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REPORT OF THE ROYAL COMMISSION PRESENTED TO THE LEGISLATURE

Following is the report of the Royal Commission, appointed to investigate whether any member of the Legislature or any official of the Provincial Government was improperly concerned in the Alberta and Great Waterways Railway project.

To His Honor the Lieutenant-Governor of Alberta in Council: Your Commissioners, appointed by your Commission issued on the 18th day of March, 1910, to enquire...

On the assumption of the sitting on the 14th April, Mr. Robson and Mr. Minty, who had been in Edmonton on the preceding day, were absent, having returned to Winnipeg the night before.

On the 14th of April, Mr. Robson and Mr. Minty, who had been in Edmonton on the preceding day, were absent, having returned to Winnipeg the night before.

The jurisdiction of your commissioners to compel the attendance of witnesses before them being limited to this Province and it appearing that in addition to Mr. Minty there were several witnesses in Winnipeg who could probably give useful evidence...

benefit of his evidence. Your commissioners, however, have not thought it advisable to defer making any report until the evidence of Mr. Clarke could be obtained, but rather considered that the result of the inquiry as far as it had proceeded should be reported, reserving for a later date any supplementary report which may be necessary in the event of the evidence of Mr. Clarke, or any other witnesses, becoming available.

An invitation was sent to the president and general manager of the Royal Bank, residing at Montreal, to attend the sittings in Toronto and the evidence of this invitation was declined, and as their attendance could not be enforced, their evidence was not obtained; but evidence was obtained in Edmonton, from the local manager of the said Bank, regarding Mr. Clarke's relations with the Bank's business on the subject-matter of the inquiry.

During the sittings of the commission in Edmonton, after the return from Toronto, information was received that Mr. Vivian Smith, a member of the firm of Morgan & Co. of London, Eng., the supposed promoters of the bonds, would be in Ottawa in a day or two.

It appears that in the year 1905 Mr. Jas. K. Cornwall and certain others became incorporated by Act of the Parliament of Canada, under the name of "The Athabasca Railway Co., Ltd." with power to construct a railway from Edmonton to the Athabasca River at or near Fort McMurray.

On the 29th October, 1906, Mr. Cornwall gave an opinion (the document evidencing which was prepared by the firm of Short, Cross & Biggar), to W. A. Faulkner & Co., of Winnipeg, whereby, for the consideration of \$2,500 cash, to be paid before the 15th December, 1906, and which was to be secured by a mortgage on the whole benefit of the Athabasca Railway Co. charter upon Mr. Cornwall being paid the further sum of \$2,500, or receiving \$10,000 of full-paid stock in the company.

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with him this winter, and on each occasion gave him a line of reasoning which he is prepared to accept now. I am morally certain that we can get a guarantee for the bonds at a reasonable guarantee. He won't stand for watered stock, but will back a guarantee for the actual cost of road.

In the meantime Mr. Cornwall had, on the 12th February, 1907, entered into an agreement with the syndicate whereby in the event of his being able to secure a sufficient guarantee of bonds from either the Provincial or Dominion Government, he was to receive \$544,000 of paid up stock in the railway company out of a total not to exceed \$2,000,000.

The occasion of the meeting of Mr. Clarke and Mr. Cornwall in Calgary was an exhibition being held there in 1908, at which time the members of the syndicate and himself, and Mr. Clarke had an interview with them there in Mr. Cross' room at the hotel, when there was a discussion of his proposed project of building a railway under the Athabasca Railway charter, and his desire of assistance if, after making proper surveys, the proposed project was feasible.

Mr. Clarke's agreement with Mr. Cornwall, that he would transfer his interest in the Athabasca Charter and Syndicate made in Alberta, in pursuance of the agreement made in the letter to Mr. Minty on August 29th, 1908, was also indicated by Dr. Waddell, though the Premier states that the second point was determined at the meeting of November 14th.

"Dear Sir—In order to develop the country north of Edmonton, we will introduce, promote and submit for ratification at the next session of the Legislature, a bill to incorporate you and your associates as a company to build and operate a railway suitable for the requirements of the country, in accordance with the terms of the accompanying draft charter, and to guarantee its bonds in accordance with the terms of the

accompanying Guarantees Act. The cost of the Edmonton terminals, as mentioned in the draft Act and Mortgage, shall not exceed \$400,000.

"(Sgd.) A. C. Rutherford, Premier." "W. R. Clarke, Esq., "Kansas City, Missouri, U.S.A." Though there are drafts and copies of the acts and mortgage on the files, there is none which can be positively identified as an exact copy of any of those enclosed with the letter, in the details, so that it is impossible to ascertain their exact terms, and to know what details were settled; but Mr. Rutherford states that at the question of sidings and mileage were not determined until a later time.

Mr. Cross states that nothing was settled until this meeting, and that it is quite clear that Mr. Cushing had not agreed to any definite terms of assistance until this meeting; but it seems equally clear that in a general way, at least, the substance of the agreement was an understanding on the part of Mr. Clarke that he was to receive assistance of the character determined at the meeting, and that Mr. Cross at least was aware of the same fact for more than a month before Mr. Cross transferred his interest to confer with Mr. Minty, Mr. Clarke's solicitor, for the purpose of drafting and settling the necessary documents to provide for the guarantee, and that Mr. Woods, in pursuance of his instructions early in October, had an interview with Mr. Minty on the subject, Mr. Minty also stating that it was his belief that the guarantee was finally decided on early in October, and that Mr. Minty sent Mr. Woods a draft mortgage for consideration, and that early in November a week or more was spent by Mr. Woods and Mr. Minty in settlement of the necessary documents. As will be seen, however, the documents which were prepared and signed on the 14th of November, 1908, and which were prepared at that time, Dr. Rutherford also says that before the meeting the principle of the guarantee was decided on. Further, on November 6th, 1908, Mr. Phillips advised Mr. Minty that he had been admitted to Mr. Clarke some modifications of his estimate of October 29th. Two items are as follows:

"A. Proportional expense for terminals. This should be omitted, because I find that you will be able to make a bond issue for the Edmonton terminals, and at Fort McMurray the several terminals which you will put in will be in the nature of side tracks, and will be counted in your mileage.

"B. I find, as just indicated, that the sidings will count in your total mileage, but that item of expense should also be omitted from my estimate." This was eight days before the meeting, and he says that he transferred his interest in the Athabasca Charter and Syndicate made in Alberta, in pursuance of the agreement made in the letter to Mr. Minty on August 29th, 1908, was also indicated by Dr. Waddell, though the Premier states that the second point was determined at the meeting of November 14th.

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