

Q. The letter to Mr. Carson, Manager of the Bank of Toronto.

By Hon. Mr. Graham:

Q. While Major Bell is looking for that, may I ask a question? Did you not really draft that Act of 1919 yourself?—A. Sure.

Q. Then you know what was meant by it?—A. Absolutely, or at least I thought I did.

Sir HENRY DRAYTON: He certainly knows what he thought he meant.

Mr. KYTE: And there is no evidence that he did not think right.

Sir HENRY DRAYTON: We will find out.

The WITNESS: This is the letter, and it does not seem to be a guarantee.

“In connection with the advance made by your Bank of 38,232,161 French francs (\$2,608,330), to Arnold Aronovici, for which his note has been issued payable on demand at 6 per cent, funds have been deposited by the Canadian National Railways in a special account in the Montreal Branch of the Bank of Toronto in the sum of \$2,608,330.

This money is not to be withdrawn from the Bank of Toronto until the note and interest thereon is paid. You are authorized at any time to call for the payment of the said advance with interest after giving the General Treasurer of the Canadian National Railways five days' notice of your purpose so to do, and if the principal of the said note is defaulted, you are empowered to apply the deposit to the liquidation of the defaulted principal. Any failure to pay the interest on the note is to be brought to our attention, but no part of the deposit is to be used for the discharge of this indebtedness.”

Q. I would just say to you that while it is a deposit it creates a limitation. It limits the right of the company so that it cannot draw against that deposit?—A. Surely. It is just collateral security.

Q. What do you say as to the company's legal right to do that?—A. I do not say they have not the power to do that. I would not go so far as to say that unquestionably they had power to put up security for anything.

Q.—Yes?—A. Yes.

Q. You want us to take just as you state it or would you like to limit that?—A. Possibly it is rather broad.

Q. It is so broad as to be ridiculous and I think on reflection you will see it.—A. That is entirely within the powers of the company.

Mr. KYTE: That is what everybody inferred, except our friend Sir Henry Drayton.

Sir HENRY DRAYTON: The Chief Whip is here to help you out and say that the English language does not mean what the English language says.

WITNESS: We could not put up money for a banking purpose.

By Sir Henry Drayton:

Q. What is your view as to the right of the company to enter into obligations, capital obligations, which must charge their shareholders, the Government, without the Government's consent?—A. There is nothing in the Act as I drew it. It puts no restriction on the company in that particular. So far as legal rights are concerned there is no restriction. So far as moral rights are concerned the Government should be consulted.

Q. Do you think it would be wise to make a little amendment to that Act?—A. My attitude is always to tell the Government everything, especially everything of any importance.