

special instructions may be given in this matter, which differs greatly from an ordinary case of inspection.

"I have further to request that immediate attention may be given to this matter, as I believe application has been, or is about to be made to the Chief Engineer for his final certificate, both as to the debts and construction, including equipment. Should the contractor inadvertently be placed in legal position to demand payment without full compliance with Clauses 13 and 14, severe loss would fall upon the shareholders, because, to accommodate the traffic offered, they would be compelled immediately to supply a large amount of rolling stock at their own cost, although included in the price paid the contractor.

"I enclose estimate made by T. Wastie, a man of great experience, of crop of wheat alone which will require to be moved this autumn over our line; and also from the Reeve of Hamiota in regard to this district; other traffic will alone be very considerable.

"In conclusion I may say, that we suffer much from the assertion in London papers that the debts under Clause 27 are not all paid or settled, and we shall be glad to get a certificate to the contrary as soon as possible.

"I have the honor to be;

"Your obedient servant,

"(Signed)

J. A. CODD,

"President.

"To HON.

"MINISTER OF RAILWAYS AND CANALS,

"OTTAWA."

Receipt of my letter was acknowledged by the Department, but a copy of it, or the information contained in it, as well as the confidential report of our consulting Engineer, was immediately supplied to our said contractor, by or from the Department, and have since been used by him greatly to our detriment in court.

Notwithstanding the warning given in my letter of 4th August, on the 13th of August a report was sent from the Department of Railways to our contractor, with whom, I repeat, the Department had nothing to do in the matter, through his solicitors, containing a certificate of the Chief Engineer of Government Railways, dated 10th August, stating that a final inspection of the line had been made and that the railway was completed, equipped and in running order, in accordance with the terms of agreement made by the Company with Her Majesty and the specification attached.

On the same day the solicitors to our contractor, A. Charlebois, demanded payment of the balance of £150,000, on the ground that the Government had made the final inspection of the road, and given a report that it was completed and equipped according to the agreement of the Company with Her Majesty and the specification attached thereto.

The *final* inspection of the line was therefore made, not only without application from the Company, but without their knowledge, no notification having been received by the Company or any of its officers of the intention to so inspect.

The report signed by the Chief Engineer on the 10th August—six days after the Company notified the Department that they had not yet completed their line, and sent out of the Department to the said A. Charlebois's solicitors on the 13th day of August, more than eight days after such warning from the Company had been lodged in such Department—was absolutely *untrue*, in so far as it said that the line had been completed and equipped and was in running order in accordance with the terms of the agreement made with Her Majesty, as the Schedule annexed hereto, showing the state of the line at that date,