

These shares, being "held" by the Promoters must have been "issued" to the Promoters, but there is no cash, or other consideration shown as having been received by the Government. This security, which was to have been held by the Government to provide money for the equipment and purchase of rolling stock for the Railway. has passed out of control of the Government, without equivalent or even partial value.

Article II

Illegal Payment of Guarantee

On May 7th, 1916, a Return was made by the Minister of Railways on Order of the House, showing that \$18,035,198 (being the entire proceeds from the sale of Bonds guaranteed by the Government, such guaranteed Bonds being in the sum of \$20,160,000) had been paid over to the Pacific Great Eastern Railway Company, the same Return showing that only 62½ per cent of the work of construction had been done, the entire amount expended by the Company on construction work being \$18,802,805. Thus, all but \$767,707 of the entire amount expended on construction was paid out by the Government.

The Statute authorizing the guarantee of the P. G. E. Bonds stipulates that the proceeds of the sale of Bonds should be paid out only in proportion to the amount of work completed. Thus 37½ per cent of the work was uncompleted, showing an over-payment of \$6,768,698, in clear violation of the Statute. H. C. Brewster moved in the House "That the facts above set forth be laid before His Majesty's Attorney-General with a direction that every person concerned in the offences aforesaid be forthwith prosecuted according to Law"