

referred the Bill from the House of Commons (No. 82) intituled: "An Act respecting the Baie des Chaleurs Railway Company," and who, by Order of your Honourable House made on Thursday, the 6th day of August instant, were empowered to send for such persons, papers and records as may from time to time be required by your Committee for the purpose of affording evidence under oath, as to any matter arising out of the examination by your Committee of the said Bill, beg leave to make their Fourth Report with regard to the said Bill, as follows:—

That the Ontario Bank and the Eastern Townships Bank, as creditors of the insolvent Estate of Henry Macfarlane, a Contractor having a privileged lien upon the railway of the said Baie des Chaleurs Railway Company, and the Curators appointed to the said Estate, have appeared before your Committee by their Counsel, Walter Barwick, Esquire, Barrister-at-law, and have opposed the passage of the said Bill without some amendment to the eighth clause thereof, relating to the powers of the Company to issue bonds, in order to prevent the impairment of their rights.

That in the course of the examination by your Committee into this matter the said Counsel stated that he was able to prove and would prove that out of certain moneys amounting to \$280,000, authorized to be paid to the Company on account of the subsidies granted by the Province of Quebec in consideration of the construction, completion and operation of the Baie des Chaleurs Railway, a sum of money amounting to \$175,000 had been improperly retained and improperly applied to purposes other than the construction, completion or operation of the said railway, and having no connection therewith; that such retention and improper application of these moneys was known to and acquiesced in by the present directors of the Company; that such retention was effected by the intermediation of one Charles N. Armstrong, a Contractor for building a certain portion of the railway who nominally received the said sum of \$175,000; that the security in respect of the said lien and the amount secured thereby has already been impaired by such retention and improper application of the said sum; and that it would not be just or proper to entrust further power of issuing bonds to the Company, and especially to the present directors thereof, without some express provision for the protection of the rights of the said Estate and the said creditors thereof. These charges were denied by the promoters of the Bill and by their Counsel.

That your Committee being of opinion that the determination of the truth of these statements made by Counsel for the opposants is material, not only to the question whether the eighth clause of the Bill should be amended in order to preserve the rights of the said Estate and of the creditors thereof, but also to the question whether other clauses of the Bill should be adopted, especially the first-class thereof, which declares the Baie des Chaleurs Railway to be a work for the general advantage of Canada, have inquired and are inquiring further into the truth of the said statements.

In the course of the inquiry now pending the aforesaid Charles N. Armstrong, of the City of Montreal, Contractor, appeared as witness before your Committee, and was examined upon oath.

During his examination on the 12th of August instant, the witness was repeatedly asked to explain details of the payment of certain sums of money which were, as he stated, paid to him at Quebec by cheques to the total amount of \$175,000, in settlement of his account against the Baie des Chaleurs Railway Company, and to explain what disposition he had made of the said cheques or of the proceeds thereof. These questions he declined to answer, alleging as his reasons that the questions are regarding matters which he considers have no bearing upon the subject of inquiry, and that the Committee have no right to inquire into what disposition he has made of his own money.

The witness was further examined upon oath before your Committee on the 13th August instant, and stated that he persisted in his refusal to answer the questions put to him upon the preceding day, giving as his reasons that he was not in any way obliged to give Your Committee information relating to his own personal affairs. And