

\$2,189,000 was paid out of \$27,000,000 received from the sale of the bonds and shares under the agreement with Newman, Sweezy and Company, Limited, and the Dominion Securities Corporation.

(26) *The Marquette Investment Company* is a company controlled by Newman, Sweezy & Company, Limited, and organized for the purpose of acting as trustee and depository and dispersement agent of the Beauharnois Syndicate. (Exhibit No. 59).

#### SUBSIDIARY COMPANIES

(27) There are also the following wholly owned subsidiaries of the Beauharnois Power Corporation Limited, in addition to the *Beauharnois Light, Heat and Power Company*, namely:—

*The Beauharnois Construction Company*, having charge of the actual work of construction under contract; and the

*Beauharnois Transmission Company*, having to do with the actual transmission lines and the transmission of the electric energy to be produced; the

*Beauharnois Land Company*, in which is vested the lands of the Company, including land acquired in addition to all that required for actual canal construction and which it is hoped to dispose of for industrial sites, residence and other purposes in connection therewith; the

*Beauharnois Railway Company*, organized to build and operate the construction railway; the

*Marquette Construction Company*, a Delaware corporation, organized to purchase in the United States and lease to the Canadian Construction Company certain machinery which it is hoped to return duty free to the United States after use on the canal, where it is said to be more readily saleable.

#### 6. AUTHORITY FOR CONSTRUCTION WORK

(1) According to Mr. Henry, actual construction on the north embankment was commenced on the 7th August, 1929, in the vicinity of Lake St. Francis, and on the south embankment on the 23rd April, 1930.

(2) Condition 11 of Order in Council P.C. 422 provides that the Company shall not commence the construction of the works until detailed plans of construction “. . . have been submitted and approved of by the Minister. . . .”

(3) The work as it is being carried out is not in accordance with the plans referred to in this Order in Council in certain important respects, viz.:—

(1) The banks are about 3,300 feet apart, whereas the original plans show a width of about 1,100 feet in the rock section and 4,100 feet in the earth section.

(2) The width at the bottom of the navigation part of the canal is shown in the original plan, Exhibit No. 2A, in one place as considerably less than 600 feet, and in another at considerably more, whereas the actual 27-foot channel is being dug at a bottom width of 600 feet.

(3) The entrance to the canal from Lake St. Francis according to the last plan filed on the 22nd August, 1930, and as actually being excavated, is some 3,000 feet northerly and nearer the head of the Cedar Rapids than shown on the Plan, Exhibit No. 2A.

(4) The remedial works shown on the original plan have not been approved either by Order in Council or by the Minister.

(5) The Hungry Bay dyke has been breached and a substitute feeder for the old St. Louis feeder dug on the south side of the proposed canal wholly without governmental authority.