

In answer to this most serious charge the Directors beg to state that the letter referred to from Mr. Trowbridge was not opened by, or seen by, any Member of your Board till two or three days after the Meeting. Mr. Baker, as well as Mr. Brydges, fully explained to the Committee the circumstances under which this happened, as detailed at length in Mr. Brydges' letter in the Appendix. The assertion of the Committee, therefore, that the Chairman, after having read that letter previous to the Meeting, deliberately made statements to the Shareholders at variance with it, is a groundless and unworthy calumny.

After the authority to make the Loan was obtained, it unquestionably came to the knowledge of your Directors that the Detroit and Milwaukee Company were more deeply involved than they had reported themselves to be when they made their application for the loan. This circumstance, however, only made your Directors more cautious as to the application of the money, and to ascertain whether it would accomplish the main object of opening the Line. They immediately issued instructions that Mr. Reynolds, the financial manager of the Great Western Company, should scrutinise the books of the Detroit and Milwaukee Company. He did so, and reported to your Board on Nov. 2d, 1857, that whatever might be the involvement of the Detroit and Milwaukee Company, the advance of £150,000 would be sufficient to meet the claims of the secured creditors, and open the Line.

Whilst his inquiries were pending, your Directors felt bound to protect the credit of the Company by advancing the money required for the payment of the interest, which they consented to do to the extent of £20,000. With respect to the proper application of the loan, a series of resolutions appear upon the minutes under date October and November, 1857, laying down a strict code of instructions for its disposal, the last of which is as follows:—

"That it be left to the discretion of Mr. Brydges and Mr. Reynolds, after complete investigation of the Detroit and Milwaukee accounts, and after having made such arrangements with the creditors forming the floating debt as they may deem satisfactory, to close up existing sub-contracts for works, Mr. Wythes having expressed his willingness to relinquish his contract on payment of a balance not exceeding £5,000 due to him, or to stop all further expenditure on the works except what is actually necessary for working the Line, or to cause the continuance of the works to be proceeded with as far as or beyond the Grand Rapids, it being well understood that the basis of any advance of funds by the Great Western Railway for this purpose is that the expenditure shall be wholly under the direction and control of Mr. Brydges and Mr. Reynolds, and that such outlay shall not in any manner be jeopardised by the claims of existing creditors of the Detroit and Milwaukee Company.

Armed with this authority, Mr. Brydges left England on the 14th and arrived in New York on the 26th November, 1857, to take such steps to secure the completion of the Line as, after due investigation and successful arrangements with the creditors of the Detroit and Milwaukee Company, he and Mr. Reynolds might consider most desirable. Immediately on his arrival in America, these gentlemen applied themselves to carry out the orders of the Board; and, on the 28th December, 1857, they addressed their first detailed Report upon the subject to the Board in London, stating the arrangements they had made with the secured creditors for the postponement or payment of their debts and also for the carrying on of the works, so as to effect the immediate completion of the Line.

Whilst Messrs. Brydges and Reynolds were thus occupied in carrying out the objects for which this Loan was made, they also engaged themselves in obtaining security for the repayment of the money. That security was certainly as complete as the Detroit and Milwaukee Company could offer. A third mortgage was effected in favour of three members of the Canadian Board of the Great Western Railway, securing to those gentlemen, as Trustees, the whole of the Detroit and Milwaukee Line, and placing the whole of its affairs in the entire control of Directors, to be nominated from time to time by the Great Western Company, the deed of mortgage being most stringent in its covenants.

About this time, the embarrassed state of the London money market began to interfere so seriously with the contemplated arrangements for advancing money to assist the Detroit and Milwaukee Company, that the Directors wrote to Mr. Brydges the letter of December 18th, 1857, referred to by the Committee, impressing