

to that arrangement had been effected by which the Company had the privilege of buying back those bonds at any time during the two years by giving three months' notice.

A shareholder—of any part of them?

Mr. Howland—no; we must take the whole of them.

Mr. Wm. Thomson—do I understand you to say that \$400,000 of bonds are to be deposited as security for \$250,000 of money?

Mr. Howland—yes.

Mr. Boulton suggested that the agreement between the Board and Messrs. Blaikie & Alexander and the Bank of Commerce should be read.

The Secretary read the agreement, which was to the effect that the Company hand over to Messrs. Blaikie & Alexander \$400,000 of bonds for \$250,000 in cash, on condition that Messrs. Blaikie & Alexander resell to the Company at the same price at any time within two years that they may wish to buy, by their giving three months' notice. Interest to be twelve per cent. on the actual amount of money received. The bonds to be deposited in the Bank of Commerce jointly for the benefit of the Bank and the clients of Messrs. Blaikie & Alexander, and the Company agreeing to have their banking business done at the Bank of Commerce. This agreement was adopted by the Board, as shown by a minute which was read.

The President said he objected, at the first meeting of the Board, after his return, to the arrangement as given in the minutes of the Board. He objected to the bonds being sold for the term of two years, and to the excessive rate of interest, and also because the sale fixed the value of the bonds. These objections he thought would provoke discussion, and ample opportunity for the making of any necessary explanations; but up till this morning he had been entirely unaware of this latter arrangement. In addition to the Board at which he raised the above objections, there had been several held since, and further opportunities afforded for giving information on this point, but no explanation had been tendered. For his part, he could never be a party to such an arrangement as that found on their minutes. Another objection to it was that the bonds were to be placed in the Bank of Commerce, which was to hold them as a deposit, and not in trust.

Mr. A. R. McMaster explained the circumstances which led to the negotiation of the loan referred to. Their desire to complete the road to Arthur this fall, and the failure of the delegates to make any satisfactory arrangement in England, for the funds necessary to pay for the iron, led to the attempt on the part of the members of the Board remaining at home, to see what they could do. They had also learned that the iron could be secured in Canada, which subsequently proved to be incorrect, and for that reason considered it urgent that the cash should be forthcoming at once. He justified their action in not telegraphing the particulars of the management to the directors in England, on the ground, that under the circumstances it was unnecessary, and, besides involved expense. When it had been found that the iron could not be obtained in this country and that so much money would not be wanted at once, the arrangement with Messrs. Blaikie & Alexander, was so modified that the Company would only have to pay interest on the amount of cash actually received, and not on the whole face of the loan, from the date of negotiation.

Mr. Thomas Lailey, a director, next explained the relative merits of the proposed loans. Referring to that with Messrs. Gooderham & Worts, he said the terms were, that they were to advance \$125,000 in cash, for two years, for which they were to receive the bonds of the company to pay 10 per cent. per annum, which would have taken \$143,000 of bonds. Besides they were to hold \$150,000 of bonds, as collateral security, making \$293,000, to secure them \$125,000, making the bonds about 43c. per \$1. This was after application had been made to the Bank of Toronto, Bank

of Commerce, Merchants' Bank, Montreal Bank, and Mr. Hugh Allan. After some interruption Mr. Lailey continued: The delegates went to England, and found that the only place where they could obtain the iron needed, was at the Aberdare works, and the first delivery was arranged to take place in July. The money was to be borrowed in March, and consequently the result was that interest would have been paid for four months, and in addition, a draft at six months was to be given; so that Messrs. Gooderham & Worts' money would have been in use but fourteen months. Nor was this the end of it. It would have been necessary to have paid the discount of the draft—2½ per cent.; and the bank commission at 1 per cent., making total cost of loan about 20 per cent.

Mr. McMaster said that they would require \$141,370 of 7 per cent. five year bonds to produce \$125,000 to pay 10 per cent. This rate of interest produces \$12,500 per annum; but the money being only in reality advanced for five months, the payment of this sum made the rate of interest 24 per cent. per annum, for the first year, or if the money was only advanced for 4 months, the rate would be 30 per cent.

Mr. Worts replied, that whatever the proposition was, it had proceeded from the Board, and his firm had received their thanks for what they then described as his "liberal terms."

After further explanations from Mr. A. R. McMaster;

Mr. George Laidlaw gave a connected account of the negotiations by himself and others, for the sale of the Company's bonds, from first to last. He alluded to the attempts of the other members of the Board to raise money, which were unsuccessful. At his own request he was appointed a committee of one, to effect a sale of the bonds. He approached Mr. Worts, who was surprised at the very suggestion, but after lengthy and earnest explanation, he (Mr. Worts,) consented to take \$125,000 of the bonds, at a rate to pay 10 per cent. interest; this proposition was accepted by the Board, and a vote of thanks tendered to the lenders. That agreement, he said, still held good; and one of the first things he heard on his return from England was, that if it was not carried out the Company would be put into Chancery. Mr. Laidlaw proceeded to give an account of his efforts to raise the required money with the Ontario Government, Mr. King, of the Bank of Montreal, Mr. Brydges and Messrs. Gzowski and McPherson. Finally, he succeeded in getting an offer from Mr. McPherson for the iron to be used on the line from Toronto to Arthur. That gentleman told him at one of his interviews on the authority of Hon W. McMaster, to his great amazement, that the agreement with Gooderham and Worts was not *bona fide*, and that these gentlemen would not buy a single bond. However, he succeeded in overcoming the doubts of Mr. Macpherson, and got the document signed, but when he came before the Board with it they would give it no consideration. If the proposal had been accepted, he believed that Mr. Macpherson would have made the iron for the road at the price they were now paying for it. The deputation was ordered to go to England, and he confessed that he was anxious to go. On leaving he left a letter with the Secretary asking that the offer of Messrs. Gzowski & Co. should be taken up, and also referred to other matters, but that letter has been entirely suppressed. On arriving in England, they found it was almost impossible to get rails made, owing to heavy orders from Russia and other countries, and quite impossible on terms of half credit and half cash. Mr. Gordon went to work with Mr. Stewart, but he Mr. L. opposed the proposal, on the ground that it would never do to put the value on the bonds of 80 cents, which would be the result of handing over the \$125,000, as then proposed. Mr. Gordon persevered, and the Board supported him, but afterwards telegraphed to him to cancel the agreement, and to settle the commission due for the use of Mr. Stewart's name. They wished to obtain

steel rails, but they found that the mills were engaged for a year and a half ahead, and they therefore had to abandon that idea. At the time an agreement was being entered into with the Aberdare company to supply iron for the road from Orangeville to Arthur, a telegram was received, saying that we were to come home at once. Negotiations were also pending with Mr. Fox, by which the bonds would have been disposed of at the rate of 87½ cents in the dollar, of which 2½ cents would have been deducted as commission and other expenses, leaving the net value at 85 cents; but these were necessarily broken off. On returning to Canada, the deputation found that the idea of obtaining the iron in Canada was based on a mis-statement, and was absurd. Four business men could never have anticipated that the supply of iron could be obtained here. When the deputation went to London, they carried with them letters of introduction to Messrs. Baring Bros. and Messrs. Glynn & Co., from Sir Francis Hincks, but they did not do much good. These bankers referred the deputation to their brokers. They also held letters of introduction from Sir John A. Macdonald and Mr. Alex. Mackenzie, M. P., to Sir John Rose and Mr. Potter, President of the Grand Trunk Road, and both of these gentlemen rendered the deputation great assistance. Mr. Potter said he thought the money could be got by him for us at 7 per cent., if we would agree to expend the difference in aiding in the construction of a union station in Toronto. We said that we had no authority to make such an agreement, but that we would do our best in bringing it before the shareholders. But we found that Mr. Potter could not do much after all, and he (Mr. Laidlaw) believed that it would be very hard for any one to go to England and dispose of railway bonds so long as Messrs. Baring and Glynn were the real controllers of Grand Trunk stock. During these negotiations, Mr. Fox, the chief engineer of the company in England, received a letter from the Vice-President of the company, which was calculated to perfectly damn his (Mr. L.'s) reputation, and he was quite paralyzed by it. He asked for an explanation, but could get none. (There were loud cries of "read," but the letter was not produced.) Mr. Gordon telegraphed from England to the Board, asking whether the offer of Messrs. Gooderham & Worts was still available. Every member of the Board was now present in this room, who were present when that telegram was brought up by the Vice-President, and could state what took place. The telegram was opened and read several times, but a portion of it was suppressed, until a member of the Board asked for the telegram, and found the question.

Mr. McMaster totally denied the charge of suppressing a portion of the telegram; it had been handed all round the table. The charge was frivolous and absurd.

After a good deal of further but animated discussion

The resolution was then read by the Secretary; and after a rather exciting discussion, Mr. Laidlaw said he would produce parties who would be willing to take the whole of the company's bonds, excepting those that might be subscribed for by the city, at a better rate than that secured by the proposed agreement. In answer to the cries of "name," he added he was willing to name Mr. Hugh Allan as the gentleman to whom he referred.

A vote being taken, the numbers were declared by the scrutineers as follows:—For the resolution affirming the issue of the bonds, 1,135; against, 1,182; the resolution was lost by 54 votes.

The proceedings then terminated.

Peterboro', Sept. 10.—The stable, carriage-house and wood-shed in rear of Sheriff Hall's residence, took fire and were consumed with contents. The loss is about \$1,200. Insured in the Royal for \$200. The fire is supposed to have been the work of an incendiary.