

Company or of its representatives—deduction first made of the expenses of the said enquiry, the allowance to the commissioner, his travelling expenses, and all other legitimate expenses connected therewith—of the amount due to the labourers, to the workmen, to those who supplied board to the workmen and labourers, to the furnishers of building material and to other privileged parties, in full, conformably to the list annexed to Mr. Langelier's preliminary report; and that the balance which shall remain after settlement of the claims above enumerated be distributed between the sub-contractors and other unprivileged claims *pro rata* to their respective claims.

(Signed) "GUSTAVE GRENIER.
"Clerk of the Executive Council."

Now, when the manager of the Ontario Bank became aware of the manner in which the funds of the bank were being treated, he wrote to the Treasurer of Quebec protesting against the balance of the subsidies being applied by the Government to payment for material, as the amount had been assigned to the bank and on that assignment the bank had advanced the money in good faith. On the 13th December (page 321 of the blue-book) the Treasurer wrote in reply setting forth the facts and stating that :

"On the 25th November, 1889, after receipt of a report by the said commissioner, who had examined and verified by the evidence of the sub-contractor the equity of the claims, the Lieutenant-Governor in Council ordered the balance of the subsidy, granted by the Legislature on the said twenty (20) miles of railway, to be placed in the hands of a civil service officer, in order that he might proceed to the spot and use such balance in the discharge of such claims. I am instructed by the Prime Minister and Acting-Treasurer to say that in the disastrous state of affairs that had occurred on the railway there was no other course open to the Government than that pursued, and in so doing he cannot admit, in view of the above record of the facts connected with the subsidy and its transfer, that the Government has acted either with hardship or injustice.

"At the same time the Government recognizes the injustice done to the bank by the railway company or its contractors, and it desires, if there is any way in which it can be accomplished, to protect the bank against the loss of moneys advanced in good faith.

"I have the honour to be, Sir,
"Your obedient servant,
"H. V. MACHIN.
"Assistant Treasurer, Province of Quebec."

Then, on the 27th June, the following letter was received by the General Manager of the Ontario Bank :

QUEBEC, 27th June, 1890.
"C. HOLLAND, Esq.,
"Manager of the Ontario Bank,
"Toronto, Ont.
"SIR,—Agreeable to your request, I beg to give the following information:
"1. By an Order in Council of the 25th of November last, I was appointed special officer to pay, in discharge of the Baie des Chaleurs Railway Company or its representatives, the privileged claims against the 60 miles of that road covered by the sub-contract of Henry Macfarlane, out of the \$28,546 of subsidy remaining due by the Government of Quebec for that part of the railway.
"2. That balance of subsidy was by the Government placed to my credit, and out of that sum I have paid all the privileged claims, sworn to before the commissioner and acknowledged by H. Macfarlane or the other sub-contractors, which were presented to me for payment, comprising all proved and admitted claims for wages.
"3. All proved claims for wages have been paid, except for the amount of \$2,150.07, which amount will be paid as soon as all the necessary formalities are fulfilled.
"Yours very humbly,
"J. C. LANGELIER."

Then we find in the evidence of the same gentleman, on 29th August, 1891, at page 346 of Exhibit 66 :

Statements of Disbursements, i.e., balance of Quebec Subsidy applicable to miles 40 to 60 of the Baie des Chaleurs Railway, from Nov. 28, 1890, to Oct. 31, 1891.

SUBSIDY.....	\$28,545 00
Paid Macfarlane's workmen and other bills in connection with contract	\$25,379 00
Paid Armstrong's workmen and other debts.....	689 50
Expenses of the investigation and payment in connection with same.....	2,475 60
	<hr/>
	\$28,545 00

And at the same time on page 122 of the evidence, he assures us that he had not a single *soû* left, that it had all been paid to the workmen and to certain boarding-house people, and to certain people who had furnished supplies on the road. Such, Sir, is the statement given to us by the Quebec Government of the manner in which they dealt with this subsidy. In their eagerness, they kept their hands upon it; they sent two officers down to examine into the matter, and they appointed one of them a special commissioner to go and pay those claims. He told you last session that he had paid every claim, that he had not a *soû* left; so that I think, as far as the bank is concerned, that it must be said that the bank, in accordance with its contract with Sir John A. Macdonald, saw all those men paid. But, Sir, while this is the story given to the public when I was in Quebec last year, other facts were divulged to me which have since become a matter of public notoriety, but which were then divulged to me on the express condition that I should make no use of any of the information I had received, unless it bore directly on the \$280,000 subsidy, the history of which I was then investigating. But now that I am relieved from any pledge of secrecy, through revelations of the last few days, I think it but due to all parties, and to the interests of morality, that I should show what really has been done with this money. It appears from the evidence taken before the royal commission at Quebec on the 23rd of February, just a week ago, that on the 25th of November, 1889, a warrant was issued by the assistant-treasurer in favour of John Chrysostôme Langelier, and a cheque was drawn then for \$28,546 of the bank's money. The Hon. Honoré Mercier kept his eyes steadily on this warrant. He took the warrant from the treasurer as soon as issued, and, as it was a warrant in favour of Chrysostôme Langelier, he gave his receipt for it. He then took Chrysostôme Langelier a cheque on the Bank of Montreal and got him to endorse it; then he took this cheque to his own bank, the Banque du Peuple, endorsed that cheque, and deposited the money to his own private account in that bank. Well, Sir, it was with some difficulty that these facts were elicited the other day, inasmuch as the manager of the Bank of Quebec, Mr. Dumoulin, was naturally very averse to revealing matters bearing on the private interests of his clients. However, we were able to find that this money was taken by Mr. Mercier and put to his own private account. Mr. Dumoulin gives us his sworn evidence that out of this money the Hon. Honoré Mercier proceeded to pay his own private bills. I am divulging no secret when I say that at that time Mr. Mercier was what we would technically call very "hard up," since the whole amount that he had to his credit in the bank was \$8.28.

Mr. LANDERKIN. Is that the exact amount?