

does not seem to be in harmony with the principle of fair dealing, to give these people 25 cents, where they had honestly loaned 100 cents on the dollar to the Canadian National Railways; because I say the Canadian National Railways are into this; they are in the same position as Mackenzie and Mann were originally; and I want to protest against this. It is a human principle, that when you borrow money you have to pay back the full amount that you borrowed, whether security, interest, or business interests. That is the one point. The second point is this: I should like to know if this statement is true, that the executive of the bondholders living in Great Britain got \$18,000 out of the Canadian National funds. If they did, then there might be a real compelling reason for them to accept this settlement of 25 cents on the dollar. They themselves might get an amount equal to 100 cents on the dollar, far more than the bondholders would get there. I should like to know if that is true. Did they receive that money, and did it come out of the Canadian National account. I should like to have some light on that matter.

Hon. Mr. FULLERTON: Well, so far as the trustees are concerned, that is one thing they cannot be blamed for, because this matter was dealt with, considered and decided, before we took office. I know about it in a general way, although I have not given it very much attention, because I thought it was a matter that was concluded. I understand that this money was advanced to the Toronto Suburban many years ago, long before the Canadian National was formed. Later on, I understand, the Canadian National did pay interest on the bonds for a number of years, but they stopped paying that interest later. I understand that an action was brought in England by a bondholder named Bernard, or some such name as that, and later on a meeting of the bondholders was held, and some agreement was made whereby they would pay—the bondholders themselves—the expenses of the litigation themselves. I may not be stating the facts accurately, but that is my impression of the arrangement.

Hon. Mr. EULER: The bondholders paid the expenses?

Hon. Mr. FULLERTON: Yes, that \$18,000 is a matter between the bondholders in England.

Hon. Mr. EULER: It certainly should be.

Hon. Mr. FULLERTON: That is the way I understand it is; but so far as the policy of settling those bonds in full or paying 25 per cent is concerned, that is a question that has never been considered by the present trustees, because I assumed the matter was settled and disposed of before we came in. It is perfectly true that there was an item put in our estimate for an amount, but that is more or less formal to cover the settlement that had been made. I have not gone into the matter very closely; I cannot give a detailed statement of the facts, but that is my understanding of it in a general way.

Hon. Mr. MANION: Mr. Labelle was one of the old directors, as was Colonel Smart, and I should like Mr. Labelle to make a statement on behalf of the Canadian National.

Mr. LABELLE: I regret I have not the file of the legal department with me. My memory is that an amount such as Mr. Euler mentioned was submitted to the bondholders at the time, and that amount was agreed on as the amount to be paid to some others for legal fees and expenses to put the transaction through.

Hon. Mr. EULER: I want to get it clear whether the \$18,000 mentioned here, came out of the funds of the railway company or the bondholders themselves.

Mr. LABELLE: If I remember correctly, it was taken out of the 25 per cent, but I am not sure just now, I would rather have the file here to give the explanation. I know that we want to put it through ourselves that the bondholders knew