

without application from the Company, but without notification being sent to them of the intention of the Department to cause such inspection to be made.

In July, 1890, I as President of the Company, as well as representing those in England interested in the property, but not shareholders, inspected the line and found it to come so far short of the standard set out in the agreement with Her Majesty and the specification attached thereto, both as to construction and equipment, that I could not recommend my correspondents in England to call for money from their associates, on the representation that it had been completed to the standard agreed upon. Upon my return to Ottawa, therefore, in place of notifying the Minister of Railways, as I had expected to do, and as required by Railway Act, 1888, Section 200, of our intention to operate the line, and that it was ready for inspection, so that the Company might obtain the final report of the Chief Engineer referred to in our contract with Charlebois, that they, the Company, had completed and equipped the line in accordance with the agreement made with Her Majesty and the specification attached, I was compelled to write the following letter to the Minister, warning him that I had reason to believe that an attempt would be made by our contractor, with whom the Department had nothing whatever to do in the matter, to get a report made by the Chief Engineer, passing the line, and pointing out the great injury that would ensue to those interested if, through any inadvertence, such certificate should be given :—

“ OTTAWA, August 4th, 1890.

“ SIR :

“ I have the honor to bring to your notice the position of the present shareholders of this Company, in regard to the contract made between the Company represented by its original shareholders and Her Majesty, dated the 12th September, 1887.

“ On the 17th September, 1889, the present shareholders, who, with trifling exceptions, reside in England, purchased all the shares in the Company from the original holders, represented for that purpose by Mr. A. Charlebois, contractor, upon his undertaking to fulfill the conditions of the said contract with Her Majesty as to the first fifty miles of the line, before final payment was required.

“ The agreement made by the present shareholders was for the purchase of the first fifty miles of railway, built and equipped in complete running order, according to the specification attached to the said contract with Her Majesty, and forming part thereof, together with 320,000 acres of land, to be earned thereby, clear of any liability, under Clause 27 of the Charter of the Company.

“ The price fixed was £200,000, the last instalment being payable upon the line being completed to the satisfaction of the Chief Engineer of Government Railways, as per specification referred to, who was also to certify all debts paid under Clause 27 of the Charter.

“ The price was fixed at this large sum solely in consideration of the class of road and equipment called for in the specification, the purchasers being aware that the first fifty miles passed through a well settled and highly cultivated district for its whole length, and that the traffic immediately developed would require an amount of rolling stock, and other accommodations greatly in excess of that usually considered necessary on a new line of similar length.

“ Reliance was placed upon Clauses 13 and 14 in the specification, with the full knowledge that, if they were fulfilled, the line would pay operating expenses the first autumn.

“ In reference to the above I enclose a report of our Consulting Engineer, Mr. W. Murdoch, C.E., who confirms my opinion, that the rolling stock and accommodation furnished is fully inadequate to comply with Clauses 13 and 14 of the specification, and I beg to request that, as our shareholders are solely dependant for safety upon the certificates of the Chief Engineer of the Government Railways regarding such equipment and debts under Clause 27 of their Charter,