

but this measure has been adopted for the general benefit of all *present* creditors, to guard against hostile prosecution of individual claims, and for the protection of the Company's interests."

"Among *present* creditors, the London Board, on being appealed to, stated they did not include the Preference Bondholders. The above announcement was the first intimation by the Directors that any legal proceedings had been taken against the Company.

"In order to ascertain whether the Judgment Creditors really possessed the "*power*" which the Directors asserted in their Report, a case was laid before eminent Equity Counsel (Sir Hugh Cairns, Q. C., Mr. Amphlett, Q. C., and Mr. Westlake), accompanied by all the Canadian Acts relating to the Company, to advise thereon, and also as to the rights and remedies of the First Preference Bondholders, and the following is a copy of their opinion :—

- "1. We are of opinion that by the terms of their Bonds and of the Canadian Statutes, the First Preferential Bondholders of the Grand Trunk Railway Company of Canada possess an hypothec, mortgage, charge or lien, of the same nature, covering the same kinds of property, and ranking in the same order of priority, with that which the Province had previous to the Act of 1856, st. 19 and 20 Vic., cap. 111; and that such charge extends to the rolling stock and plant of the Company as well as to the road and works, and is a first charge thereon.
- "2. We are of opinion that the said First Preferential Bondholders are entitled, in case of any danger to their security, to have Receivers appointed, or such other means employed as, by the laws of the respective jurisdictions through which the Railway passes, may be provided for protecting and making available the property included in their charge; and assuming that there is an evident prospect of the revenue of the Company proving insufficient to pay the interest becoming due on their bonds, and that judgments to large amounts have been obtained against the Company in Upper Canada, we consider that an application to the Court of Chancery in Upper Canada for a Receiver, and an Injunction to restrain the judgment creditors from issuing execution, would be successful.