

CANADA.

siderable sum. I think over \$200,000, if not \$250,000, in the first place, but this included the \$40,000 Sir Hugh had received. Afterwards there was some little negotiation about it, and he reduced his claim somewhat, and finally he came to Montreal with Mr. Smith and Mr. Hurlburt. He read me passages from the correspondence, and showed it to me; stated to me his position, and added that he had been ill used, and spoke of his claim for a considerable sum of money. He also showed me the contract with his friends, which I glanced over to verify a statement he made as to its contents. I wrote him, with Sir Hugh Allan's authority, that so far as the disbursements went, Sir Hugh Allan was ready to pay them, and with regard to their services, he was ready to pay them a reasonable sum, but that the demand he was making was one which did not appear to me to be based on either of those principles, but was in fact such a demand as that Sir Hugh could not listen to at all. He came to Montreal, as I have stated, with Mr. Smith and Mr. Hurlburt, of Chicago. I had an interview with those gentlemen, and I then, for the first time, saw those letters. I think this was in January. I did not read them all, but I read, or heard read, extracts from some of them, which showed me their character. I saw at once that the publication of these letters which Mr. McMullen had threatened to publish, would produce a deal of outcry, and would probably interfere with the prospects of the deputation going to England to raise money for the Road. I thought it was best for Sir Hugh Allan to make any arrangement in reason, or out of reason, in order to get through with his mission to England before there was any row made about them. I therefore arranged with Mr. McMullen to accept \$40,000 in American currency. He assured me that he had spent above \$20,000, and the remainder he claimed as remuneration for loss of time of himself and his friends. But this arrangement did not include the \$40,000 received by Sir Hugh Allan.

I thought it would be a prudent precaution to prevent the publication of these letters, and therefore to make the payment of part of the money dependent upon their not being published for a reasonable length of time. The paper read by Sir Hugh Allan, which was afterwards given to Mr. Starnes along with the sealed packet, was prepared by myself. It was submitted to Sir Hugh Allan and signed by him, and afterwards also signed by Mr. McMullen. The package was made up on the spot, and Mr. McMullen and I gave it into the hands of Mr. Starnes.

I also paid Mr. McMullen \$20,000. The cheque for the remainder was to be delivered to him some time after the rising of the Session in the event of these papers not being published. He declared to me that there were no copies of them in existence, except the one which he had given to Sir John A. Macdonald, which is the copy referred to in the paper. He undertook also to procure the sanction of Messrs. Smith and Hurlburt to this arrangement, and he wrote a letter to Sir Hugh Allan, discharging him from all claims of every kind and description. I think Sir Hugh Allan has this letter which Mr. McMullen wrote to him. I also produce and fyle the letter which Mr. McMullen wrote to me marked "U."

Q.—Do you know Mr. McMullen's handwriting?

A.—I think I saw him write this letter.

Q.—Was that concession or payment made by Sir Hugh Allan at once or after consultation with you?

A.—It was made after the negotiation had spread over a couple of weeks, I should think, and after several notes and interviews had passed between Sir Hugh Allan and myself.

Q.—You were negotiating with Mr. McMullen?

A.—I was negotiating with him on behalf of Sir Hugh Allan as his Solicitor in the matter.

Q.—What did you say was the motive that induced Sir Hugh Allan to give a sum beyond the actual disbursements which were alleged to be \$20,000.

A.—In the first place, I think, Sir Hugh recognized the fact that Mr. McMullen and his friends had really spent a good deal of time about their scheme, and that they had given themselves a good deal of trouble about it. I think he recognized also, that they should have some remuneration for that. I think he considered that the sum demanded for that was very large, indeed exorbitant, but he thought it was better to settle the matter than to have a great outcry and scandal, while he and the delegation to England were endeavouring to raise money for the Pacific Railway. I imagine that he saw that if these letters were published an immense deal more would be made out of them than their importance warranted, by any parties who were opposing the Pacific scheme, and he desired that their publication, if it were to take place, might not be until after his return.