

By Sir Henry Drayton:

Q. Of course, at that time. We already have it, the Board knew nothing about it?—A. That is quite true.

Q. At the last session of the House, the Hon. Minister of Railways told the House on the 7th of June—and I was right about the date yesterday, in saying June—"That one of the Canadian National deposits was placed in the bank and remained there until such time as the building was taken over," and I asked him, "Well, that is better. So that \$2,000,000 in cash of the railway was applied to that purpose?" and Mr. Graham said, "To the bank," and I said, "\$2,000,000 cash of the railway's was deposited in a bank," and Mr. Graham said, "Yes." And later on, I said, "My hon. friend will agree with me that this is playing with words. What happens is this: The sum of \$2,000,000 of the funds of the Canadian National Railways is deposited in a bank for a specific purpose, namely, to enable somebody else in Paris to get \$2,000,000 from that same bank. Now, is that wrong?", and Mr. Graham said, "I think that is correct," and I said, "Of course it is correct. In other words the system is paying the money to finance this deal," and Mr. Graham said "Yes." Now, Sir Henry, is that correct?—A. Yes.

Q. Well, Sir Henry, how do you reconcile that statement with your letter to the Bank of Toronto, which says that instead of making a deposit of \$2,000,000, the deposit was \$2,608,330? How do you reconcile your statement of to-day with your letter of May 25 to Mr. Carson, Manager of the Bank of Toronto?—A. Would you be so kind as to read my letter of May 25? I don't quite remember the terminology?

Q. With pleasure:

"In connection with the advance made by your bank of 36,232,161 French francs (\$2,608,330), to Arnold Aronovici, for which his note has been issued payable on demand at 6 per cent, funds have been deposited by the Canadian National Railways in a special account in the Montreal branch of the Bank of Toronto in the sum of \$2,608,330.

"This money is not to be withdrawn from the Bank of Toronto until the note and interest thereon is paid. You are authorized at any time to call for the payment of the said advance with interest after giving the General Treasurer of the Canadian National Railways five days' notice of your purpose so to do and if the principal of the said note is defaulted, you are empowered to apply the deposit to the liquidation of the defaulted principal. Any failure to pay the interest on the note is to be brought to our attention, but no part of the deposit is to be used for the discharge of indebtedness."

The WITNESS: What was the date of Mr. Graham's remarks in the House?

Sir HENRY DRAYTON: The 7th of June.

The CHAIRMAN: I am informed that the information with regard to that was given to Mr. Graham by Major Bell, and that Sir Henry (Thornton) had nothing to do with conveying that information to Mr. Graham, so any discrepancies that might appear would not come within the knowledge of Sir Henry (Thornton).

Sir HENRY DRAYTON: Speaking in the very kindest spirit, I do not know as that interpolation has anything to do with the correctness of Sir Henry Thornton's memory.

The CHAIRMAN: I am trying to get at the facts, speaking in the kindest way also.

Sir HENRY DRAYTON: He made his statement only a few moments ago that the answer given in the House, and which the House accepted, was that there was a deposit of \$2,000,000, and this morning his letter shows that instead of

[Sir Henry Thornton.]