

## ALBERTA RAILWAY DEAL.

## Evidence Given Regarding Bond Flotation — Brief History of the Issue

Voluminous evidence has been taken by the commission investigating matters connected with the agreements and financing of the Alberta and Great Waterways Railway.

Briefly, the history of the company's flotation in London is as follows: In December \$7,400,000 5 per cent. 50-year first mortgage bonds of the Alberta and Great Waterways Railway were sold in England. The securities were guaranteed as to principal and interest by the Provincial Government of Alberta. The issue was made by the London branch of Messrs. J. S. Morgan & Company. Mr. William R. Clarke, a banker of Kansas City, was understood to be chiefly interested. It is proposed to build the road from Edmonton, north-east of the Athabasca River to Fort McMurray, a distance of about 350 miles. Of the total issue \$400,000 covers Edmonton terminals, but the bulk of the loan is based on a guarantee of \$20,000 per mile on the main line and branches. The bonds, issued at 110, were rapidly subscribed. Criticism was heard in London to the effect that the Alberta Government were ill-advised in their guarantee, which worked out at about 4½ per cent., when it might just as well and as satisfactorily have been done upon a 4¼ basis.

## Not Interested in Bond Deal

Mr. J. K. Cornwall, M.P.P., was again called, and stated he was no longer connected with the railway company, as he had more than a year ago transferred all his holdings to Mr. W. R. Clarke, the company's president, the consideration being the verbal agreement between him and Mr. Clarke to have the latter invest \$25,000 in Mr. Cornwall's steamboats on the Great Waterways. Mr. Clarke had already invested \$14,500 in this project. All the agreements between him and Mr. Clarke had been in regard to that proposition. Mr. Cornwall declared he knew nothing of the bond deal and paid no attention to the matter, for he had no interest in it.

## Edmonton, New York and Europe.

Mr. Cornwall denied having in any way endeavored to assist Mr. Clarke in getting the Government guarantee of the bonds. He happened to be in New York when Mr. S. B. Woods, Deputy Attorney-General; Mr. M. I. McLeod, Deputy Provincial Treasurer, and Mr. C. W. Cross, Attorney-General, were there. This was at the time the bonds were taken by special train to Messrs. J. S. Morgan. He did not know then why they were there. He was there on other business in connection with his steamboats. He did not know that Mr. Clarke left New York for London a few days after he met these men in New York. Mr. Cornwall declared he knew nothing of the formation of the Canada West Construction Company until he heard of it in the Legislature. He said he knew nothing of an order-in-council of the Alberta Cabinet which was passed approving the bond issue.

## How Stock Was Subscribed.

Mr. W. L. Walsh read extracts from the minutes of the meetings of the railway company held in Edmonton and New York. At the organization meeting of the company, held in Edmonton in the fall of 1908, \$50,000 worth of stock was subscribed as follows: W. R. Clarke, \$40,000; B. R. Clarke, \$5,000; William Bain, of Winnipeg, \$1,000; G. D. Minty, \$4,000. A. C. Fraser, of the Merchants Bank, Edmonton, was elected manager pro tem. A motion was moved voting Clarke the whole \$50,000 for fees and expenses in connection with securing the special Act of the Alberta Legislature, and for the surveys authorized by such Act.

## Construction Company Formed.

Mr. B. R. Clarke announced at this meeting that he contemplated the formation of a construction company to build the road, and thereupon resigned as director, and Mr. William Bain was elected director in his place. It was then moved that a contract be entered into with the construction company whereby the construction company would build the road as a consideration for which the railway company was to transfer to them all the balance of the Waterways stock, amounting to \$3,050,000, and the entire net proceeds of the sale of the bonds; also any subsidy that might be secured from the Dominion Government. The construction company was to protect the railway company from all liability until the completion of the road, when the railway company could take it over free from liabilities save that of the bond issue. The agreement was entered into on November 22nd, after it was formally authorized at a meeting held in New York.

## As to Government Guarantee.

Mr. A. L. Waddell, who gave evidence on Tuesday, stated he had made a confidential report to Mr. Clarke for the Royal Bank in order to get the bank to finance for them. This report had shown a probably profit of \$1,500,000, based

on a cost of \$17,000 per mile. He said that Mr. Clarke had first asked for a bond guarantee from the Provincial Government of \$24,000 a mile, while the Government offered \$13,000. They finally compromised at \$20,000. Mr. Waddell had accompanied Mr. Clarke to Europe twice to dispose of the bonds. He understood Messrs. J. S. Morgan, of New York, had purchased the bonds out-right.

Other evidence concerned influencing the Provincial Government to guarantee the company's bonds and questions as to the specifications. Mr. W. L. Walsh, counsel for the commission, stated that Mr. W. R. Clarke, the president of the company, and Mr. G. D. Minty, counsel for Mr. Clarke, would not appear to give evidence. This news caused considerable surprise.

## COMING BOND ISSUES

**Stratford, Ont.**—A by-law to raise \$85,000 for a distribution plant for Hydro-electric power was carried.

**Dauphin, Man.**—The ratepayers voted \$125,000 for waterworks and sewerage.

**Revelstoke, B.C.**—Ratepayers have passed a \$30,000 school by-law.

**Victoria, B.C.**—The ratepayers will vote at an early date on a \$65,000 road improvement by-law.

**St. Thomas, Ont.**—Two loan by-laws \$15,000 and \$10,000 have been passed.

**Kamloops, B.C.**—A \$10,000 reservoir by-law may shortly be introduced to the council.

**Moose Jaw, Sask.**—The \$140,000 street paving by-law has been carried.

**Arnprior, Ont.**—The council will shortly call for tenders for \$16,000 worth of debentures.

**Huntsville, Ont.**—A \$12,000 sidewalks and road by-law has been passed.

**Rosetown, Sask.**—The ratepayers will vote on a \$6,000, 5½ per cent., 20-year local improvement by-law.

**Windsor, Ont.**—A \$20,000 factory sites purchase by-law will be submitted to the ratepayers.

**Winnipeg, Man.**—The hospital by-laws, which involve the expenditure of \$500,000, were given their second reading in council and will be voted on by the ratepayers on June 2.

**Estevan, Sask.**—The ratepayers have passed the \$35,000 electric light plant by-law, the \$10,000 new town hall by-law was also passed.

**Brigdenley S.D., No. 497, Man.**—A by-law to borrow \$2,500 will be voted on on May 4th. F. W. Kirby, Carman, is secretary-treasurer.

**Regina, Sask.**—On May 6th the ratepayers will vote on the following by-laws:—Trunk sewer, \$280,000; general hospital grant, \$25,000; Children's Shelter, \$10,000.

**Dundas, Ont.**—On May 16th the ratepayers will be asked to approve of a by-law to guarantee to the extent of \$30,000 the bonds of the proposed engine works.

**Berlin, Ont.**—The Council recently passed the following by-laws, \$10,745 for roadways; \$617 for gutters; \$6,531 for sewerage; \$6,000 for sidewalks; \$72,000 for school purposes and \$60,000 for Peoples Railway stock.

**Calgary, Alta.**—The two following by-laws will be submitted to the ratepayers: \$93,000 for park improvement, and \$70,000 electric lighting system, while the council will be asked to submit a \$20,000 horse show building by-law.

**Gilbert Plains, Man.**—On May 4th the ratepayers will vote on a by-law to issue \$2,000, 5 per cent., 20-year school debentures. James C. Turner, secretary-treasurer, Gilbert Plains.

**Ellice Municipality, Man.**—On April 30th the ratepayers will vote on a by-law to issue \$5,000, 5 per cent., 10-year bridge debentures. Henry Tillman, secretary-treasurer, St. Lazare.

**Fernie, B.C.**—The following by-laws will be prepared for the sanction of the ratepayers: Water extensions, \$10,000; sewers, \$41,000; surface drainage, \$27,000; schools, \$7,000; street improvements, \$10,000; electric light extensions, \$6,000.

**Peterborough, Ont.**—Peterborough County Council have published notice of the submission of a \$17,000 bridge by-law. The \$70,000 by-law which should have been submitted on April 10th was withdrawn in view of the agreement with the Canadian General Electric Company.

**Dunnville, Ont.**—Three by-laws were carried as follows: To loan \$30,000 to the promoters of an industry for the manufacture of auto parts, furnaces, shovels and other articles; to grant a fixed assessment of \$25,000 and free water for ten years to the Dominion Hammock Manufacturing Co., and a by-law to spend \$30,000 for a new high school.

**Saskatoon, Sask.**—By-laws for waterworks extensions, sewers and granolithic walks will shortly be considered. The council are asking for plans of a new hospital, the cost of which will be covered by a by-law to be submitted to the ratepayers. A similar by-law for \$110,000 was recently defeated.