

take it over within five years, because we could not afford to pay 20 per cent. Then we went back and put in this clause covering the option to purchase as shown here, and of course the minute that was put in the whole purpose of the letter was then served. It practically resolved itself into a case of Aronovici acting as our agent, the money being advanced by ourselves, and we had the right to take it over and purchase it any time, and pay him off. In the meantime he gave us a mortgage back for the full amount of the advances, and he was to give us a lease, so if the property was turned over to anybody else that lease would be possibly a continuing lease. In other words, we were practically getting a friendly landlord; that is the way I looked at it. That was my first connection with the thing, and that is the principal part of the story so far as I was concerned. I had practically nothing to do with it after that.

Q. I see that from what you tell us you had nothing whatever to do with the terms.—A. No, nothing whatever.

Q. You know nothing whatever, I suppose, about Parisian real estate, and whether it was a wise or crazy thing?—A. Nothing of that at all.

Q. You were called in, I suppose, to put this in the best shape you could, under the circumstances.—A. With the limited knowledge we then had of the situation, yes.

Q. Then, did you give any advice to the President as to the legal right of the company under the terms, at all?—A. I said we could not make these arrangements at all unless we had the right to purchase, that it was an acquisition, so far as we were concerned.

Q. Just in order to get the information—and I am not referring now to the waters gone under the bridge, but to the future—what is your view as to the legal right of the Canadian National Railway Company to make capital commitments outside of Canada?—A. I have not any doubt about that at all, that it has a legal right.

Q. It has a legal right?—A. Yes.

Q. On what do you base that view?—A. The question is, of course, what is necessary for the purpose of the undertaking, the undertaking of any railway company. Under the Railway Act the company is not necessarily restricted to Canada. Its powers are derived under the Railway Act, which is not limited to Canada.

Q. Would you suggest there was any legal right to purchase a building of this size, when apparently the only use the Company can make of it is a comparatively small portion?—A. I take it the relative size is immaterial; it is a question of the right. In other words, we can build a station anywhere on our lines; we can also build a tremendously big station with a hotel in it, if we want to. There is no restriction as to size; there is no restriction on amount, so far as the position of the company is concerned.

Q. Supposing we get that clear. We have the Canadian National Railways Act of 1919?—A. Yes.

Q. Which confers certain statutory powers upon the company. Which is your idea, first, are these powers merely supplemental to the nearly one hundred subsidiary Acts? Are they merely subsidiary and ancillary to them, or do they take the place of the former statutory powers?—A. They certainly do not take the place of the former statutory powers. Where you amalgamate one company with the old companies, the new company has the aggregate of the powers of both companies.

Q. That is probably so as a general principle in amalgamating companies.—A. It says so in the Act.

Q. I want to see just exactly what we have to do here in order to protect the Treasury, if it is thought wise that the public treasury ought to be protected. Of course, maybe the government does not think it is wise to protect the