

Agent, Mr. Burke, wrote enquiring if the Lorway Coal Company would accept an offer of \$2.50 per ton f. o. b. for their entire output of their Emery seam during 1874, to which I replied that the Company's lowest quotation was \$3. and with orders not to pledge their output at any price without further orders, as they expected to do better by waiting. I added, however, that if he could make a firm offer of \$2.75 for the whole produce (estimated at 75,000 tons) I would submit such offer to the Board. To this Mr. Burke assented, when I cabled to Mr. Fenn for instructions, under date 18th Dec. and wrote Mr. Rod. Mackay upon 24th of the same month, recommending prompt acceptance of the offer. I also again addressed Mr. McKay, under date 8th Jany, giving him \$2.50 as the quotation from neighboring collieries. Finally, I again brought the matter to the attention of your Directors, when in London, during February and March. After some delay, you concluded to accept Mr. Burke's offer, and a cable-gram was sent to him to such effect; but *subject to terms contained in contract mailed*, or words to like intent. This *rider* to his offer, Mr. Kennelly will do me the justice to say, I strongly objected to, knowing as I did Mr. Burke's influence and antecedents, and that it would prevent him from closing the sub-contracts upon which his offer was based—and so it turned out. Pictou and other collieries offered an equally good coal to our connection for \$2.50 per ton, and finally succeeded in obtaining all orders of importance pending Mr. Burke's forced inactivity.

After Mr. Kennelly had seen Mr. Burke in Montreal, he expressed himself as entirely satisfied with his explanation, and re-appointed him as *your* Co's agent for Canada. At that time Mr. Burke made an offer of \$2.50 per ton for 10,000 Emery coal, which was refused; but afterwards, upon more mature consideration, accepted; but the delay was again fatal, and when Mr. Burke reported that \$2.25 could *then* only be obtained, Mr. Kennelly accused him of running down prices for his own advantage and cancelled his agency! A very serious mistake, as I then impressed upon Mr. Kennelly, being fully aware that personal influence and connection is *all* important, in obtaining *any* contract of consequence in America. Pictou collieries regained—the trade that myself and agents had obtained for Cape Breton coal, and last years Government reports confirm such statement. It is thus manifest, that Mr. Burke is in *no* manner to blame, and that no "loose contract," was *ever* entered into with him by myself.

As already explained, the delay of settlement, losses and disappointments upon former shipments are clearly traceable to demurrage and other causes, over which neither myself nor agents, had any control, or are in the slightest degree to blame.

Dual management, and I may add London management, will never obtain a North American trade for your Company; but South American, European and Indian traffic can of course be better controlled in your metropolis. I am quite free in expressing such an opinion, as I am not in any manner seeking employment from your Directors.

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