

TORONTO, Feb'y. 7th, 1863.

"I beg to acknowledge the receipt of your letter of the 27th January, containing a reference of the correspondence which has taken place between the board of directors and Mr. Angus Morrison, respecting the Barrie switch, and requiring my opinion as to the proposals of Mr. Morrison, and the power of the directors (in view of the existing injunction in Chancery) to comply with them, assuming (which has not yet been discussed) that such proposals were otherwise open to acceptance." In reply I beg to state that in my opinion the earnings of the company have been specifically appropriated by the Legislature, and that the directors have no power to apply them in any other manner than that pointed out by the act of parliament. If the company are possessed of any other means than those arising from "the earnings" they might, if they thought it for the interest of the company so to do, enter into an arrangement for the construction of the proposed switch; but if they are not, they cannot enter into any arrangement, without, in my opinion, violating the provisions of the act, and subjecting themselves to an application to the court of Chancery at the suit of the bondholders. It is true that on referring to the injunction issued by the court of Chancery (a copy of which I this day received from Mr. Boulton) I find that it points only to the payment of Mr. Harrison's award, but I entertain no doubt that it would be extended to the appropriation of any of the earnings of the company in contravention of the terms of the act, and I am of opinion that the construction of the switch proposed by Mr. Morrison would be such a contravention.

Sincerely yours,

THOMAS GALT.

The directors having thereupon declined to accede to the demands of Mr. Morrison, his threat has been fulfilled by the extensive advertisement of the following notice:

#### NOTICE

Is hereby given, that the town of Barrie, judgment creditors, bond and stockholders of the Northern Railway of Canada, will make application at the next session of the legislature for certain amendments to the charters of the said company, as follows:

1. To prevent the presidents, directors, managers, and officers, owning or running steamboats in connection with the railway.

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