

1849. whereby the company was authorised to raise, by way of loan, £25,000, to be secured on the canal, and the tolls levied thereon; and that the securities given under that act should take precedence of all other claims on the canal; the act also directed that, immediately on affecting such loan, or any part thereof, the directors should pay the amount loaned into one of the chartered banks, to be drawn out by the cheque of the president, countersigned by one of the directors, and by the engineer employed by the company to superintend the works; and that such loan should be applied only to the improvement of the works. And by the third section it was further enacted, that it should be the duty of the president and directors to pay into the bank, at least once a week, all the tolls or other moneys received for the company, and all moneys then due to or in the hands of the company, and the same was to be drawn out only for the purposes of, or for paying off, some debt due from the company at the time of drawing out the same, and that each cheque should be countersigned by a director, and specify the particular demand it was to be applied in payment of.

Statement.

That the said sum of £25,000, or any part thereof, was never raised, but that large sums were obtained from the government of Upper Canada and applied in constructing the canal. That *Paterson* was elected a director in 1841, and had continued ever since to be president of the company. The bill then alleged that *Paterson* had alone acted in the affairs of the company, until the election of the other defendants as directors, and had possessed himself of the books, papers and effects of the company; that *Coleman* was elected a director in 1847, *Overfield* and *Gamble* in 1848, and had since continued to be directors, but that *Paterson* assumed the sole control of the affairs of the company, to the exclusion of the other defendants; that *Paterson* had received the tolls and other moneys of the company, and had applied them to his own use, or loaned them out, sometimes on security, and sometimes without any security, being given; and had in 1847, with the consent and privity of *Coleman*, *Overfield* and *Gamble*, lent to *Dixon* £300, who was then and still is one

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