwall Will be Re-Examined on Monday by Either McKenzie, Bigger or Woods—Witness Gained Admiration of Court, Lawyers and Spectators by His Brilliant Passakes With R. B. Bennett—Nothing Material Brought Out in Addition to the Evidence Secured by Mr Walsh in His Direct Examination.

After two and a half days examination and crossexamination before the Royal commission, J. K. Cornwall stepped from the witness box shortly after noon today. The ordeal that the northern railway incorporator underwent was one of the most severe that has ever been the necessity of a witness to experience in Alberta.

All day Thursday he was examined on the efforts he had made to obtain a railway in the north and his negotiations leading up to the Alberta and Great Waterways railway. All day yesterday and this morning he was under a gruelling cross-examination by R. B. Bennett. His conduct on the stand, as a clever witness was such as to win for him the admiration of lawyers and laymen alike. The repartee indulged in was as a rule not such as left the witness second best and many of his answers turned the laugh on his cross-questioner.

This forenoon especially the witness had the court in his favor and time and again he was sustained by the members of the commission in his replies on his refusals to answer questions in the form they were made by Mr. Bennett.

On several occasions the cross-questioning was termed by Norman McKenzie, Cornwall's counsel, the "badgering" of the witness by the insurgent's counsel. Mr. McKenzie frequently made protests against this method of handling the witness.

At Friday afternoon's session Mr. Bennett's object apparently was to establish that Cornwall had negotiations with A. D. Bowen, who procured the option from the Alberta syndicate for Clarke, after Clarke had secured the assurance of a government guarantee of bonds. This, however, Cornwall absolutely denied.

It is understood that later in the enquiry Mr. Bennett may produce Mr. Bowen's wife to prove conversations that took place in San Francisco on the occasion of Cornwall's wedding trip in December, 1908, and also in Edmonton and Banff in the spring of the following year.

Bennett's Course This Morning.

Proceeding this morning the chief counsel for the insurgents took up the meetings between Bowen and his wife, Clarke and Cornwall, in the spring of 1908.

Cornwall stated that he did not know of any credentials being given by Hon. Mr. Cross to Mr. Clarke, as appeared on the files of the attorney-general. He learned in June 1908 that Clarke and his associates were taking up the railway but he had no direct information that a satisfactory arrangement with the government had been made for assistance.

He did not recall at any time of Clarke intimating to him of going to England to finance the railway. He may have got an idea that he was going to the Old Country.

Metcalfe Acted as Attorney.

He admitted giving a power of attorney to Mr. Metcalfe, now Judge Metcalfe of Winnipeg, in November 1908, to sign his option in his share of the syndicate. He was selected by the witness as he was a friend of his. At this time Cornwall repeated again the reason why he gave Judge Metcalfe power of attorney to do this. He was one of his closest friends.

"Now let that percolate into your brain so I will not have to repeat it again" said the witness.

"I do not propose to be lectured by the witness, my lords" said Mr. Bennett ,addressing the court, but the commissioners said Mr. Cornwall had fairly answered the question.

Mr. Bennett replied that he had evidence to show that there was something being concealed.

Wants Mysterious Evidence.

At this point Mr. McKenzie rose and called upon Mr. Bennett to produce the mysterious evidence he had been talking of from week to week.

Received No Benefits.

"Did you receive any part of the stock of the proposed railway to Fort McMurray as provided for by the agreement?"

"No, I did not."

"And have no hope of receiving any?"

"And have no hope of receiving any

Mr. Bennett then took up the visit of Clarke and Minty to Edmonton in Nov., 1908, as Cornwall's presence in the city at the same time. Bowen was also there at the same time acording to the records.

"Have you any personal recollection of their being here."

"I think possibly they were here, though there is nothing to recall it by."

"On the 14th day of November, 1908, the Premier committed himself by a letter to Clarke to introduce legislation according to the terms of a draft charter and guarantee bond act. Does that recall the occasion to your mind?"

Knew Nothing of Pledge.

"That letter would not assist me in anyway."

"You weren't in any way made aware of its contents?"

"No, I was not."

Mr. Bennett read quotations from a letter from Mr. Bowen to Mr. Minty in an endeavor to refresh the memory of the witness, but he replied that he had no general knowledge in August, 1908, of what the government was going to do for Clarke and his associates.

Mr. Bennett next read an unsigned letter apparently from Minty to Clarke writen on December 12th, 1908, in which he said that Premier Rutherford looked to Cornwall and his (Clarke's) friend (presumably Bowen) for safeguarding him in his negotiations. He asked the witness if this refreshed his memory.

Mr. Cornwall recalled a conversation with the Premier in Winnipeg and told of what had passed between them at that time. The Premier had remarked that he thought there was going to be a railway to the north and witness may have told Minty of the interview. That accounted for what was in the letter.

Came to Edmonton With Clarke.

Proceeding the witness said he had reached Edmonton after his wedding trip on January 2nd, 1909, in company with Clarke. He then told him he had been to Europe in connection with the financial arrangements for the railway and had been successful. The information of the guarantee of the bonds in February of that year he learned through the press when it was announced in the legislature.

"You have received no money or shares for your shares in the Athabasca Syndicate."

"No, I have not."

"And you expect none?"

"No, I do not."

"Can you tell me how that is?"

"Well, I turned over my shares to Clarke in return for his investment in my steamships."

Clarke's Purchase of Shares.

Mr. Bennett in the next part of the cross-examination went at some length into the handing over of his shares to President Clarke in return for $25,000 which he was to put into the northern steamships. He got the $2,000 in Edmonton and the $12,500 in New York, while en route to Europe. He expected to get the remaining $11,500 during the coming summer.

On October 8th, 909, Cornwall had received a telegram from Hon. Mr. Cross while he was at Halway house, en route to Edmonton. Mr. Cross wished to see him on private business. He then went to Calgary and had an understanding that Mr. Cross and he should go to the East together. Unexpected business, hhowever, prevented Mr. Cross then going. Witness also reviewed his trip to New York at the time of the municipal election there.

Learned Nothing in N. Y.

The witness positively stated that he was told nothing by M. J. McLeod, S. B. Woods, Hon. Mr. Cross, or other Alberta people when he met them in New York, of what they had come there for. They had not taken him into their confidence.

The first positive information that he had received was in the legislature at last session. He presumed they were there about money matters but further than that he did not know. The next time he saw Clarke after the time in New York, was in Edmonton in last December.

Re-examination on Monday.

On Monday morning when the commission continues its sitting Mr. Cornwall will be re-examinted by Mr Woods, Mr. McKenzie or Mr. Biggar, to throw further light upon some of the matters brought out in the past three days examination.

FRIDAY AFTERNOON.

The commission met Friday afternoon at two o'clock and the further taking of evidence was resumed as follows:

James K. Cornwall, being recalled and cross-examination being resumed by Mr. Bennett, testified as follows:

You say your best recollection is that you did not communicate to the government or any member of it at any time any statement that might be regarded as a reasonable guarantee?

No, I never talked to them about any reasonable guarantee.

Well, Mr. Cornwall, among the letters that were put in evidence yesterday was one that you received from Mr. Faulkner, Ex. No. 30, and I should like you to be good enough to remember what that letter is about. It is dated the 3rd day of January, 1907, prior, in point of time, to Ex. No. 24, that is an agreement between the government and your company, and the last paragraph of that letter reads as follows: "I have wired you this date to ask for $13,000 exclusive of subsidy."

Wired me?

That is from Mr. Faulkner to you. The telegram is not produced and we assume, of course, you do not keep telegrams probably, but the letter is here. That letter enclosed Mr. Woodman's estimate of the cost of the road, and that statement from Mr. Faulkner: "I have wired you this date to ask for $13,000, exclusive of subsidy." With that before you to assist your recollection, what do you now say, Mr. Cornwall?

You follow my question?

Yes, I follow, Mr. Bennett.

What is your answer?

Didn't Apply for Specific Amount.

I never made any application for any specific amount.

Then you say that that letter from Mr. Faulkner, a member of your syndicate, dated January 3, 1907, enclosing you Mr. Wodman's estimate of the cost of the railway, and with the further information given at the end of it that you were wired to ask for $13,000, exclusive of subsidy, doesn't in any way assist you to arrive at a conclusion whether you did or not.

I did not; I don't remember.

Now, you are positive and certain, and you pledge your oath with full knowledge of what you say that you made no overtures or attempts to the government to get a guarantee from the provincial government for a specific amount?

For a specific amount in connection with that letter——

No, no, never mind the letter. Did you at any time? I want to still continue.

Well, I have from time to time seriously considered doing something for a road into that country. I certainly didn't ask them for any specific amount, that is sure.

Who did you interview at that time?

Interviewed Whole Cabinet.

I think the premier was there and his whole cabinet. I am not certain.

Was this at a regular formal meeting of the executive council?

No, we called in and they sent around to the different departments to E.

You were asked to state the terms of the guarantee you wanted?

I presume that was done, I don't know.

They turned you down?

I presume they did.

I presume you did not get the guarantee?

No, I never heard about it.

And the government would not listen to your proposition?

And we could not get the local people to take any interest either.

Well, you had yourself, a pretty strong local man?

Yes.

Here was a plum of $544,000 dangling before your eyes. You were a strong supporter of the government which you were approaching, and on intimate business relations with at least one of them; didn't you do more than meet them once?

Discussed Individually.

Not collectively. I may have had discussions with them and would try to impress upon them the importance of having a railroad, but it could not be done in any way. I tried to impress upon them the importance of having a railroad into that country. Financial people would not take any stock in them unless the government showed some evidence of having faith in it themselves.

It was no fault of yours that the provincial government did not agree at that time to guarantee the bonds of the Athabasca Railway?

Well, I hope it was no fault of mine. Do you think it was?

I think it was chiefly due to the fact that they did not realise the importance of opening up that country.

Following this Mr. Bennett read Mr. Cornwall's evidence of the previous day and that just given and asked which was true.

Mr. McKenzie Protests.

Mr. Mackenzie: My lords, Mr. Bennett has put the question to the witness, on which day did you tell the truth, yesterday or today, and he read I don't know how many pages of evidence, and when he was getting off the track he was getting further from the question. Now, I would ask what that question is and have it cleared up. If not, I think that remark should be withdrawn now.

Mr. Bennett: It is out of deference to the fact that Mr. Cornwall told me that he wesn't well, and I reconsidered the harsh terms in which I put it. I am content to repeat it now and put it the other way.

Mr. Cornwall, that is what I said to you. You heard me read what you said yesterday, in which you stated that ou had asked the government for a guarantee of $12,000 a mile and were refused.

I didnt' answer any such question.

That is what it says in terms, if I can understand Mr. Walsh.

Mr. Justice Beck: For my part I do not think Mr. Cornwall said that, but I presume it was made, but it was not made by him.

Mr. Bennett: This was the question asked by Mr. Walsh. "Then you were refused a guarantee of $12,000, etc.," to which Mr. Cornwall replied "Yes."

Mr. Justice Harvey: You must take into consideration all the examination yesterday was directed to an interview of the members of the syndicate and the government. Mr. Cornwall was present and he was one of the members of the syndicate. He has been speaking today of what he did himself.

Nothing Was Doing.

All I want from you is this, I want your oath. You say to me that you have no recollection one way or another, and you can't remember as to what took place between the government and you and your associates at the interview with reference to the Athabasca railway?

The impression I took away was that there was nothing doing. You know what that means.

It means that you said to my learned friends that you were refused?

There was nothing doing, whatever it was, I don't know. We came away.

Is this correct—I want your answer not mine—did you and your associates ask for any guarantee?

I don't remember that. I told you that before, and I am telling you again. How many times do you want me to tell you that?

Can you answer yes or no?

I don't remember.

Have you any recollection?

I have no recollection.

Do you remember that you were there?

Certainly I was.

What were you there for?

I was there with the rest of them.

What for?

To see how the government felt about encouraging thebuilding of a railroad into the north country.

In what way?

In a general way.

Cornwall's Memory.

Mr. Cornwall, is it fair to say, in view of what you have now sworn to, that you have no distinct recollection of a particular instance at all?

About what?

About any of these matters? You always say to me when I get you down to a definite thing that you don't remember, now I want to know that if, in a general sort of way, it is correct to say that you have no memory of particular dates or particular instances in connection with the transactions?

What transactions?

Mr. Bennett—My lords, it is a very difficult position I find myself in.

Mr. Justice Beck—I think Mr. Cornwall's question was somewhat justified because you made a general statement.

Mr. Bennett—I intended it to be such.

Mr. Justice Beck—Whenever you ask him questions, you say he has never been able to give you any definite information. He has been very positive about some things.

Mr. Bennett—Yes, in forgetting them.

Mr. Justice Beck—No, he has been pretty positive, that general observation I think justifies his question.

Mr. Bennett—Mr. Cornwall, does what you say just now as to not remembering about this vital transaction, that is the guarantee of your road on which its life depended, does that apply equally about what you have said about other transactions that took place at the same time or about the same time?

Now your lordships, I don't quite—I hope I am a man of ordinary intelligence. I don't quite understand what this man is driving at. I can't quite get it. He asks me certain questions and he couples them with something else; I can't quite follow the man.

Mr. Cornwall, you have sworn to me just now that you have no recollection of what took place down there when you interviewed the government?

No recollection.

Of what took place?

No Definite Offer Submitted.

There was a general conversation and all I know is that we came away with not a very satisfactory impression of our conversation, that is all. I don't remember about anything definite having been submitted to the government.

I asked you what you went there for. That is a clear question, what did you go there for?

We went down there to see how the government felt towards encouraging the building of a railroad into that country. That is about the general idea I had of it.

Mr. Bennett—Do you remember your going to Ottawa for help for the railway, that was in the spring in which the premier and the attorney-general went to England?

No, I couldn't connect it in that way not in connection.

Do you mean by that that you have no recollection of any such thing ever having been suggested?

No, Mr.—let me see, there is a possibility of the premier having written down there. I don't know which, suggesting if they could assist in any way they would.

Hawes' Trip to England.

It was this same spring of 1907, you remember, that Hawes went to England? That is the reason I am trying to fix your mind upon it and you were endeavoring to supply him with all the possible hope you could get in relation to subsidies. That is how I am trying to assist you.

I was doing everything I could, Mr. Bennett.

In your answer to Mr. Walsh yesterday, you said that when this agreement provided for you making efforts as well with the Province of Alberta, what efforts did you make towards earning the $100,000, called for by the agreement?

I simply couldn't get anything from the Province of Alberta or never tried to. They wouldn't guarantee the bonds. They weren't putting up any cash. I never asked them about it. I never went near them. Now, do you remember that statement that you made yesterday?

Yes.

And so far as that is concerned that would be a correct statement?

Oh, that is a correct statement.

Now keeping in mind what you said to Mr. Walsh yesterday and the answers I have just read you. I find that on June 6th, 1907, you answered a letter from Mr. Minty, which was sent to you in care of Mr. Biggar. "Your letter of May 3rd was forwarded here by Mr. Biggar. I will send the same back to him and get him to look about a bit and let you know what he finds out. In the meantime the following few notes may clear things a bit." Then followed your statement of what the position is down here at Edmonton, and full information touching what is to be done and how it is to be done. Now, that may help you a little. Does it?

I remember the letter.

Was It Contradictory.

Well, it contradicts to some extent the answer you gave to Mr. Walsh, Mr. Cornwall?

In what respect?

You said yesterday to Mr. Walsh that they wouldn't guarantee the bonds and they weren't going to pay out any cash, never asked them about it, or never went near them. That is, the Province of Alberta, and here we find in May, later than that, this letter in which you say: "In the first place the premier, Mr. Rutherford, and the attorney-general, Mr. Cross, are both in Europe, and at the very earliest will not be back before July, and any discussion with Mr. Cushing would give Mr. Woodman a line on Cushing's latest thought and would help us in shaping our plans but would not committ the government, for I personally know that the matter has not been thoroughly thrashed out in executive council yet." Now, how did you know that?

Oh, I presumed that they were away.

Mr. Woods—If my learned friend is reading from the evidence that the witness gave yesterday, if he will read on in that evidence as he should do, he should give the witness the opportunity of hearing what he said yesterday.

Mr. Bennett—I am reading from a letter, Exhibit No. 28, and the undue anxiety——

Mr. Woods—No undue anxiety. We only want to see that the facts are brought out thoroughly.

Mr. Justice Scott—I do not see anything objectionable in the question Mr. Bennett asked, how does he know what the feeling of the executive council was?

Mr. Woods—I think he ought to give Mr. Cornwall the opportunity of reading, or read to him, what is said yesterday, unless it is just for the purpose of asking the man to contradict something the man said yesterday.

Mr. R. Bennett—But would not committ the government, for I personally know that the matter has not been thrashed out in executive council yet. What authority had you for saying that?

Just from my imagination, Mr. Bennett.

Your oath today is, your best and most solomn oath and recollection of this is, that that was your imagination?

I hadn't any reason to think they had threshed the thing out. Two of them were off in England, as I stated there, and they would have to get together to thrash it out.

Why Said Not Considered?

What was your warrant for saying this matter had not been considered by council?

I think Mr. Rutherford probably told me he hadn't considered the matter yet.

Then, it wasn't imagination?

Well, that is what he said. When a man makes a brief statement to you, you can probably use your imagination and carry your own away.

When you say "I have catered to all their private and personal views on railroads in efforts to get this railroad built. Now, I think it is getting to the stage where we will have a chance to do business or talk business with some one or somebody or men." If I understand language, you had thought that your negotiations with the government had reached the stage where you would be warranted in talking business with somebody of reputable men?

Yes.

That is, you had sufficient assurance from the government, on the 6th of June, 1907, as in your opinion, warranted you in doing these things?

Well, I hoped so anyway. My hopes had been shattered so often, though, there may have been nothing to them.

Continuing his answers in reply to cross examination the witness said that when Minty referred in a letter to future benefits he (Cornwall) should derive, he meant the development of the north country.

He had not introduced Clarke to any members of the government but his best belief was that he introduced him to A. C. Fraser of the Merchants Bank. He did not help him in his approaches to the Alberta government more than by advice.

Witness said he first became positively aware of the guarantee of the bonds of the A. & G. W. railway when he read about it in the newspapers at the time the House was in session in February, 1909. He may have heard about the proposed guarantee a month before but he had no positive guarantee.

His Wedding Trip.

Mr. Bennett next referred by his questions to Cornwall's wedding trip to San Francisco in December, 1908. In January, 1909, he was at that city and there met at the hotel Mrs. Bowen, wife of Bowen, who had secured the option from the Athabasca syndicate for Clarke. The question of the guarantee of the bonds might have been then discussed. He never heard of a cablegram from Clarke regarding his acquirement of Bowen's interests and he never had any conversation with Bowen regarding the acquirement of his Bowen's interest. Bowen neither sold his interests nor agreed to sell them to Cornwall.

At this point the commission rose till this morning.

A. & G. W. MINUTE BOOK.

At Friday morning's session the commission's chief counsel, Mr. Walsh, introduced the revised minute book of the A. & G. W. Railway Co., copied from an original minute book which Mr. Minty had promised later to produce, but had failed to do so. The production showed the origin of the $50,000 capital stock and the transfer of the bond issue to the Canada West Construction Co.

The following is the verbatim report dealing with this:

Mr. Walsh: That is all I have to ask Mr. Cornwall, but before I sit down, with your lordships' permission, I want to make good part of the undertaking I gave yesterday morning with reference to the Alberta and Great Waterways Company. I have here the minute book the A. & G. W. Co., which was given to my learned friend and myself by Mr. Minty as such, and so endorsed. This, I might say, is the second minute book. Your lordships will remember Mr. Minty's evidence was to the effect that there was an old minute book, which was re-written, that old minute book being one of the documents which he was to have brought back with him, so that all we have is this present one, and I tender this minute book in evidence.

Said minute book marked Exhibit 58.

Mr. Justice Harvey: This is the minute book that Mr. Minty handed to you?

Mr. Walsh: Handed to us, yes.

Mr. Justice Scott: Do I understand that that purports to contain all the minutes of the company, and is a copy of part of the original minute book?

Second Meeting for Organization.

Mr. Walsh: No, there was an organization meeting for the company held in the early part of October, and that meeting was for some technical reasons not satisfactory to the solicitor, who was representing the purchasers of the bonds, and the result was that a second organization meeting was held in Edmonton for the purpose of curing the irregularities in the first. We haven't any record at all of the proceedings of the first organization meeting. This minute book relates entirely—at least, commences with the organization meeting of the 28th October, the second one. On page 2 of the minute book there is the following certificate, dated 28th October, 1909: "I hereby certify that there has been put into this bank"—this is on the letter paper of the Merchants' Bank of Canada, Edmonton—"to the credit of the Alberta and Great Waterways Railway Company, the sum of fifty thousand dollars, stated to be the payment in full of the capital stock of that company, subscribed by the following parties, namely: Forty thousand dollars by Mr. W. R. Clarke, five thousand dollars by Mr. B. R. Clarke, one thousand dollars by Mr. William Bain and four thousand dollars by Mr. G. D. Minty. A. C. Fraser, manager." There were several meetings of the company and of the directors held on that day.

At page 23 of the minute book there is the following resolution passed at the meeting of the shareholders: "It was then moved by Mr. B. R. Clarke, seconded by Mr. Minty, that the sum of fifty thousand dollars now standing to the credit of the company be paid to Mr. W. R. Clarke on account of fees, expenses and disbursements for procuring the passing of a special act and for making the surveys, plans and estimates of work authorized by the special act. Carried unanimously."

President Gets $25,000.

"It was then moved by Mr. B. R. Clarke," on the same page, "and seconded by Mr. Minty, that the directors of the company be authorized to fix a salary to be paid to the president, not exceeding twenty-five thousand dollars were annum. Carried unanimously."

On page 25, at a meeting of the directors held five minutes after the shareholders' meeting to which I have just referred, there is the following resolution: "It was then moved by Mr. B. R. Clarke, and seconded by Mr. Minty, that a cheque be issued to Mr. W. R. Clarke for fifty thousand dollars on account of fees, expenses and disbursements for procuring the passing of a pecial act and for making surveys, plans and estimates of the work authorized by the special act. Carried unanimously."

"It was then moved by Mr. B. R. Clarke, seconded by Mr. G. D. Minty, that the president be paid the salary of twenty-five thousand dollars per annum. Carried unanimously."

On page 25, at a meetin gof the directors held on the same day, there is the following statement: "Mr. B. R. Clarke then announced to the meeting that he contemplated forming a construction company for the purpose of contracting for the constructing of the company's railway and terminals, and desired to be relieved of his duties as a director and formally tendered his resignation."

"Upon motion made and seconded, the resignation was unanimously accepted.

"Upon motion made and seconded, Mr. William Bain was thereupon elected a director of the company in the stead of Mr. B. R. Clarke, resigned."

Bain New Director.

"Mr. William Bain then came into the meeting and accepted a seat upon the board, and Mr. B. R. Clarke withdrew from the meeting.

"Upon motion by Mr. Minty, seconded by Mr. Bain, it was unanimously resolved: That the company do enter into a contract with the construction company to be formed by Mr. B. R. Clarke and his associates, for the construction of the railway and terminals of the company, in consideration of the balance, fully paid up, of the railway company's stock, of the proceeds of its bonds, and any cash subsidy it may receive from the Dominion government, the construction compan to protect the railway company against its obligations until the completion of the construction of the railway, so that the railway should be taken over then by the railway company free of obligations except its bond issue, and that the details of this contract should be left to the president of the company to adjust along these lines, and that the contract, in a form to be so settled by the president, be then executed by the president and secretary under the corporate seal of the company. Carried unanimously."

Then on page 50 of the minutes there was a meeting of directors held at the City of New York, on the 5th November, 1909. "A form of contract proposed to be entered into with the Canada West Construction Company, Limited, for the construction of the railroad and terminals of the Alberta and Great Waterways Railway Company was then produced to the meeting, and it was unanimously resolved that the same should be entered into and should be executed under the corporate seal of the company by the hands of its president and secretary.

"It was then unanimously resolved that the Montreal Trust Company should be appointed irrevocable transfer agents of the company during the period of construction of the said railway and terminals, and the president was instructed to carry out, or cause to be carried out, the arrangements to give effect to this resolution.

Canada West Assumes Debts.

"The president then explained that large expenditures had been made and obligations incurred by him in connection with the organization of the company and arranging for the construction of the railway and terminals, and that the provisions of the contract with The Canada West Construction Company, Limited, would provide for the assumption of the railroad company's liabilities.

"It was thereupon unanimously resolved that the railroad company recognize and adopt the expenditures and liabilities of the President in connection with the matters aforesaid, whether expenditures heretofore made or obligations which have been incurred but have yet to be discharged, in view of the Railroad company having received the benefit of the president's efforts."

A. & G.W.—Canada West Agreement.

Then there is fastened in the book at page 33 the agreement between the railroad company and the Canada-West Construction Company, under date of 22nd November, 1909. The contract provides in short for the entire construction of the road by the construction company, including the purchase of the right of way and the equipment of the road, the rolling stock, and handing it over to the company ready for operation, in consideration of which the railway company agrees to pay to the construction company the entire proceeds of its guaranteed bond issue of $7,400,000, together with any cash subsidy that the railway company may receive from the government of the Dominion of Canada "and to issue in favor of the Construction Company or its nominee fully paid up stock of the railway company to the extent of $6,850,000; being 69,500 shares of the said railway company's stock and to pay to the construction company or give credit to the construction company in respect of any expenses incurred by the construction company in the operation of the said railway during said period of construction, all revenues of the railway company from whatsoever source derived, including the proceeds of the sale of any town sites in case the railway company should decide for the purpose of the encouragement of traffic on said line to sell its town sites en bloc to a company to be formed for the purpose of promoting and selling such town sites, and to pay to the construction company all interest that the railway company may receive in respect of the proceeds of the said bonds while on deposit during construction," and that contract is under the seal of the two companies and signed apparently by the proper officers.

The same contract winds up in this way: "For the purpose of more fully effectuating and carrying out the intention of the parties hereto the railway company assigns, transfers and sets over and agrees to assign ,transfer and set over, as and when the same shall be earned and payable to the construction company the proceeds of the said bond issue, and the said cash subsidy, if any be paid to the railway company by the government of the Dominion of Canada."

Assignment of $7,400,000.

Then, there is loose in the mintue book an assignment from the railway company to the Construction Company of the proceeds of the bond issue of $7,400,000 and attached to that are minutes of a meeting of the directors of the company held on the 8th March, 1910, but those minutes are not signed, and I therefore cannot say whether these were simply prepared in anticipation of a meeting being held. There is nothing here to show that the meeting which is referred to in the minutes was held, but the assignment—

Mr. Justice Harvey—Is the assignment executed?

Mr. Walsh—The assignment is executed, yes, my lord. I think the better way is simply to fasten them in the book.

Mr. Justice Scott—Where they are found.

Mr. Walsh—Yes ,at page 55. The other statements that I made yesterday with reference to the company, I am afraid that I may not be able to verify until Mr. Fraser's return, the manager of the Merchants Bank. As your lordships know, he was subpoened as a witness, but on account of some plans which he had made he was excused from present attendance on his undertaking to be here on the 3rd of May. So the rest of my statements will have to stand un-

(Continued from Page Two).