MEANING OF $350,000 LOAN TO GOULD IS NOT YET DISCLOSED

Agreement Under Which It Was Made is Admitted in Evidence and Proves of Great Interest

Significant Statement of Chairman Regarding $207,000 of the Loan Repaid Out of Progress Estimates — A. R. Gould Invited to be a Witness Next Tuesday — A Remark About Paupers—How "the Borrowers" Got the Big Loan Before Construction Commenced

Further interesting testimony concerning the financial methods employed in connection with the Valley railwaywas given Friday before the Royal commission.

At the morning session Mr. Carvell gave notice that he would ask for the presence of A. R. Gould as a witness on next Tuesday, when the commission will be sitting in Fredericton. As Mr. Gould resides beyond the jurisdiction of the commission an official invitation from the commission, instead of a subpeona, has been sent to him and to his son, L. E. Gould. Mr. Carvell asked Mr. Mullin, who is counsel for the railway company, to have Mr. Gould in court, but Mr. Mullin made no promises. Mr. Gould will come, no doubt.

After long argument by counsel on both sides yesterday there finally was placed upon the record a copy of the agreement entered into between Mr. Gould and his associates and the Prudential Trust Company of Montreal, through which the Gould circle—described in the agreement as "the borrowers"—secured a loan of $350,000 before construction work had begun. The agreement makes mighty interesting reading.

In the course of testimony concerning this agreement and the payments made under it, counsel for the defence raised many objections, and in giving his opinion in favor of the admission of testimony the chairman remarked that there was a prima facie case indicating that $207,000 of the proceeds of the bonds, advanced to the Gould circle as part of the $350,000 loan, had been diverted from its proper channel.

When the argument about the admission of testimony was at its height Mr. Carvell spoke of the wider tribunal, the country, which was anxious to have all possible light thrown upon the transactions under review. Commissioner Wells remarked that the wider tribunal was not trying this particular case, or ruling upon it.

The day was marked by rather sharp advances of opinion between the commissioners on some points, and arguments between counsel were frequent, but the commission finally ruled to admit the agreement between the Gould Company and the Trust Company, and it proved to be a very valuable document. It is published in today's report.

While the discussion on this subject was proceeding, and objections to the admission of the document were frequent, counsel for Mr. Dugal asked why there was such strenuous objection to this testimony if everything was above board.

Mr. Brown, during his testimony, remarked to Mr. Carvell that the St. John Valley Railway people "were not paupers and are not paupers today."

"I don't think they are," said Mr. Carvell; "I think they have done very well, indeed."

The commission adjourned until Monday afternoon, when it is to meet in Fredericton. Further interesting testimony is expected then.

The inquiry was resumed yesterday with B. Hal Brown, of the Prudential Trust Company, Montreal, again on the stand.

Mr. Carvell asked for a reply to his question of Wednesday for permission to inspect the books of the Valley railway company and the construction company.

Mr. Mullin said that the companies are willing, provided their solicitor is present at the inspection and the order was made accordingly.

Wants Gould and Son

Mr. Carvell announced that he would expect A. R. Gould and his son, L. E. Gould, to be present not later than next Tuesday. They had been served, in view of the ruling yesterday, he could not say with subpoenas, but with invitations duly signed by the commissioners, but he had seen neither of them yet.

Mr. Carvell asked for a ruling on the objection taken at the time of adjournment on Thursday to the introduction in evidence of the agreement between the Trust company and the construction company for loans totalling about $350,000, of which $207,000 had been repaid by railway funds provided for construction purposes.

Mr. Teed reaffirmed his obection.

Mr. Carvell pointed out that on August 10 a loan of $50,000 had been made to A. R. Gould, and he wanted to know if the repayment of $207,000 covered this loan.

This statement was protested, and the chairman read from the account an entry showing the check to A. R. Gould.

Mr. Markey—It was a loan to the company.

Mr. Carvell—Is that the distinction.

Mr. Stevens held that the railway company and the construction company were so closely connected that the commission had a right to inquire into the affairs of both.

Mr. Teed asked if the court considered it had any jurisdiction over the $143,000 which has not been repaid. The chairman said that it might be difficult to apportion the payments made to the various loans which formed the total of the account.

Mr. Stevens said that the construction company was organized solely as a subsidiary company of the railway company and he believed they had a right to all the evidence about it from whatever source. It might have been organized for the purpose of the very transactions which it was the object of the inquiry to cover. Because the trust company was innocent, was no reason why the construction company should be allowed to cover its guilty tracks.

The chairmm said that a prima facie case that $207,000 had been diverted had undoubtedly been made out and that the commission had a right to inquire into it.

Judge Wells asked if the proof of diversion was not sufficient?

Mr. Carvell—If I can trace $50,000 to the hands of Mr. Teed, am I not to be allowed to do so. We find payments to ony is expected then.

Mr. Gould, to Mr. Lisman, to Mr. Thompson and others. If this money was used for improper purposes the people of this province have a right to know.

Judge Wells—The people of the province do not enter into this. They will take care of themselves.

Com. Fisher said that the account was headed "St. John Valley and Quebec Railway Company," which, he supposed was the name the St. John and Quebec Railway company was known before it was incorporated. He asked if the trust company regarded the loan as made to the railway company?

Witness—Yes, and the evidence already shows that the payments were made to the construction company.

After an extended argument, the court ruled that the document was not admissable.

Mr. Carvell—Who arranged this $350,000 loan?

A.—F. J. Lisman, of New York, Mr. Pascas, a New York solicitor.——

Mr. Teed—I object.

Keeping Something Back.

Mr. Carvell—There is something behind all this. I know what my friend is trying to keep back and he knows that I know.

Mr. Brown—I don't know.

Mr. Carvell—If you lived in New Brunswick you would know. There is a wider tribunal than this which will pass on this matter.

Judge Wells—The wider tribunal has nothing to do with the conduct of this court.

Mr. Carvell—They will certainly have something to say about it. I represent the people of New Brunswick in this matter and I have some rights here, Judge Wells.

Judge McKeown: If the money was diverted I think we have the right to find who got it.

Mr. Teed again objected saying that he did not see what right they had to inquire into the state of the account between the companies.

The Chairman: The repayment is being made out of the monies of the province. Suppose the province's funds were used to repay twice the total of the amounts loaned would we not have a right to go into it? It seems a simple thing for the witness to say through what officers and to what amounts the loans were made.

Mr. Carvell: I also want to show that the construction company was not in existence at the time the loan was made. I feel that I am getting at the real gist of the matter and I cannot submit to being stopped in this line of inquiry.

The chairman said that, on his opinion, the evidence should be admitted.

Judge Wells gave his opinion that it did not make the slightest difference to whom the loan was made or if it was made. His opinion of the limits of the inquiry was the diversion of the proceeds of the bonds. If it was diverted that was enough and it was for some one else to show, if they could, that it was not diverted.

Mr. Fisher: It seems to me that the company, when organized, had not sufficent capital and borrowed from the trust company, according to my reading of the figures $445,000 and not $350,000 and have refunded $802,000, not $207,000. Now they might seem to be paying back this money out of the profits of their work. If this is the case I agree with Judge Wells.

The question was ruled out.

Q.—Was the construction company in existence when you arranged this loan with Gould, Lisman and the others?

A.—No.

Q.—Was it organized when the first advance of $75,000 was made on the $350,000 loan?

Mr. Teed objected but was over ruled.

A.—Yes, I think the date of their incorporation was May 10.

Q.—Was it organized as a business concern on May 28.

A.—I do not know.

Q.—If you were lending to them you would know. Did you make the loan to the company or to the men who arranged the loan?

The witness began to relate the arrangements for the loan and reference to the agreement.

Mr. Carvell: If that agreement is to come up again I want it in evidence.

The witness was instructed to answer the question in a more direct manner.

A.—I think the loan was made to the St. John and Quebec Railway Company. Certain individuals furnished collateral and agreed to furnish more.

Q.—Who were the individuals.

A.—F. J. Lisman, A. R. Gould, Ross Thompson, H. E. Macdonell.

Q.—Then it was made to the railway company on the collateral of these gentlemen?

A.—Yes.

Q.—Then the second payment of $50,000 on a check to A. R. Gould, was it paid in the same way?

Mr. Teed objected.

Mr. Carvell: What is the use of the delaying of the proceedings and trying to prevent these things from coming to the light?

Com. Fisher: Would not one question regarding the total loan be sufficient. I make the total $445,000.

Mr. Carvell: I am proving by the witness that the first loan was not made to the construction company as the witness had said.

Witness: I did not know that I stated it that way. To the best of my knowledge we made the loan to the railway company upon the collateral including the security of the construction until such time as the construction company could be organized and put in operation.

Mr. Carvell: I understood your statement to Mr. Fisher was that the loan was made to the construction company.

Q.—To whom was the $50,000 loan, on a check to A. R. Gould made?

A.—It was part of the same transaction.

Com. Fisher suggested that the witness tell his own story.

Witness: Arrangements were made late in April for the trust company to advance $850,000, not all at one time. There were two parties getting the loan, the St. John and Quebec Railway Company and a group of gentlemen. We had them promise that the Quebec and St. John Construction Company should be made a party also, as soon as organized.

A few days later we received instructions that the bonds should not have been sold at less than 98. To provide for the extra two and a quarter per cent we advanced $95,000 which was placed to the credit of the company. This amount was afterwards returned when the government released the company from that obligation. This was the amount which apparently increased the loan to $445,000.

Q.—There was $25,000 paid to——

Mr. Teed objected and Mr. Carvell offered to withdraw the question but Mr. Teed continued his objections.

Mr. Markey offered to produce the agreement and allow it to go in evidence.

Mr. Carvell—I said I would get it in evidence.

Mr. Markey—As soon as we saw that it was material we were willing to produce it.

Mr. Teed and Mr. Mullin withdrew their objections and the agreement was accepted as evidence.

The Agreement.

The agreement was read by the witness.

The document follows:

An agreement made on the 29th day of April, 1912, between, Prudential Trust Company, Limited, a company duly incorporated and organized under the laws of the Dominion of Canada, having its head office in the city of Montreal, in the province of Quebec, hereinafter called "The Trust Company," on the one part, and, Arthur R. Gould, of Presque Isle, in the state of Maine, contractor; Frederick J. Lisman, of the city of New York, banker; Henry E. Macdonell, of the city of Montreal, general freight agent of the Canadian Pacific railway; and Ross Thompson, of Fredericton (N. B.), engineer; hereinafter called "The borrowers"; on the second part.

Whereas the borrowers are, with the exception of one share held by John W. Gould, the only holders of fully paid and issued shares of the St. John & Quebec Railway Company, hereinafter called "The Railway Company," a company duly incorporated under the laws of the province of New Brunswick in the Dominion of Canada, and as such are at the date hereof the only persons entitled by law to any stock in such railway company, and thereby control all the stock of such railway company, other than the one share aforesaid; and,

Whereas the borrowers represent to the trust company that the railway company is entitled to forthwith create inscribed debenture stock to the extent of five million dollars ($5,000,000) as more fully set forth in the statutes, and purposes forthwith to create a mortgage to secure such inscribed debenture stock in favor of the trust company, a draft copy of which proposed mortgage has this day been submitted to the trust company; and,

Whereas the borrowers further represent that such debenture stock, to the extent of four million dollars ($4,000,000) has been sold, and that the proceeds of sale will be deposited with the trust company in due course as soon as the mortgage has been legally created and the debenture stock has been legally issued thereunder and delivered to the purchasers thereof, provided the government of New Brunswick approves of the deposit of the proceeds of such debenture stock with the said trust company; and,

Whereas the borrowers purpose to forthwith incorporate a construction company for the purpose of entering into a contract with the said railway company for the construction of the line of railway authorized by the said statutes of New Brunswick, and will thereupon, as a construction company become entitled to the said inscribed debenture stock of the railway company or the proceeds thereof, the second mortgage bonds and other securities of the railway company for the purpose of enabling such railway company to be constructed; and,

Whereas the borrowers are desirous of obtaining certain advances from the trust company on the basis of the foregoing representations and the terms hereof.

Now the parties hereto mutually covenant and agree as follows:

1. The trust compnay agrees to lend to the borrowers on the first day of May next the sum of fifty thousand dollars ($50,000); on the fifteenth day of May a further sum of fifty thousand dollars ($50,000); first day of June fifty thousand dollars ($50,000); fifteenth day of June, fifty thousand dollars ($50,000); second day of July, fifty thousand dollars ($50,000); and on the fifteenth day of July, fifty thousand dollars ($50,000); on the first day of August, fifty thousand dollars ($50,000); and the sum of ninety thousand dollars ($90,000) upon the deposit with the trust company of the proceeds of the said inscribed debenture stock;

2. For the said first payment of $50,000, the borrowers become jointly and severally liable to the trust company and further agree upon the formation of the construction company, hereinbefore mentioned, to give to the trust company the liability of such construction company. The borrowers further agree,upon the issue of the second mortgage bonds of the railway company, as and when the borrowers of the construction company become entitled thereto, to deposit such bonds with the trust company as further security for all the advances hereinbefore agreed to be made by the trust company, to the borrowers.

3. The borrowers further agree to deliver to the trust company the paid up stock of the railway company as and when received by them or by the Construction Company, and to use their best endeavors to see that the proceeds of the said debenture stock to be issued by the railway company shall be deposited with the trust company and will use their best endeavors to obtain the approval of the government of New Brunswick to such deposit.

4. Before any further payment under this agreement shall become due and payable by the trust company to the borrowers after the first payment, the borrowers agree to form the said construction company and to have the said construction company enter into a proper contract with the trust company in addition to this contract giving the trust company full liability of the construction company and all the securities which it may hereafter hold as further security for the loan to be made under the terms of this agreement.

5. Before the payment of $50,000 to be made on the 15th day of June, 1912, shall become payable or other subsequent payments shall become payable by the trust company to the borrowers under the terms of this agreement, there shall and must be deposited with the trust company the proceeds of the $4,000,000 of the inscribed debenture stock of the railway company, which have been represented to the trust company as having been sold as aforesaid. The borrowers agree, as shareholders of the railway company, that the railway company shall permit the trust company to invest the proceeds of the said debenture stock in such securities as the trust company may deem proper, provided there be no objection on the part of the government of New Brunswick, the trust company to pay interest at the rate of four per cent (4 p.c.), per annum on the moneys so received for investment, provided there be no objection as aforesaid.

6. The borrowers jointly and severally covenant and agree with the trust company to repay to the trust company such advances as may be made by the trust company under the terms hereof with interest at the rate of six per cent (6 p.c.) per annum until paid in full.

7. The said sum of $90,000 agreed to be advanced, as herein before provided for, shall be forthwith repaid by the borrowers to the trust company and deposited by the trust company with the other moneys received from the sale of the said inscribed debenture stock, as aforesaid, and shall form when so received by the trust company, part of the principal money in the same manner as if the said sum of $90,000 had been originally deposited with the trust company as part of the proceeds of the sale of the inscribed debenture stock, as aforesaid, and the borrowers jointly and severally agree with the trust company to repay to the trust company the said sum of $90,000 with interest at the rate of six per cent (6 p.c.) per annum: all the said money herein before agreed to be lent to the borrowers by the trust company shall be repaid from time to time out of the proceeds of the moneys received by the construction company from time to time as the work goes on, and in any event the borrowers further agree with the trust company to repay the said moneys within two years from date hereof, with interest, as aforesaid, and that the trust company shall hold all the securities herein before referred to until repayment of the said moneys, with interest as aforesaid, and shall be entitled to hold out of the proceeds of progress estimate to which the construction company may be entitled such moneys belonging to the construction company as may be sufficient from time to time to repay the said advances within the said two years' period with interest as aforesaid.

8. The borrowers further covenant and agree with the trust company to execute such further agreements, assurances, documents and promissory notes as counsel may advise from time to time to be necessary and expedient for the purpose of carrying out the true intent of the foregoing agreement.

9. The borrowers hereby authorize the trust company to advance the said moneys from time to time on the order of A. R. Gould, and his receipt therefor shall be a good and sufficient receipt and discharge to the trust company as against the borrowers of all moneys or advances from time made.

In witness whereof all the said parties hereto have duly executed these present under seal.

PRUDENTIAL TRUST CO., LTD.
(Signed) EDWARD BRISTOL,
Member of Executive Committee.
(Signed) B. HAL BROWN,
Vice-President and General Manager.
(Signed) A. R. GOULD.
(Signed) H. E. MACDONELL.

Witness as to signatures of Prudential Trust Co., Ltd., A. R. Gould and H. E. Macdonell.
C. A. BARNARD.

ROSS THOMPSON.

Witness to the signature of Ross Thompson,
C. LeB. MOVERS.

F. J. LISMAN.

A Second Contract.

An agreement made on the 30th day of April, 1912, between Prudential Trust Company, Limited, a company duly incorporated and organized under the laws of the Dominion of Canada, having its head office in the city of Montreal, in the province of Quebec, hereinafter called, "The Trust Company," on the one part, and, Arthur R. Gould, of Presque Isle, in the state of Maine, contractor; Frederick J. Lisman, of the city of New York, banker; Henry E. Macdonell, of the city of Montreal, general freight agent of the Canadian Pacific railway; and Ross Thompson, of Fredericton (N. B.), engineer; hereinafter called "The borrowers," on the second part.

Whereas by agreement made on the 29th day of April, 1912, between the parties hereto, the borrowers covenanted and agreed with the trust company to execute such further agreements, assurances, documents and promisory notes as counsel might advise from time to time to be necessary and expedient for the purpose of carrying out the true interests of the said agreement.

Now the parties hereto further mutually covenant and agree as follows:

1. To insert, after the words: "Construction company," on the third line of paragraph 4 of said above recited agreement of the 29th of April, 1912, the following words:

"And further covenant and agree that the railway company shall enter into a contract with the construction company forthwith after the incorporation of the said construction company, under the provisions of which, among other things, the inscribed debenture stock, the second mortgage bonds, and all other securities of the railway company, shall be conveyed to the construction company, such contract to be in form approved by Mr. C. A. Barnard, K. C., counsel for the trust company, and further covenant

2. That paragraph 5 of the above recited agreement of the 29th of April, 1912, is amended by adding, at the end thereof, the following:

"Provided also that, before the trust company shall be liable to pay interest on the moneys deposited, as aforesaid, the same shall remain with trust company for a period of at least thirty days, whereupon interest shall commence to run from the date of the receipt of the said moneys by the trust company, and provided further that in respect of the moneys to be paid over from time to time by the trust company, the borrowers shall see that the trust company receives at least twenty-one days' notice in advance of all moneys from time to time required to be paid by the trust company out of the proceeds of the said debenture stock to be deposited with the trust company as aforesaid.

3. That paragraph 7 of the above recited agreement of the 29th of April, 1912, is amended by adding, after the words: . . . "out of the proceeds of the money received by the construction company from time to time as the work goes on', where the same occurs in said paragraph 7, the following words;

" . . . as progress estimates are from time to time presented for payment in respect of work done and material supplied, for which the moneys to be advanced by the trust company to the borrowers may from time to time be used, and the said paragraph 7 is further amended, at the end thereof, by adding the following:

"With respect to the said sum of $90,000 above mentioned, it is further agreed that the trust company shall deduct, out of the moneys to be paid in respect of every progress estimate issued in connection with the construction of the said railway, two and a half per cent. (2½%) of the amount of such progress estimate to be specially applied to the repayment to the trust company of the said advance of $90,000 with interest, as aforesaid and this shall be a further security to the trust company for the repayment of the said sum of $90,000."

4. The borrowers agree with the trust company to use their best endeavors to see that the trust company becomes trustee of a certain further mortgage trust deed in respect of the bridge bond of the said railway guaranteed by the Dominion of Canada, amounting to the sum of one million dollars, or thereabouts, and that the proceeds of the said bonds are deposited with the trust company in the same manner as the proceeds of the inscribed debenture stock hereinbefore mentioned.

In witness whereof the parties hereto duly executed these presents under seal.

PRUDENTIAL TRUST CO., LTD.
(Signed) EDWARD BRISTOL,
Member Executive Committee.
(Signed) B. HAL BROWN,
Vice-President and General Manager.
(Signed) A. R. GOULD.
(Signed) H. E. MACDONELL.

Witness as to the signatures of Prudential Trust Co., Ltd., A. R. Gould and H. E. Macdonell.
C. A. BARNARD.

ROSS THOMPSON.

Witness to signature of Ross Thompson.
C. DeB. MOVERS.

F. J. LISMAN.

Mr. Carvell—This, to my mind, clears the air a great deal.

Mr. Markay—You said that the loan was made to the railway company, with the others as guarantors. What you meant is that the loan was made under this agreement?

Witness—Yes.

Q.—In pursuance of this agreement you advanced, from time to time, the $350,000 and the $90,000?

A.—Yes. It turned out that more than $4,000,000 of bonds were sold and so the extra amount was more than $90,000.

Q.—But you got this back?

A.—Yes, eventually.

Q.—It was first taken from this loan, however?

A.—Yes.

Q.—A payment of $5,000 or any other sum on account of the loan would not be regarded as a payment on the $90,000 loan unless specially ear-marked?

A.—No.

Q.—After the $95,000 was released by the amended statute it can be dismissed from this account?

A.—Yes.

Mr. Carvell—I do not know that the witness needs my advice, but I would suggest that he get an order-in-council for that $95,000.

Q.—You made the payments according to the agreement?

A.—Yes.

Q.—You made certain payments to and received certain amounts from Mr. Gould?

A.—Yes.

Q.—The first advance was not made until May 23?

A.—There is an entry here on that date but I do not know about it personally.

Q.—The loan is now reduced to $143,602.02?

A.—Yes.

Q.—The items showing payments of two and a half per cent on progress estimates were credited on this account?

A.—We had two arrangements, one that we should get ten per cent to apply on the $850,000 loaned and also two and a half per cent for the $95,000 loan.

Q.—When the $95,000 was released it reduced the indebtedness on the $350,000 loan?

A.—Yes.

Q.—Was it not credited to this loan?

A.—It might be put that way; it was placed to their credit.

Q.—But the $850,000 was made to four private individuals?

A.—It was made according to the agreement.

Q.—How was the $19,000 first credited to the $95,000 loan afterwards treated.

A.—It was credited to the indebtedness on this agreement.

Q.—Was the whole $207,000 which you have received out of the proceeds of progress estimates applied to the reduction of the $350,000 loan?

A.—To the reduction of their indebtedness.

Q.—You said yesterday that you had made certain payments on account of the National Securities Co.?

A.—Yes.

Q.—About $22,000?

A.—That was the last amount referred to. The railway company furnished a bond to the government guaranteeing the payment of the interest on the bonds during construction. They instructed us to deduct four per cent from each progress estimate and place it to the credit of the National Securities Co. When the interest on the bonds fell due we applied to that purpose the interest on the money in our hands and the deductions just mentioned formed a fund from which the additional money required for the interest was secured.

Q.—And this fund was created out of the proceeds of the progress estimates?

A.—The amounts were paid by checks. I do not know that they had no other money, that they are paupers.

Mr. Carvell—I did not say so. On the contrary, I think they have done very well out of it and that they are far from being paupers.

Q.—You kept retaining the two and a half per cent down to the time the $95,000 was released by the government?

A.—Yes, according to the agreement.

Q.—When was your company organized?

A.—In 1909, by special act.

Mr. Markey then produced an agreement between the Prudential Trust Company and the Quebec and St. John Construction Company, dated June, 1912, under which the construction company agreed to carry out, on their own part, the agreement made for them in the previous contracts, including the promise to turn over to the trust company, as collateral, all the securities of the railway company, which had been transferred to the construction company.

The agreement was read by the witness and submitted in evidence.

The commission adjourned at 1.05.

Afternoon Session.

For the fifth consecutive session B. Hal Brown was on the stand when the inquiry resumed yestreday afternoon.

Mr. Carvell started to ask about an item in the accounts which he mentioned as a payment of $18,500 to F. J. Lisman, of New York, when Mr. Teed violently objected to any such question and, without pressing the point, Mr. Carvell withdrew the question.

Mr. Markey then produced a resolution passed by the St. John & Quebec Railway Company on April 18, 1913, authorizing the payment of monies to the construction company, on the progress estimates and orders-in-council, pased for the protection of the Trust Company. This was placed in evidence. Mr. Brown was then allowed to stand down.

Mr. Carvell submitted a statement from the Dominion railway department showing the amount paid to the Valley railway on account of the federal subsidy. The amounts paid to Jan. 31, 1914, totalled $538,738.38. No payments have been made since that date. The statement was received in evidence.

Divisional Engineer.

David W. Brown, divisional engineer on the Valley railway, with headquarters at Fredericton, then took the stand to resume the evidence which he commenced on Wednesday morning.

The witness first stated that one of his resident engineers still has charge of his northern section while the two others are at the head office.

Examined by Mr. Stevens, the witness continued his account of the progress of the work on the northern section. The concrete work was all complete on April 8, the same applied to the dry and wet culverts; for dry paving, about $250 is needed to complete; steel on concrete, foundations for bridges, pile driving, all complete; track-laying completed on 17.87 miles, leaving about 12 miles to complete, will cost about $4,680; fencing, gates and telegraph lines, all completed. Train haul, 80,000 yards to be completed, estimated cost $29,600; ballast about 75,000 yards, to cost about $30,000, force account, work still to do will cost about $80,000.

Witness said that these figures were compiled by himself from the records of the work done and his personal knowledge of what is still unfinished.

Another uncompleted job is the rebuilding of a collapsed culvert, about $4,000; farm and road crossings, about $1,500; piping will be required but this is not included in the contract and is supplied by the company; witness could not estimate cost of the materials. Water stations will cost $6,000 to complete. Three shelters and a station building are to be erected, under the contract.

Witness said there are a lot of items including, right of way, engineering, bridge construction, road diversion, signal posts, terminals, switches, head office expenses, etc., of which he had no information butw hich will amount to at least $100,000.

Bridges to be completed are under contract and are not completed but witness has nothing to do with them.

Cattle guards and road signs are furnished by contract, and would be included in the $1,500 quoted for road crossings.

The account to the end of March on the schedule estimate was $596,376.09; to the end of April, $600,706.86. From these amounts ten per cent. is deducted for the guarantee fund leaving $536,738.48. To this is added the force account, $32,941.19, to the end of March or $32,998.58 to the end of April, making the net total to the end of March, $569,679.69, or to the end of April, $573,634.29, the amount due the builders of the road.

Witness said that there was no standard by which he could say whether the force account was below or above an average.

Further answering Mr. Stevens witness said he had no knowledge of the amounts paid or did he have the amended plans where new land was purchased, all these were kept at the head office. Mr. Stevens asked him to get it later properly certified. Witness added that all records were sent to the head office for filing.

Gagetown-Fredericton Section.

Going on Mr. Stevens asked about the division south of Fredericton for 33 miles to Gagetown. The contract was let to J. H. Corbett & Sons direct from the St. John & Quebec Ry., Company. There were three resident engineers, George McKnight on section 10, Grover Keith on section 11 and R. A. Stetson on section 12, though afterwards George McKnight was in charge of the whole division.

The Hibbard Company were doing a piece of work from Fredericton to Victoria Mills and the estimate for 1,400 feet was not included. The progress estimate for March was $6,548 clearing grubbing $1,848 practically complete, solid rock to the end of March $88,040 some more of the work to be done about $12,500.

Mr. Brown said that he could not then give the exact details of where the work was not finished but would when the commissioners got to Fredericton.

A little interlude in the recital of figures that had marked the afternoons work was reached when the witness gave one of his answers with some warmth.

"Don't let us get excited" said Mr. Stevens suavely. "You may be itching for a fight but we have met too often to get me excited" (Laughter).

Mr. Brown—I can beat you, you know, at curling (Renewed laughter).

Witness was going on with detailed figures of the cost of the work on the section when Mr. Stevens suggested that he might be able to give them in more condensed form on Monday at Fredericton and the chairman endorsed the idea.

The royal commission then formally adjourned to meet at the Court House, Fredericton, Monday at 2 p. m.

THINK IT OVER

March 21, 1912—The New Brunswick Legislature passed legislation guaranteeing bonds of $25,000 a mile for the construction of the St. John Valley railway.

May 21, 1912—A Million dollars, the first instalment of the $4,069,000, proceeds of the Valley Railway bonds, placed in the hands of the Prudential Trust Company of Montreal.

May 23, 1912—Loan of $350,000 (negotiated on April 29, before any bonds were sold) secured from Prudential Trust Company by A. R. Gould, Ross Thompson, F. J. Lisman and H. E. Macdonnel.

May 27, 1912 — Announcement of provincial election in New Brunswick for June 20.

May 27 to June 17, 1912—Mr. Gould and associates received during this period $225,000 of the $350,000 Loan.

June 20, 1912—Polling Day in New Brunswick—Flemming swept the province—with the exception of Madawaska which has since been heard from.

PEOPLE TAKE DEEP INTEREST IN INQUIRY

Coun. Thorne From Cody's Reports Feeling Against Conservative Government Higher Rates.

Saturday, June 27.

Councillor George M. Thorne, of Cody's Queens county, was in the city yesterday. Speaking of the feeling in his constituency in regard to the effect of the investigation into the Dugal charges, Mr. Thorne said that there was great interest being shown and the next Conservative candidate will have a hard show for election.

Considerable complaint is being made, he said, by shippers along the Central railway on account of the rates being pushed up since the C. P. R. took control. Where they used to be able to ship a car of lumber for $9, they were now compelled to pay $15.

He said that although the crops were rather backward at the first of the season they were showing up better now, and the outlook is good.

HOW TO OBTAIN GOOD DIGESTION

The Stomach Must Be Toned and Strengthened Through the Blood

The victim of indigestion who wants to eat a good meal, but who knows that suffering will follow, finds but poor consolation in picking and choosing a diet. As a matter of fact you cannot get relief by cutting down your food to a starvation basis. The stomach must be strengthened until you can eat good, nourishing food. The only way to strengthen the stomach is to enrich the blood, tone up the nerves and give strength to the stomach that will enable it to digest any kind of food, is through a fair use of Dr. Williams' Pink Pills. The one mission of these pills is to make rich, red blood that reaches every organ and every nerve in the body, bringing renewed health and activity. The following case illustrates the value of Dr. Williams' Pink Pills in curing indigestion. Mrs. T. Reid, Orangeville, Ont., says: "I have much pleasure in testifying to the reliability of Dr. Williams' Pink Pills. For several years I had suffered greatly from stomach trouble. Several doctors prescribed for me but their medicine did not help me. After every meal I would suffer great pain, and would often be attacked with nausea. I grew weak and had almost lost all hope of recovery. At this juncture I decided to try Dr. Williams' Pink Pills, which were recommended to me. In these pills I at last found the right medicine, and I am once more in good health. I have much pleasure in sending you my testimonial in the hope that it will encourage some suffering persons to try this sure remedy."

Dr. Williams' Pink Pills are sold by all medicine dealers or will be sent by mail at 50 cents a box or six boxes for $2.50 by the Dr. Williams' Medicine Co., Brockville, Ont.

This year the people of Sussex will see the largest turnout of Orangemen in its history as the Orangemen of six counties will hold their annual celebration there on July 13 if the weather man is kind. It is expected that 2,000 will be in the procession, headed by six or eight bands. The St. John Prentice Boys and the Sons of England have been invited to attend and have signified their intention of going. Platforms will be erected on the camp grounds for dancing and addresses will be given by the mayor, Rev. A. W. Currie, Dr. W. B. Wallace, A. D. Thomas, F. W. Sproul, Rev. B. H. Thomas and Rev. F. P. Dennison.