

this arrangement, even should the road pay but two per cent. of the cost of working expenses, the municipalities would be secured in their loans because these loans reached but one-third the cost of construction. Through these and similar representations, many persons were induced to support the scheme, who were otherwise averse to it, and aided by these municipalities, who appear to have fully confided in the assurances thus made them, an application to Parliament for a renewed Charter and an extension to Dunville was successful, an Act for these purposes having passed on the 14th June, 1853. Soon after By-laws were passed by the Municipalities, granting aid by way of loan to the Company, amounting in all to £145,000. The said Landon and Gray in their evidence state that the representations made by them to the Municipalities on the faith of assurances made, and in pursuance of instructions from members of the Board of Directors in nearly every instance and on every essential particular, subsequently proved to be false. From their evidence, as well as from that of all the other witnesses examined before Your Committee having cognizance of the facts, it is distinctly proved, and indeed not attempted to be disputed, that instead of *bona fide* stock to a large amount existing, the only stock really held was to an amount barely sufficient to enable the holders, (seven or eight in number) to qualify as Directors, notwithstanding which, at the election of Directors, stock to the amount of several hundred thousand dollars was pretended to be represented and actually voted on. It also appears that even on the stock really held, not more than fifty pounds was ever paid by any one of the parties elected as Directors; that in short the subscriptions were entered into merely to delude the Municipalities into the adoption of the fraudulent schemes of certain of the Directors and others acting with them for their own advantage. Being thus successful in the accomplishment of their designs, the further proceedings of certain of the Directors and their accomplices in guilt, are marked by a degree of recklessness and violation of faith and honorable dealing, which Your Committee find it difficult to select words to characterize as they deserve. Dissensions having arisen between a majority of the Board and one of their number, the latter was ejected on the ground that, because he had not paid up his calls on the stock subscribed by him, it became forfeited. A most extraordinary ground of objection Your Committee submit, for a body to take who had themselves paid but a nominal sum on their own stock; and when it is further considered, as appears from the evidence of the Secretary of the Company, that no calls were ever officially made on the Stockholders.

This dissention led to a chancery suit, instituted by the rejected director to recover his seat, which terminated in his favour, and in the costs on both sides being paid, of course, out of the moneys of the unfortunate municipalities, as no other means were available. In pursuance of this decision of chancery, the successful litigant, Mr. Light, took his seat at the Board of Directors the day before the annual election for the year, but was turned out next day by a majority of votes, both parties voting on the fictitious stock pretended to be held by them. About this time a claim appears to have been urged by Colonel Light for certain alleged expenses incurred by him seven or eight years before; and out of the moneys of the municipalities he was paid the sum of \$5,936.

As an instance of the glaringly unscrupulous manner in which the objects of certain of the parties interested in duping the municipalities were effected, Your Committee beg to direct the attention of Your Honorable House to the following, the particulars of which will be found in the evidence of Mr. Hodge, the associate engineer of the Company. Among the municipalities granting loans to the Company was the township of Windham. After the passage of the by-law and its ratification by the rate-payers, it became the duty of the Reeve of the township to hand over to the Railway Company, under certain conditions, the necessary papers to enable them to obtain Government debentures, under the by-law. To do this