

companies, and A. J. Matheson, Provincial Treasurer, and attached thereto is the Government guarantee signed by A. J. Matheson, Provincial Treasurer, and dated July 17th, 1906. The said mortgage was filed with the Secretary of State for Canada on October 5th, 1906. The said mortgage embodies Section 2 of the Ontario Act with the exception of the word "upon" in the 9th line of said section. The mortgage, however, varies from the Ontario Act of 1904 by providing as follows: "Provided always that subject to the foregoing there are hereby expressly excepted and reserved from this mortgage and from the charges hereby created certain properties acquired by the company, situate at Barnesdale, in the district of Muskoka.....except the right of way and stations grounds through and upon said properties. There are also reserved and exempted from this mortgage any line or lines of railway other than the line of railway from Toronto to Sudbury aforementioned, hereafter constructed or acquired by the company, and the station grounds and other real estate and interest therein, buildings and other structures and improvements, rolling stock and equipment, plant, machinery, tool supplies, materials, and other personal properties, present and future, required for the purpose of the line or lines or properties by this proviso excepted or in connection with the operation, maintenance, or repair of such line or lines or properties or any of them, and the tolls, incomes and revenues of the company arising and to arise from them, or any of them, and the rights, privileges, franchises and powers of the company now or hereafter held in respect of such lines or properties or any of them, also all subsidies, bonuses or assistance in land, money or otherwise, which have been or may be given or granted by the Government of Canada, the Province of Ontario, or by any municipality in aid of the construction or acquisition of any such lines of railway or the line or railway from Toronto to Sudbury aforementioned." The Ontario Act of 1904 does not contain any clause or provision for such exemption as the foregoing, neither does the Act of 1904, nor the mortgage of 1906, except by the proviso, exempt the terminals at Toronto or Sudbury. More than two years before the date of this mortgage, the plans of the James Bay Railway were approved through the City of Toronto into the Union Station.

It is therefore clear that **Mr. Whitney made an absolute mis-statement** in asserting that "when the Administration came into power, it found that the mortgage was drawn in such an unbusinesslike manner that all the valuable parts of the property were omitted from it."