

taking, it was authorised to issue bonds which were to be a charge on the undertaking, and were also to be guaranteed by the Provincial Government. The money required was raised by the sale of bonds in England, and the money finally found its way to the Royal Bank, whose head office is in Montreal. This was apparently effected in the usual way such transactions are effected, if not by the transmission of so much gold from England to Montreal, but by the usual method of bankers in one place giving credit to bankers in other places; thus the money appears to have been credited to a New York firm, and then by the New York firm credited to the Royal Bank in Montreal. This bank had a branch in Alberta, and without any money being actually transmitted the branch was authorised by the head office to credit the amount of the deposit to the Provincial Government; to be applied, of course, in accordance with the provisions of the Act, under which the money had been borrowed. This would, in substance, be that, as the work of the building of the road progressed, the money raised by the sale of the bonds would be applied in payment for its construction, and the bondholders would thus have acquired a mortgage on the undertaking as it progressed, together with the guarantee of the Provincial Government as a security for the payment of the bonds.

For some reason or other the railway company was unable to proceed with the undertaking and made default in payment of the interest on the bonds, whereupon an Act of the Provincial Legislature was passed practically confiscating the interest of the railway company in the proceeds of the bonds, and vesting the whole of the money in the province, which assumed full liability for the payment of the bonds.

It must be admitted that the Act in question was a very extraordinary and unusual piece of legislation. It took from the bondholders part of the security on which their money was advanced, namely a constructed railway, and required them to be content with the liability of the province alone; surely a very high handed proceeding, and one hard to be defended on any