

all the outstanding preference and common stock of the Grand Trunk at a value to be determined by a board of three arbitrators. New guaranteed stock was to be distributed among the holders of the preference and common stock upon the vesting in the crown or its nominees of such stock, and any stock not so transferred might be declared to be the property of the Minister of Finance in trust for the crown and upon the making of such declaration the stock not so transferred should immediately become the property of the crown and entries in the stock register be made accordingly (see paragraphs 14 and 15).

(7) On the 7th of September, 1921, two of the arbitrators (the Honourable Sir Walter Cassels and the Right Honourable Sir Thomas White) delivered a majority award finding that there was no value to the holders in the preference and common stocks of the Grand Trunk. The third arbitrator (the Honourable William Howard Taft) dissented and delivered an opinion that the value of the preference and common stocks was not less than 48,000,000 dollars (see paragraph 17).

(8) By an order in council approved by His Excellency the Governor General on the 19th of January, 1923, reciting that the majority of the arbitrators had decided that the preference and common stock of the Grand Trunk had no value and that the crown was not entitled to the whole of such stock and to the immediate transfer thereof without the issue of any new guaranteed stock in exchange and that the holders were not entitled to anything, it was declared that the whole of the preference and common stock of the Grand Trunk was the property of the Minister of Finance in trust for the crown and it was directed that entries should be made in the stock register and other books of the Grand Trunk accordingly (see paragraph 19).

(9) In pursuance of this order transfers to the Minister of Finance of the stock then registered in the name of your petitioner and of his assignors set out above were registered in the books of the Grand Trunk without his or their authority or consent. In the year 1931, duly executed transfers of the stock so assigned to him were presented by him both in London and Canada for registration in his name, but registration was refused. A demand by him that the register should be rectified by restoring therein his name as owner of the stock registered in his name on the 19th of January, 1923, was also refused (see paragraphs 20, 26, 27 and 28).

(10) By an indenture dated 30th January, 1923, made between Canadian National Railway Company (hereinafter called "the Canadian National") and the Grand Trunk it was purported to be agreed that the Canadian National and the Grand Trunk should be and were amalgamated into one company under the name of the Canadian National; that the capital stock of the amalgamated company should be one share of the face value of upwards of 180,000,000 dollars; that this share should be issued to the Minister of Finance in trust for the crown and that upon such issue the minister's holding of the capital stock of the Grand Trunk should be surrendered by him to the Canadian National for cancellation. This agreement was sanctioned by an order in council approved by His Excellency the Governor General on the 30th of January, 1923 (see paragraphs 21 and 22).

[Mr. Bennett.]

4. Your petitioner therefore claims in this action on behalf of himself and the stockholders he represents the following relief (paragraph 32 of the statement of claim):—

(A) A declaration that the transfers to the Minister of Finance of the stock of the Grand Trunk registered on the 18th of January, 1923, in the names of your petitioner and the other stockholders are invalid, and rectification of the register accordingly.

(B) (C) (D) (E) and (F) Declarations that the Grand Trunk Railway Acquisition Act, 1919, the resolution of the general meeting of stockholders held on the 19th of February, 1920, purporting to approve the transfer agreement, the transfer agreement dated 8th of March, 1920, the act of 1920 (10-11 Geo. V. c. 13) confirming the agreement, and the order in council dated 19th January, 1923, are and each of them is ultra vires and void.

Those were the proceedings taken many years ago against the railway company, that is the Canadian National, and also against the attorney general of Canada. Those proceedings ultimately resulted in this country in the action being dismissed on demurrer, the point being that no action could be brought except by petition of right. Then they gave notice of appeal to the privy council. Ultimately it was decided that the provisions of the act of Ontario granting an appeal to the privy council was not sufficient to enable the appeal to be taken. They then lodged their petition in the privy council to perfect their appeal there and it was heard on the 22nd of March, 1935; that is this year, and leave to appeal was granted. Therefore the case that has been pending more or less since 1921 is now before the privy council for argument, and in a public meeting of the Grand Trunk junior stockholders, an organization created to safeguard what is spoken of as the interests of the Grand Trunk shareholders, the chairman, Mr. Ormsby Gore, made statements as to the desirability of the appeal being expedited. In the hearing before the privy council when leave was granted, the application for leave being opposed, the matter was discussed at some length and their lordships urged that steps be taken to expedite the appeal. The Minister of Justice therefore took every appropriate step to ensure that the appeal would be heard as soon as possible, and it is believed that it will be heard some time next month, in the month of July, before the privy council.

That is the record of the litigation, indicating first of all the application for the fiat, down to date. I mention that because to disturb the capital stock as it now stands might in certain eventualities be a matter of some moment to the Dominion of Canada, who are the shareholders, and I desire on that