

in the contract between the second and third parties of the work done and to be done by the third parties to complete their contract; and, 2. Of the sum of forty thousand dollars to provide for the repayment of the five instalments of eight thousand each, which shall have been paid to H. Noel, as hereinafter stipulated:—
3. Of a sum of thirty-three thousand dollars.

About the end of October last Mr. Light made an estimate by which it appeared that the works would not absorb all the subsidies transferred and that there should remain after payment for the works, a sum of above \$30,000, and this sum it appears should be returned to Mr. Armstrong.

Two protests, dated second and twenty-fourth December, were made by the company, requiring Mr. Burland to accept Mr. Light's estimate and to pay the balance of the subsidy.

A counter protest was made by the sub-contractors on the twenty-first of December, by which they say that the estimate was not made by Mr. Light, that it is irregular and incomplete, does not cover all the works and that the whole subsidies are not sufficient to pay the cost of these works.

Mr. Burland refuses to pay because the demand is not made to him by the sub-contractors.

A cheque of the Federal Government for about \$40,000 has been issued, payable to the order of the company and is now deposited in the Quebec Bank.

Mr. Armstrong, referring to Mr. Light's report, demands that the company should pay him this amount and adds that the clause in the contract by which Mr. Burland should pay the balance at the demand of the sub-contractors is a clerical error and that this clause should have said that this payment should be made on Mr. Armstrong's demand.

I am asked, under these circumstances, what the company should do? I am of opinion:

1st. That the clause in the agreement by which the return of the balance of the subsidies should be made on the demand of the sub-contractors cannot, at least in the absence of positive proof, be considered to be a clerical error.

2nd. That this proof, very difficult to make, would be, even if made, probably rendered useless by the other stipulations of the agreement, that the transfer by the company is absolute and that the powers of attorney given by it are declared to be irrevocable until the completion of the works.

3rd. That the refusal of Mr. Burland is strictly within the limits of the trust with which he has been invested.

4th. That the company cannot intervene and that it would not be opportune or legal for it to endorse the cheque in favour of Mr. Armstrong. It could not do it without violating its contract and its officers would be placed in a very difficult position.

5th. That under these circumstances, and for the present, it should hold back, leave the cheque where it is and wait to adopt later on a line of conduct which would be dictated by what the interested parties themselves may do.

(Signed), JOS. G. BOSSÉ.

QUEBEC, 7th February, 1887.

EXHIBIT No. 78.

"From Quebec, 12.

"FEB. 12, 1887.

"To C. N. ARMSTRONG,

"Place d'Armes Hill.

"Sub-contractors returning Montreal; nothing done; they will see you. Amount bank will be placed to credit trustee. I leave for country Monday.

"THEODORE RORITAILLE."