

Q. Can you sell lines that you now own?—A. No, except with the consent of the Governor-in-Council.

*By Sir Henry Drayton:*

Q. You distinguish between "property and railway"?—A. Unquestionably; that is the distinction.

Q. Because the system has been selling property.—A. Yes, but no lines of railway. I will just read you the clause which I put in the 1919 Act myself.

"With the approval of the Governor in Council, on the recommendation of the Minister of Railways and Canals, agreements for any of purposes specified in sections three hundred and sixty-one and three hundred and sixty-four of the Railway Act may be entered into between the Company and any Company, now or hereafter comprised in the Canadian Northern System, or between the Company and His Majesty, or the Company and any other Railway Company approved by the Governor in Council, or between any two or more of any such parties."

This section of the Railway Act quoted there is from the old Act, not the one of 1919. This Act was passed in June 1919, so that would be sections 151 and 154 of the present Railway Act of 1919. These agreements referred to are agreements for the purchase, lease, or other acquisition of railway lines, or for amalgamation, and can only be entered into with the approval of the Governor in Council upon the recommendation of the Minister of Railways. So if you want to buy or sell any part of the System, or buy any line from any other company, you have to go to the Minister of Railways; he has to recommend it to the Governor in Council, and the Governor in Council has to pass an order-in-council. There is no such restriction on ordinary property.

Q. If that be correct that purchase which we heard of, I think on Monday of the 12 miles of railway running to Bout de l'Isle would have to be approved of by the Governor in Council first?—A. I made a gentleman's agreement in that case. I simply went down and closed the agreement and told them it was subject to the approval of the Governor in Council, but I did not pay over a dollar until I got the Order in Council in my hand.

*By the Chairman:*

Q. Summing up, then, your contention is that the railway was entirely within its legal powers in making that purchase?—A. No question about that.

*By Sir Henry Drayton:*

Q. Then, Mr. Ruel, did you ever see the option?—A. No, never.

Q. Aronovici did not produce any papers?—A. No.

Q. Do you know who gave the option?—A. No. He simply said, as I remember it, he either had an option or was going to obtain one; the idea he tried to give me was that no one else could buy it but himself.

Q. That is an idea that is very often given by people who want to make deals.—A. I put it down as "hot air."

Q. Then there is another legal question, which was debated in the House last year. That is, as to the right of the System to give any guarantee to the Bank of Toronto in advancing the money. Did you give a legal opinion on that?—A. No. They did not give a guarantee, as a matter of fact; they merely made the deposit.

Q. Are you familiar with the file?—A. No.

Q. Supposing you look at it before you make that statement, and look at their letter of May 25, and tell me if that is not meant to be a guarantee.—A. What is the letter?