

marine architects of the U.S., as to the completeness of the plans and specifications, and the suitability of the proposed steamer, and this eminent marine architect was employed by the directors to see that the steamer would be built according to the plans and specifications, and it was only on his certificate that any money was paid to the Shipbuilding Co. It cannot, therefore, be possible that the N.N. Co. has, to the slightest degree, suffered in this connection. On the contrary, the Huronic is admittedly worth a considerably larger amount than the Company paid for it, fully complies with the terms of the contract, and is generally acknowledged to be the best passenger and freight steamer on the upper lakes. It is not true that other steamers of the N.N. Co. have been repaired by the Shipbuilding Co. without there being any proper check on the prices charged. No repairs have ever been made except under the closest check and scrutiny, and nearly all repairs have been made by men employed by the N.N. Co. itself, and directed by a competent person also in the employment of the N.N. Co.

"It is alleged that certain directors have for several years enjoyed a special tariff for the carriage of their goods. No director, person, firm or company has enjoyed a special tariff for the carriage of goods, but the same tariff and conditions have applied to all, nor is it true that the use of free transportation has been abused.

"The members of the board have always acted as a unit in the interest of the Company. It was, therefore, not divided into sections, each section having its adherents. No director has ever indicated by word or action any desire to have the Company's business run for personal interests. On the contrary the various members of the board have not merely sat at board meetings and drawn fees as alleged, but have all endeavored, as was their duty, to promote the best interest of the Company."

E. B. Osler, in seconding the motion for the adoption of the report, said so far as could be ascertained the troubles of the Company for the past year had been due to bad management. He thought that was really what it all meant, and so far as he could see there was no reason why, with proper management, the Company could not be as prosperous as formerly. The directors had been looking about ever since Nov. to see if they could find a good Manager, and they were in hopes of being able to get one to take charge of the affairs of the Company in the near future.

ACTON BURROWS' CHARGES.

Acton Burrows rose and said: "I wish to say that as the writer of the article in THE RAILWAY AND SHIPPING WORLD, I take the full responsibility for it, and am prepared to substantiate the charges made in it. Thinking that the matter would come forward in some way, I prepared a few notes which I will read."

J. J. Long: "I take it that the investigation made by Clarkson & Cross should be taken by you and by all shareholders of this Company as being of more value than anything that you or any other shareholder can obtain from any source whatsoever. As long as I am chairman of this meeting I do not propose to remain here to listen to you reading matter which I think, in view of the report we have before us, must be more or less a waste of time."

Mr. Burrows: "I have a right to be heard as a shareholder."

The President: "No. I will not allow it."

Mr. Burrows: "I claim my right to be heard."

The President: "I shall ask the sense of the meeting as to whether you shall or shall not be heard."

Mr. Burrows: "You wish to stop discussion. Mr. Osler stated that the report of Clarkson & Cross required explanation in

some points, and you yourself criticised it. I also have a right to say something about it."

The President: "I have not made any criticism of the report; I have stated some facts in explanation."

Mr. Burrows: "I have the same right to offer explanations of the report as you have. I have a right to speak, and I shall insist on going on."

The President: "I will not allow it."

Mr. Osler: "I think you had better let Mr. Burrows go on."

The President: "I am here to answer fully any and all questions that may be asked by shareholders, but not to listen to a statement criticizing the report of the auditors."

Mr. Burrows: "And I have a perfect right as a shareholder to reply to the statements made by you, and to place before the shareholders some of the evidence which I have to support the charges made. You have made some explanations of the report of Clarkson & Cross, and now propose to ask the meeting to declare that I be not heard."

Some further interchange of words took place, Mr. Burrows stating that the position taken by the President was a cowardly one, when Mr. Osler intervened and said Mr. Burrows had a perfect right to be heard, and that he should be allowed to proceed.

Mr. Burrows then proceeded with his statement, but was frequently interrupted by the President, and by another shareholder who objected to certain portions of it being read. The full statement is as follows:

"As I have taken a somewhat active part of late in discussing the affairs of the Company, I wish to explain my position in regard to the matter. As the publisher of a transportation paper, I am continually in touch with transportation people throughout the Dominion, and hear a great deal about the affairs of the various railway and steamship companies. Early last autumn, certain information came into my possession which convinced me that this Company was not being run in the interest of the shareholders generally, and being interested in the stock to a small extent, and having a considerable number of friends who were shareholders, I decided to look into matters as thoroughly as I could. The result was that I became convinced that a change in the control and management of the Company was absolutely necessary, and I accordingly submitted to a member of the firm of Osler & Hammond particulars of the information I had obtained, and they assured me that prompt steps would be taken to investigate my charges. I submitted to him the following resolutions which I thought it would be well to adopt:

"Be it resolved that Clarkson & Cross, chartered accountants, of Toronto, be appointed to make an investigation into the affairs of the Company since its incorporation in 1899 and into its present condition. That such investigation include the earnings and expenses for each year, the management, the purchase of supplies and other goods, the building of the steamer Huronic, the maintenance and repairs of other steamers, the granting of special rates for the carriage of freight, the granting of rebates on charges of freight, the issue of free transportation, and all other matters in connection with the operations of the Company. That they are hereby authorized to have full access to all premises, steamers, books, records, correspondence and other property and effects of the Company and to examine any of the Company's officers or other persons, and that all officers of the Company are hereby instructed to afford them full information and to assist them in every way possible. That they be authorized to employ any expert or other assistance they may deem necessary. That they report the result of their investigation on the lines above indicated and also state: 1. What special rates for the carriage of freight or rebates on

freight charges have been granted since the incorporation of the Company, who such rates have been granted in favor of, who authorized them, the reasons therefor, and the difference between the special rate at which goods were carried or between the rebates which were allowed and what would have been paid for them had they been carried at tariff rates or without rebates. 2. Full particulars of all annual, periodical or trip passes issued during 1903 with the names and addresses of persons issued in favor of and the reasons for issue. 3. The respective amounts paid to directors of the Company or to any Company in which such directors are known to be interested, particularly to T. Long & Bro., T. Long & Bro. Ltd., the Collingwood Shipbuilding Co. Ltd., and C. Stephens Co. Ltd., for goods, work or services of any description. 4. The salaries of the various officers and their qualifications for their respective positions. 5. Suggestions as to changes, if any, they may deem advisable in the management of the Company or in its operation so as to secure greater efficiency and to improve its net earnings. That the investigation be commenced at the earliest date possible, and that should Messrs. Clarkson & Cross, while it is proceeding, discover any facts which they think should be brought to the immediate attention of the directors or which would render advisable the suspension of any officer or employee they shall submit an interim report thereon.

"Be it resolved that hereafter no contract involving expenditure be entered into and that no expenditure be incurred without the sanction of the Board of Directors being first obtained.

"Be it resolved that no passes be issued for 1904, and that no requests for exchange transportation be made without the sanction of the Board of Directors being first obtained.

"Be it resolved that the management be instructed to prepare a detailed statement showing all goods and supplies of every description, including all printed and advertising matter which has been ordered and not delivered, with cost of same, and also a statement of any printed or advertising matter which may be in course of preparation but which has not been delivered."

"I was subsequently informed that these resolutions were considered too drastic to be adopted by the Board as then constituted, but that an investigation had been decided on, and that Clarkson & Cross had been selected to conduct it. At Osler and Hammond's request, I met Mr. Clarkson at their office, and furnished him with the information I had obtained, and which has formed the basis of the investigation. I suggested that Clarkson & Cross should secure the assistance of an accountant or auditor continually engaged in the handling of steamship accounts, as, while having every confidence in their ability as general accountants, I felt that this was a case where a specialist should be employed if matters were to be thoroughly probed to the bottom. The services of B. W. Folger, Manager of the Niagara Navigation Company, who has had a life-long experience in navigation matters, having been availed of to advise in the investigation respecting matters of management, etc., I think that if another expert, thoroughly conversant with steamship accounts, particularly the freight department, was secured, a good move would be made.

"I may add that to-day I represent more stock than the combined holdings of the Messrs. Long, and that outside of my own holding, I am representing several people who bought the stock as an investment, and not for speculation or on margin.

"I will now refer to the charges made against the management, the first being that of incompetency. Clarkson & Cross' report fully bears out this charge. Without going into details, they say in their interim re-