

COST OF THE ROAD.

Mr. Collingwood Schrieber, Chief Engineer of the Department of Railways and Canals, estimated the cost of this road at \$1,535,000. In making this estimate, he assumes that the road was built according to the standard fixed by the subsidy agreements. As a matter of fact, the road was not built up to that standard. The Company, however, received the following subsidies in aid of the construction of the road:

From Dominion Government.....	\$287,936
From Provincial Government.....	347,420
From Municipalities.....	15,000

\$650,356

Deduct this amount, \$650,356, from \$1,535,000, the cost of the road, as estimated by Mr. Schrieber, and there remains a balance of \$884,644, representing, at the outside, all the money which the Company ever put into the road.

ATTEMPTS TO SELL THE ROAD.

The alleged capital of the Company was \$400,000. The road never paid one cent of dividends to the proprietors; and after expending the sum of \$650,356, received in subsidies as above mentioned, they had incurred the floating debt of \$297,396, above referred to. Under these circumstances, the Company made various attempts to sell the road. In the first place, they attempted to dispose of it to the Grand Trunk Railway Company. The negotiations fell through; and then the Company, being in desperate financial straits, made several attempts to sell by giving options upon the road to various persons. They first gave an option to one Mr. William Farwell. This option was signed by all persons holding any interest in the Company, and the purchase price was fixed at \$500,000. Several unsuccessful efforts were made to sell for this sum. Finding themselves unable to dispose of the road at this price, they gave a further option to Mr. Farwell for \$400,000. Under the last mentioned option the road was offered for that sum to the late Conservative Government, which declined to accept it. In this desperate financial condition the road remained until the advent of the present Liberal Administration.

ADVENT OF THE LAURIER ADMINISTRATION.

On the 10th July, 1896, the Laurier Administration assumed the reins of Government. The Hon. J. I. Tarte became Minister of Public Works, and the Hon. A. G. Blair became Minister of Railways and Canals. Mr. J. N. Greenshields, of Montreal, was a well-known Liberal organizer, and an intimate and personal friend and confidant of Mr. Tarte. It at once occurred to him that there was now a splendid opening for disposing of the Drummond County Railway to the Government. He took steps to acquire

large blocks of the stock. A block of eighty thousand (or one-fifth) of the stock of the Company he purchased for the sum of \$24,000. He acquired a further block of fifty thousand dollars of the stock without giving one single dollar for it. The only consideration for the last mentioned block of stock was Mr. Greenshields' promise to use "his advice and influence as a financier" in furthering the interests of the Company. Thus, for 130,000 dollars worth of stock, or nearly one-third of the entire capital stock of the Company, Mr. Greenshields gave no money consideration whatever beyond the sum of \$24,000. It was his influence, not as a financier, but as a political organizer and manipulator, which formed the real consideration.

MR. GREENSHIELDS' RELATIONS TO MR. TARTE.

Not only was Mr. Greenshields an intimate friend of Mr. Tarte, but while negotiations were going on between the Government and Mr. Greenshields with regard to the sale of this railway the latter was actually assisting Mr. Tarte financially. About this time Mr. Tarte, who had not previously been regarded as a capitalist, purchased La Patrie newspaper in the name of his sons. Of the purchase price of \$30,000, Mr. Greenshields' cheque for \$20,000 formed a portion, and the notes for the balance of the purchase price bore Mr. Greenshields' endorsement. Both Mr. Tarte and Mr. Greenshields have stated that the latter was repaid or indemnified for all amounts which he advanced to Mr. Tarte. No information could be obtained, however, before the Committee which investigated the matter as to who provided these moneys which repaid Mr. Greenshields. Mr. Tarte absolutely declined to give any information as to where or from whom he procured the money for that purpose, and he admitted that it was not his own, and that it was provided by political friends.

The position, therefore, during the latter part of 1896, and early part of 1897, was this: Mr. Greenshields was negotiating with Mr. Blair and Mr. Tarte for the sale by the Drummond County Railway Company of its railway to the Government at the enormous price which will be mentioned later on. During the same period Mr. Greenshields was lending his cheques and endorsements to this same Mr. Tarte for the purpose of assisting him in financial arrangements, which Mr. Tarte never could have undertaken before the present Government came into power. It is not surprising, under these circumstances, that the Government agreed to pay to Mr. Greenshields, on behalf of the Company, a sum which was enormously in excess of the value of the railway and enormously in excess even of the amount which the Company afterwards agreed to accept.

During these negotiations Mr. Greenshields was shrewd enough to see that he had a good thing, and he accordingly acquired options at par upon 137,600 dollars' worth of the capital stock of the Company. These options he even-

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