

MR. BLACKWELL'S REPLY TO MR. CHAPMAN'S CHARGES.

1st. For having reported to the London Directors in December 1859, as follows, in page 11:—"As regards new works, I have to report that the Eastern Extension from Saint Thomas to Rivière du Loup is completed in the style of our best existing works," &c., &c. This statement being contrary to fact, as the line was not completed from St. Paschal to Rivière du Loup, a distance of some 25 miles. The Government Engineer's Certificate was not given until the last week in June, and the line only opened for running on the 2nd July 1860, in an incomplete state of ballasting, which was even proceeding under contract (with the Contractors to whom the working is leased) in September when they stopped the work owing to the non-payment of the Grand Trunk Notes, which could not be negotiated at the banks. This statement, while it deceived the Shareholders also misled the Directors, who, in their report of the 27th March, alluded to it as follows:—

"The recent Report of the Managing Director, Mr. Blackwell, informs the Shareholders of the completion of the Company's works, and the London Directors cannot but congratulate the Proprietors on this fact, and on the final settlement of the accounts with the English and Canadian Contractors."

1st. The Extract here quoted by Mr. Chapman, forms a *portion only* of a sentence included in a general statement of engineering details over the entire line; if the whole sentence had been quoted, as in fairness it ought to have been, it would have shown that the statement complained of applied especially to the "Masonry, Bridges, Buildings, and Drainage" of that section of the line between St. Thomas and Rivière du Loup, all of which were completed in December 1859, the Contractors' final Certificate having been given on the 17th of November, and accounts closed with that firm. It was to this fact that I particularly alluded when I reported the Eastern Section as completed in the style of our best existing works. It was true that a portion of the ballasting between St. Paschal and Rivière du Loup was incomplete, the explanation of which fact is shortly this:—the Minutes of the London Board show that it was agreed in the summer of 1859, to wind up finally all unsettled accounts with the Contractors, Messrs. Peto & Co., and in the settlement it was considered advantageous for the Company to take into their own hands the unfinished ballasting, and to complete it from time to time as required.

An actual saving, as compared with what would have been paid to the Contractors, was thereby effected of \$115,000, and as it was never intended to open that portion of the line until the summer of 1860, the actual payment of the cost of this ballasting was also postponed for about nine months. The report of the London Directors of the 27th of March, objected to by Mr. Chapman, in which they referred to and congratulated the Proprietors on the final settlement of the accounts with the English and Canadian Contractors, was also correct.