

STATEMENT

OF THE

Directors of the London and Port Stanley Railway

TO THE SHAREHOLDERS.

The City Council of London having ordered their Railway Committee to investigate the affairs and management of the London and Port Stanley Railway we the Directors of the Railway heartily concur in their resolution, and placed before the Committee such documents and evidence as they required, presuming that the position occupied by the Committee in connexion with the standing of the Municipal Council of the City of London, was a guarantee that the investigation would be conducted impartially and with an exact and diligent attention to all the circumstances.

The report of the Railway Committee published by order of the Municipal Council of London is, however, of such a character that we deem it necessary in vindication of our management to address you on the several clauses of the report, and would request you in the perusal of the report of the Railway Committee, to bear in mind that it is based upon statements we had no opportunity of rebutting, and that in consequence, the statements are presumptions instead of facts.

The directors beg to state that exertions have been made at different times to collect the amounts due on stock, the last resort, that of compulsion by law, is the only course which we have not fully resorted to; many of the original subscriptions to stocks are entirely worthless. The president informed the Railway Committee that the stock collectable was between £1000 and £2000. The reference to our giving notes to Ryno and Wellstead in payment of our stock "in expectation of an inquiry into the affairs of the Company" is mere assertion, and not at all warranted by circumstances. On the 11th March the Directors who have given their notes in payment of stock, finding that Messrs. Ryno and Wellstead had not been paid proportionably with the other contractors, felt bound to relieve them by the only means in their power, that of paying them the amount they were due the Company for stock. In avoiding interest on stock, this Company have only followed the plan of the Great Western Railway.

The Directors have since the formation of the Company been liable, individually, to the banks, for from three to seven thousand pounds and whilst bearing this individual responsibility which they might be called upon to pay at any time, do not consider they are at all culpable for not paying their statements on their stocks as called in.

The Directors having raised money on their private responsibility to a larger amount than could be collected from the private stock, negates the assertion of the Committee "that many who can ill afford it will now be called upon to pay a tax" in consequence of the Directors not having compelled those who were able to pay up their stock.

Mr. K. Paul, one of our number, obtained permission last year to erect a store house on some land belonging to the Company at St. Thomas and the superintendent was instructed to survey the land, advertise it and put it up to auction, thus giving parties an opportunity to procure sites for warehouses, some legal obstacles then appeared, which have since been removed, and Mr. Paul, is about receiving a lease of the land at a price to be fixed by the Directors, the remaining lots will be leased in the same manner, if any feel injured by this action, we have Mr. Paul's authority for stating that he will give up his interest in the lot to any person who will take the timber off his lands at a valuation. Mr. Paul has a contra account

against the Company which we presume will overbalance the amount he is due for stock. Messrs. Piles, Thompson, and others have contra accounts to a large amount against their stock; these and other names were pointed out by the President to the Railway Committee as entitled to credit on Stock List.

We now desire your attention to the structures on Mr. Leonard's contract in connexion with Ryno & Wellstead, the Car Contractors, and Mr. Bowman. On the 5th day of December, 1855, when the tenders for cars were placed before the Board by Mr. Bowman, Mr. Leonard distinctly stated to the Directors present his position with Ryno & Wellstead, then tendering, and withdrew from the room whilst the tenders were under discussion; on his return, the tender of Ryno & Wellstead having been previously accepted, he repeated that he rented them his establishment and had to furnish them with tools, materials and means to carry on the contract, and pressed his desire to retire from the Board on account of his connexion with the Contractors. The Directors were unanimously expressing their wish that Mr. Leonard should remain, and stating that they saw no necessity for his vacating his seat. Mr. Barker was not present—see minutes of Board. The first employment of Mr. Bowman was by a resolution moved by Mr. Barker, seconded by Mr. Anderson, 4th July, 1855, and his appointment as Superintendent was made in the following October, the resolution being moved by Mr. Leonard, and seconded by Mr. Barker, the Railway Committee refer to the latter fact, and with you we leave it to judge whether it was at all probable that Mr. Leonard nominated Mr. Bowman

with a view to securing through him the car contract for Ryne & Wellstead. In July 1856 (not 1855 as in the report of the Railway Committee) the Company had on hand twenty-five thousand pounds in Debentures of the City of London, which at that time were quite unsalable; a portion of these were given to Messrs. Piersen, Case & Co. at 25 per cent. discount. Mr. Leonard then contended that an amount should be granted to Ryne & Wellstead as they had not received any money on their contract for five months; the amount due them at this time was £5,965 besides an amount due on turn tables, (not £2,915 15s. as entered on the Minute Book,) the sum making up the amount not having been posted in the ledger, as will be seen by reference to the statement annexed. We assert that no intimidation or threats of any kind were used by Mr. Leonard to obtain these Debentures.

Had the Railway Committee published in the Appendix to their Report the amount due to Ryne & Wellstead on their contracts and accounts for repairs, together with the amount due to Mr. Leonard for land purchased from him in April, 1856, by the Company, amounting to £3,896, the prejudice which has been raised on certain points, we believe would have been obviated. While on the subject of the Report, in connexion with Mr. Leonard, we beg to state that of the 70 shares subscribed by Mr. Leonard, (50) were taken for the purpose of enabling the Company to organize on the day advertised, thus saving three months time—the intention being that on the reception of the stock books from St. Thomas and Pt. Stanley, the 50 shares should be transferred from Mr. Leonard's name to the subscribers at St. Thomas and Port Stanley. The contracts for cars and turntables were closed in December 1856. (See Appendix A.)

The arguments used in the Report to connect Mr. Leonard and Ryne & Wellstead, we feel may be safely left to your consideration in connexion with the facts we now place before you.

The opening of the tenders for cars by Mr. Bowman we believe was caused by his considering it to be his duty, as the tenders were advertised for to be addressed to the Mechanical Superintendent—Mr. Bowman being informed that it was the order of the Directors that all tenders for the future should be opened in their presence, their wishes have been complied with. We are aware that several members of the Executive Committee, if not all, were consulted by Mr. Bowman and expressed their approval of his giving the construction of the turn tables to Ryne and Wellstead, saving by this letting £170, and one month in time; this was explained to the Railway Committee by the President who stated that he ordered Mr. Bowman to close the contract with Wellstead & Ryne, as the work would be executed in the city.

The Railway Committee while referring to Mr. Bowman's report on the construction of the road, and censuring him for not having brought the subject at an earlier date before the Board, omit that he was not required to interfere with the works then under contract. The loss of Salt cannot justly be ascribed to Mr. Bowman, it was caused by a frost of unusual character and by the blocking of ice which caused the water of the creek to rise to a height which has not been known for the last quarter of a century; a considerable portion of the track was carried away at the same time and extensive damage was done to private property and that of the Board of Works, which Mr. Bowman might as well be blamed for, as for the loss and damage to Salt.

That Mr. Bowman has dismissed the servants of the Company without consulting the Board we admit but at the same time we assert that Mr. Bowman did so in the strict discharge of his duty, and in our opinion would have been censurable had he allowed the parties to remain in the service of the Company; one of the cases was explained to the Railway Committee and the expression of approval of Mr. Bowman's action appeared unanimous. The Superintendent is allowed the power of dismissing and employing servants as he deems necessary for the working and interest of the Railway, but the dismissals and appointments are only made subject to our approval, a full report of the circumstances being made to us at each monthly meeting, persons dismissed can at all times bring their cases before the Board, an appeal has only been made on one occasion and in this instance Mr. Bowman's conduct was fully approved.

We are aware that Long Point iron was used in the construction of car wheels, but Ryne and Wellstead having guaranteed them for twelve months it appears improbable that they would use iron of inferior quality; such car wheels as failed have been replaced by them at their expense.

The recommendation by Mr. Bowman of parties to fill situations on the Railway was made at the request of several of the Directors, we were aware that Mr. Bowman had more experience and knowledge of persons qualified for the several situations than we had, and it was from a desire to provide an efficient staff, that Mr. Bowman was requested to be prepared with names.