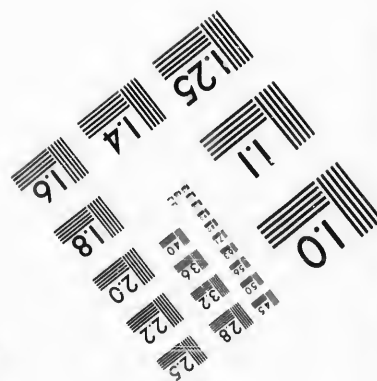
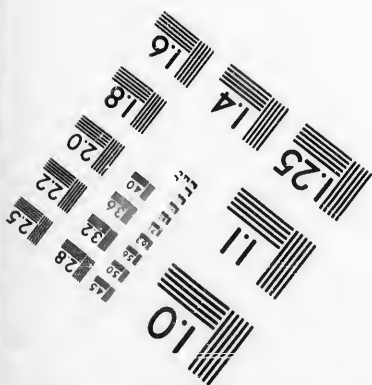
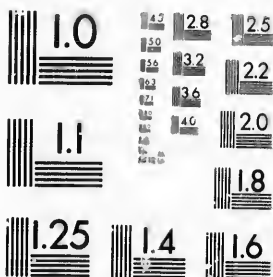


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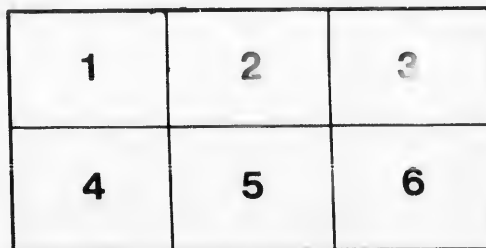
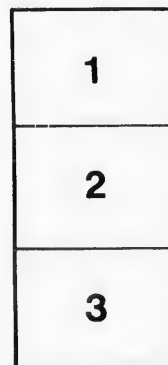
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# THE REPORT

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OF THE

DEBATE IN THE CITY COUNCIL

ON

MONDAY, FEBRUARY 21st, 1853,

ON BRINGING UP THE REPORT OF THE SPECIAL  
COMMITTEE APPOINTED TO INVESTIGATE IN  
REFERENCE TO THE ISSUING OF

## CITY DEBENTURES.

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RE-PRINTED FROM THE "BRITISH CANADIAN."

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TORONTO :

1853.

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*(From the British Canadian.)*

WEDNESDAY, 23rd Feb., 1853.

ON Monday night the City Council met, and was occupied until three o'clock on Tuesday morning in considering the report and evidence given before the Special Committee appointed to enquire into the circumstances connected with the recent issue of City Debentures. The proceedings on this evening are fully given in another place, and the Report of the Committee, and the evidence on which that report is based which is most voluminous, has been ordered to be printed by the Council for gratuitous distribution to the extent of 3,000 copies. The proceedings connected with it are so peculiar that we may be excused for making one or two remarks to which we would invite attention.

The Committee after nearly one fortnight's labor met on Monday at one o'clock, p. m., to consider and settle their report. On that occasion a draft report was submitted by Alderman Bell and rejected, another by Alderman Gowan shared a similar fate, and at length after a long discussion Alderman Denison drafted a short report which we give and which was agreed to on a division of 4 to 2, and at 5 o'clock on Monday afternoon

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the Committee separated. Up to this hour the Mayor had declined to give any explanation of his conduct, but now after the report of the Committee was agreed to and its members separated, he made a communication to the Chairman which led to the members of the Committee being suddenly summoned for half-past six. Some came in time—some could not—but it seems this tardy communication was read under protest—and after being read it was proposed to cancel the report deliberately adopted by the full Committee, and to adopt one more favorable to the Mayor. Despite the strong remonstrance of the minority present this after thought of a report was adopted by the casting vote of the Chairman, some dissentients leaving the room protesting against the proceedings.

The report thus improperly substituted was brought up and led to very interesting debate we give to the exclusion of other matter, and despite the strong remonstrance of some of the members of the council that neither it nor the communication which was the excuse for its substitution had been duly considered, a majority in the council adopted it.

But this majority did not rest satisfied with this exercise of power—the report was adopted by a committee of the whole at a quarter before two o'clock on Tuesday morning,

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and immediately on its being adopted and  
 the council resuming, Alderman Gowan rose  
 to move the adoption of the long report which  
 had been prepared by him, but rejected by the  
 committee after due deliberation, which he  
 said he thought would answer the purpose  
 much better, and which he now proposed  
 should be adopted by the council as the re-  
 port of the special committee and in lieu of  
 that which had been just adopted, and which  
 as we have shewn had been irregularly  
 substituted for the genuine report. Upon  
 this Alderman Denison denounced the  
 whole proceedings and a number of the  
 members rose and left the council in a body.  
 The stage was now all but clear for any  
 farce, and after some discussion the very  
 long and rejected report of Alderman Gow-  
 an was after some remonstrance turned  
 into a resolution to be annexed to the report  
 just adopted, which it virtually negated,  
 and a synopsis of the voluminous evidence  
 which Alderman Gowan said he had ready  
 cut and dry, was ordered to be printed in the  
 city papers; and these, together with the  
 evidence in full, were directed to be printed  
 in pamphlet form for distribution. At a few  
 minutes before 3 o'clock on Tuesday morn-  
 ing, these strange proceedings terminated,  
 and here we may state that the communica-  
 tion of the Mayor which led to all this sub-

stitution of report after report was a mere statement that "he had not received any remuneration present or prospective for introducing the contractors to the Bank, and rendering them any assistance in his power therefor."

It would have been our wish to have made some comment on the evidence, but our space would not allow us, and such comment will come much better when the whole is before the public, as no doubt it soon will be. In the mean time we shall simply state, that it has turned out precisely as we said it would. It is palpable that there is some "great unknown," some "able financier" behind the scene whom parties are desirous to screen—that at this point the committee were foiled, certain witnesses could prove who was the "great unknown," but refused to make the disclosure before any but a legally constituted tribunal—they courted inquiry before such, but kept the secret at present. The result is just as we anticipated. The committee could not get at the whole truth, but they got at quite enough to justify proceedings on the part of the citizens, independent of the Council, and already preliminary steps have been taken to institute the most searching investigation and Court of Equity.

We shall return to this subject in our next, and we hope then to lay before our readers ample information on the subject.

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## THE £50,000 DEBENTURES.

Monday Evening, Feb. 21st.

The usual meeting of the Council took place on Monday evening, his Worship the Mayor in the chair. After the routine business was disposed of and various petitions and communications presented.

Alderman GOODERHAM brought up the report of the Select Committee appointed to investigate into the issuing of City Debentures which was read as follows:—

*To the worshipful the Mayor, Aldermen and Commonalty of the City of Toronto.*

The Select Committee to whom was referred the petition of David Patterson and others, beg leave to submit the following report with accompanying evidence, viz.:—

Your Committee find that the Contractors of the Northern Railroad received £50,000 of debentures from the City, for stock in the road, which they sold at 20 per cent discount, which appears to your Committee to be the full value of the same as evinced by the evidence of various parties before your Committee.

It is further apparent, that the City interests have not in the slightest degree suffered by the transaction, and that the Contractors of the Northern Railroad are perfectly satisfied, and that the Mayor or Officers of the Corporation had nothing to do with the negotiation of the Railway Deben-

tures, and further, your Committee recommend that the whole or so much of the evidence given before the Committee, as may be considered necessary for the information of the citizens be published.

All which is respectfully submitted,

WM. GOODERHAM, *Chairman.*

Committee Room,

February 21st, 1853.

Alderman DENISON rose to declare that the report which had been just read was not the report of that Committee (hear, hear.) It was not the report which had been adopted; he held in his hand a copy of the report which had been adopted at the meeting of the committee which took place that day after a full investigation into the matter.—It was a most unpleasant duty to him to be obliged to get up to make such a statement. He was sorry to be so placed, but he did not like unfair play (hear, hear,) or improper conduct, and he protested against the conduct of a portion of the committee. They had that day met to come to a final conclusion of their labors, and had then discussed the question of the adoption of their report, and a report had been adopted and carried by a majority—that report he holds in his hands. The meeting had broken up, and he (Alderman Denison) had gone away, but after six o'clock, and when he was at his home about three miles distant from this place, he received a notice to attend a further meeting of the committee at half-past six o'clock, in order to consider some information then recently communicated to the chairman by his Worship. He arrived here again at a quarter past seven, and was sur-



prised to find all but one of the committee present—he found that there had been a communication from his Worship the Mayor which they had met to consider. He had read it and was pleased to see it, and regretted it had not been made earlier. Based upon it a new report was proposed; he objected, that it was then too late to do so, and he expressed his belief that it would be better to annex it to their report and hand it in with the evidence. As a member of that committee he would protest against that report—he contended that the chairman had no power to sign it—no authority to do so. He repeated he did not like any improper conduct. The minority who objected to that report were not treated properly; the document now handed in was most irregular; it was not the report of the committee. When this report (which he held in his hand) was adopted all the committee were present—when that one was substituted all were not. (Hear, hear.)

Mr. ASHFIELD—This may not perhaps be the proper time to state why he dissented from the report now brought up. On the other hand perhaps it may, he would however state his opinion. These proceedings of the committee he would say were most unprecedented. A report had been prepared and submitted to the committee when all the members were present, and carried by a majority of the committee, who then broke up and afterwards another report was brought in and carried by a majority of those present, but not a majority of the committee. Alderman Denison's report was that which had been adopted when all were present, after

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deliberation from one to 5 o'clock, when the committee separated. After that—after five o'clock—he Mr. Ashfield received a notice to attend another meeting again at half-past six, p.m., to consider some statement from his Worship. If that statement had been received by the committee at a proper time, it would have had every consideration, but it was not received until after the report had been adopted and the committee broken up. There could in truth be no great difference between the effect of the two reports, but the course now pursued, shows in this attempt to substitute a different one to that adopted, that there is in the back ground something unfair—something that it was not desired to be brought before day-light—something which the committee had not found out, and could not easily find out. The report brought forward by Alderman Denison, was the report of the committee, (loud cries of read it, read it) and it was then read as follows—

*To the Mayor, Alderman and Commonalty of the  
City of Toronto, in Common Council Assembled.*

The Committee to whom was referred the petition of David Patterson and others, on the subject of the issue and sale of City Debentures, beg leave to report.

That your Committee having taken all the evidence in their power to obtain on the subject referred to them, beg leave to submit the same to your Worshipful body with no other opinion of your Committee than that they cannot come to any very satisfactory conclusion on the subject, in consequence of your Committee not having power to send for persons and papers and to examine the witnesses upon oath.

Your Committee, however, feel it to be their duty to state, that they are of opinion that the

interests of this City have not suffered from the transaction in question, so far as your Committee has been able to discover.

This Report was proposed by Alderman Denison, seconded by Alderman Bell, and was adopted at a quarter past four, p.m. as the final Report of the Committee.

YEAS—Denison, Bell, McDonald, Ashfield—4.

NAYS—Gowan, Green—2.

Mr. ASHFIELD resumed, and said this report will be found on examination to be more in accordance with facts and to bear a good and proper complexion, and it embodied the only conclusion they could properly come to. He must protest against the very singular proceedings which had since been resorted to. There was nothing had transpired since the Committee adopted their report to cause the second report to be brought in. A communication had been received from his Worship after the report was agreed to and being received he had suggested its being appended to the report as the proper course. They had however resorted to the present most improper one.

Alderman BELL thought the substitution of that report was most improper. The report of Alderman Denison was agreed to after a warm discussion. He (Alderman Bell) consented to second that report. It contained just what he anticipated it would, namely it embodied the fact that the Committee had not power to investigate the subject submitted to them. They were stopped at the very point where information was most wanted and they stated that they were not able to discover that the city was prejudiced by the transaction. He would wish to state his reasons

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for this belief, but seeing the course that was taken here he would be content with recording his dissent from that report because it contained statements in opposition to the minutes of the Board and must cause a difference of parties. The proper mode of proceeding would have been that every statement should have been made before the Committee agreed to their report. This was not done for he was informed that some statement from his Worship had been made after this report was adopted, in consequence of which it was sought to set it aside. He however had not seen this document. If any such statement had been made it should have come before this council as an appendix to the Report, and it would have been correct in the chairman to say that since the report was made he had received it. This was not done, but a report was most improperly substituted containing statements from which he must altogether dissent,—statements which no gentleman could hear without even warmly expressing his dissent as he now did (hear hear).

Alderman DENISON said, he had but one desire, that was that the report should go to the world with the impression that there was nothing improper, and informal in the adoption by them of their report. This could not be the case, if this substitution of a different report from what they had arrived at were thus permitted.

Alderman GOWAN said, this report was not his report, he had no part in it—but he might say how it was adopted. On Friday, they adjourned to 10 o'clock this day, (Monday) Alderman Bell and he Mr. Gowan were asked

to prepare drafts of the report. They met and wanted the statement of the Mayor which had not been then given, and Alderman Bell read his draft, it was not seconded. His (Mr. Gowan's) draft was moved and lost, and the committee were occupied one or two hours discussing the matter, when Alderman Denison hastily prepared and wrote a report which was concurred in by a majority of the committee—the communication from the Mayor was subsequently received, and then the present report was substituted. Mr. Ashfield speaks of this report as having been prepared in a hasty manner. Why, Alderman Denison's was more so. He did not vote for it. It was however adopted, and subsequently the chairman of the committee received a letter from the Mayor, or it was found on the clerk's desk which led to the change of the report—that letter was read, and Alderman Denison said he was satisfied with the explanation in it.

Alderman DENISON—No. I said, if three particular questions were answered, I would be satisfied.

Ald. GOWAN said, they were answered.

Ald. DENISON said, he did not admit it.

Alderman GOWAN resumed—After this document was received circulars were issued; four or five assembled in this building; Alderman Bell got notice of it, so did Alderman Denison; the committee met; all were present but the mover who walked out. Was this done to brand the Mayor with odium? When the mover, Mr. Bell walked out Alderman Denison read the communication; Mr. Ashfield read it; Alderman Bell refused to read it and went out, others followed. If

they were wrong in adopting the report he would of two evil chose the least, and Mr. Ashfield says there is no material difference in this from the one adopted.

Alderman DENISON—Then why was it changed ?

Alderman GOWAN, resumed—If Alderman Bell did not see it it was because he shut his eyes. He refused to see it ; he walked out of the room. When they (the Council) do know its contents they would be satisfied with the report, and would say that even stronger language ought to be adopted.

Mr. ROMAIN rose to order. There could be no explanation upon this until they were in a committee of the whole. There has been a full and patient enquiry given to the question, and when they have read the evidence if they think it worthy of support they will adopt it. What matter what report they came to in the first instance, if after that was before them they got at new matter which led to a different report. Why did they nominate this committee at all but to get at the truth ? Let all the truth be now before them and they could come to their own conclusion after the evidence was read ; with that view he would suggest their going into committee of the whole and so disarm both.

Alderman DENISON stated that when the committee re-assembled this evening, three of the committee walked out of the room.—He would not allow any false impression to be current. They were all present when the Mayor's letter was read except Alderman Bell who dissented. He contended it was irregular, and that the proper course was to hand in the communication with the report.

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Your Worship came to the door and Mr. Bell left the room ; Mr. Bell did not hear the discussion.

Alderman GOWAN.—You state quite rightly. Alderman Bell, wilfully shut his eyes to the document.

Alderman BROOK.—Regretted this difference of opinion. Alderman Gowan however, has given good reason why this report should not be received, when he states that the report had been come to before the communication of his Worship was received, and that after it was read, another report was prepared and substituted, in the absence of members of the committee. He would move that the report brought up by Alderman Gooderham, be not received, but referred back to the committee for further consideration. They were placed in a most unpleasant position and they would do right to protest against this course. He disagreed with the chairman. He would prefer further investigation, instead of the report deliberately come to being thus disallowed, and this unfair practice resorted to.

Mr. BUGG—Seconded the motion.

Alderman GOODERHAM—moved that the Council do now go into a committee of the whole to consider the report. Mr. Romain seconded it. He said the public were long enough in suspense.

Alderman DENISON would vote for going into committee of the whole so as to take the matter out of the hands of the special committee. In committee of the whole they need not care which report was adopted, but he did not like the foul play in substituting another report for that which had been deliberately adopted.



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Mr. ROMAIN moved also that the standing rule be dispensed with obliging the Council to rise at eleven, which was agreed to, and the Council went into committee of the whole.

Alderman CARR in the chair.

Alderman DENISON said the report suggested the publication of the evidence, but did not say in what form. He would move that it be in pamphlet form, and that three or four thousand copies be printed.

Mr. MACDONALD said that if there were anything wrong in the course adopted he was the party to blame. Some of the gentlemen who came before the committee gave their evidence without any reserve, others refused to go beyond insinuations. It was desirable to have unanimity in their report, and the committee not concurring in that of either Alderman Bell or Alderman Gowan the short report which Alderman Denison drew up was agreed to, after which a notice of the receipt of a communication from the Mayor was given and the committee met again, they were all present, he drew up the present report, it was substituted for the first one. He saw nothing wrong in doing so. He was convinced the city suffered nothing by the transaction complained of. He believes the £10,000 was paid for the negotiation of the whole loan and that it was the means of procuring the other £50,000. He believed the Mayor had no concern in it, had received no part of the money directly or indirectly, even the insinuations made did not go so far as to say he had, though he had refused to give information on the subject.

Mr. ROMAIN called to have the evidence read.

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Mr. GREEN would read a part only, the evidence of Mr. Ridout, Alderman Thompson, the Chamberlain, and the letter of the Mayor.

A member whose name we did not discover, asked would he not read Alderman Hutchinsons ?

Mr. GREEN—No, he did not want it.

Mr. ROMAIN—Read the whole.

Alderman GOWAN—The whole is too long.

Mr. LEE thought the whole should be read,

Mr. WRIGHT— There should be nothing kept in the dark.

The evidence was then read at length, and the communication from the Mayor. They will be found in a subsequent page.

Alderman DENISON—said now that the evidence was read and all were informed of its contents he rose to say that the question being before them in the shape of the adoption of the report, he would have pleasure in supporting it.

Ald. BROOK—Consistency—Consistency.

Alderman DENISON—Who cries consistency? He was consistent, though he would not adopt it as brought forward in committee yet when brought up as the report of the committee, he would support it. The only material difference between the two was contained in the statement of the incompetency of the committee to summon witnesses, and compel testimony. When the report was agreed to, they had not the communication of the Mayor, but in as much as he had now given an answer to their enquiries, he had no difficulty in sanctioning this report and seconding it.

**Alderman HAYES** said he would support the report. The letter of the Contractors he thought conclusive,—the debentures were proved to be their property, and therefore we had no right to inquire what they did with it. Holding these views he would support the report.

**Alderman BELL**, who, owing to the noise and low tone in which he at first spoke was imperfectly heard we understood to say, that though taking the trouble to prepare a draft of report, he had submitted it to the committee but they did not approve of it. **Alderman Gowan** had done the same, and his report was also rejected, and **Alderman Denison's** taken into consideration, and the committee decided not to adopt the version of the affair given in either his or **Alderman Gowan's** report, but leave it to the Council, when the evidence was submitted to form their own conclusions. It was his impression that there was a duty imposed upon him other than the wording of the petition on which the committee was called for; although the prayer was only as to inquiry into the issue of the £50,000 debentures, yet, by the resolution they were bound to inquire into the issue of all debentures, but he found that this view was beside what was sought by the petitioners, and he did not act on it. It would be sufficient for him to remark, he had nothing to complain of up to that period when the Council issued illegal debentures; it was a matter of opinion, whether or not they were illegal,—counsel said they were illegal, and that it appeared necessary to substitute others, and it was done. He repeated

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that up to the first issue of the £50,000 there was nothing wrong, but when he found that these debentures issued illegally—when he found that legal debentures were arranged to be substituted for them—and when he found Mr. T. G. Ridout informing the Council that he had in pursuance of instructions from his friend made a proposal for the purchase of the £100,000 debentures at par on the strange condition that the city should take £50,000 debentures which were not then due to the contractors in part payment of the £100,000, and of which sum of £50,000 only £38,000 was then actually issued, he thought there was something wrong. It appeared to him evident that Mr. Ridout understood that there was a something to be done which was not otherwise than by a contemplated illegal issue provided for, else he could not understand why Mr. Ridout should assume that the Mayor would issue illegal debentures for the residue of the £50,000 at the time that he tells us he was ready to take £100,000 at par. He could not, he repeated, understand why he should make it a part of the condition of this latter purchase, that the corporation should relieve him of debentures to the amount of £50,000 when only £38,000 of them had been issued. If he could understand this it would relieve him (Alderman Bell) from great difficulty. Mr. Ridout stated further, that the contractors were introduced to him by the Mayor, and the result was the debentures were sold to the party who found the money—that the sale of the contractors was by pre-contract. It farther appeared to him, that prior to this introduction

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either Mr. Ridout understood that £50,000 of these illegal debentures were to issue, or that the contractors sold in expectation of their issue, or that Mr. Ridout knew they would be taken on the responsibility of the City who would issue them in some shape or other, and that the party advancing the money would thus obtain 20 per cent discount on the whole sum. The ordinary rate of discount had hitherto been 20 per cent or one per cent for each year to run, but it does not appear that these debentures were purchased at that rate of discount by the Mayor's own money. He could not understand why the name of the purchaser of the debentures was kept secret if all was fair and right.— Every party examined before that committee who was supposed to know who that party was, declined to answer who was the purchaser, or on whom the loss fell. It was passing strange that when the witnesses supposed to know the secret came to that point at which allusion was made to the purchaser of the debentures or the profits on the transaction, they declined to answer any question on these points. (Hear, hear.)— The fact is spread over the minutes in language too plain to be misunderstood. He would further state, he had been inclined to the opinion that the party who loaned the £100,000 and the party who purchased the £50,000 illegal debentures were one and the same, but when he considered Mr. Ridout's testimony, and when he put his finger on that part of it which relates to the transaction, he finds that Mr. Ridout tells the committee that the 100,000 transaction was

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conducted in England while the purchase from the contractors was conducted here, and that he don't know if the parties were the same. He (Ald. Bell) cannot suppose he means to convey the idea that the Bank don't know who were the purchasers in a matter of such magnitude—when asked if the Mayor were the party, he answers “No—emphatically no—not the Mayor;” he only tells us what the Mayor told us. That it was not him, he (Alderman Bell) was free to admit, for the Mayor stated that he purchased through an agent at one-half premium, and therefore Mr. Ridout was obviously not open to the charge of knowing that the Mayor was the anonymous purchaser. Mr. Ridout had made no better statement than this, and when asked could he inform the committee who this anonymous party is, he declined to answer. Has he done more or less than any other witness examined before that committee? No; at this important point they all decline to answer, and it will remain for those who read the evidence to say whether or not they have good reason for declining to answer. Next we have the statement of Mr. Ridout that he don't know who made the £10,000 and as he answered the question in that way after it had been twice put, it can't be said that he has misapprehended it. He distinctly said he did not, and does not know. Next we have Alderman Hutchinson's statements—a gentleman who stands in a high position, in relation to this corporation. When he is asked does he know who got this £10,000, he distinctly answers, “I do know who the

parties were and can name them. I can prove that the Mayor benefitted by the transaction, or is to receive a part of the £10,000, and of the truth of the statement he (Ald. Bell) challenged contradiction—he challenged investigation.” We must consider the importance of his testimony—True, he is not competent to prove it himself, he does not know it of his own knowledge, but he knows where the proof can be had, but declines to disclose it unless to a legally constituted tribunal, but he makes the charge deliberately, and such being the case unless ulterior proceedings be resorted to the matter must ever remain a profound mystery, with nothing to impeach the guilty parties nothing to touch them, Mr. Ridout says he don't know, Mr. Hutchinson says, I can prove the Mayor was one of them. Why then don't this council take the only proper course left and bring it before a competent tribunal which will compel the disclosure of the whole truth. He had no desire to give an undue colouring to evidence, though he was no party to consenting to the report. He thought the Committee were powerless to get at the truth—the report tells nothing of what we want to know, nor will we know it until we have the means of examining parties on oath, and compelling them to disclose who realized the £10,000 which Ald. Hutchinson says belongs to the citizens. When this is revealed we shall know what are the rights of the city, and he Ald. Bell would vouch that there was not a single statement in the evidence given to impeach that of Alderman Hutchinson. He repeated he had no desire to give any colour-

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ing to these statements, his object was to prevent misrepresentations of statements which there was nothing to impeach. Alderman Thompson's testimony comes next, he does not know who made the £10,000, he tells us the contractors brought a professional gentleman from New York to arrange for the purchase of these debentures which were there valued at par though here they were at 20 per cent discount. Mr Cotton comes next, he is asked who got the £10,000 and he declines to answer. The contractors Storey, & Co., ought to be able to set it at rest and we have Mr. Cartwrights letter on their behalf but it does not tell us, we are told they dont complain, they were too honorable to do so for they assented to the sale. There was one peculiar fact in that letter of the contractors—they are informed of the wish of the counsel to know to whom they sold, and those contractors who are apparently under no undue official influence which could weigh with them, make use of this expression, in answer to the question "to whom did you sell ?"—"We decline to answer—there was no undue official influence used." This evidence stands unimpeached, and he hoped this Council would compel them to place the Mayor in such a position as will either enable it to be seen that he is blameless or that what Alderman Hutchinson states is true, and permit Alderman Hutchinson to prove that it is true the Mayor is a party who participated in the £10,000 : he hoped it would be so done, but from the manner in which a report from that committee had been brought



up, it must rest with the citizens themselves, to adopt other measures. That report does not answer the prayer of the petition, and that committee by their report compromise this Council. If what Alderman Hutchison has stated should hereafter prove true, it will place them in the unenviable position, of having declined investigating the matter, and it would be thrown on the citizens to prove that this £10,000 had been diverted into a channel, where it ought not to go.— He would rest satisfied if the statements in evidence were printed and circulated, but he must record his vote against this report. Let the citizens have what they asked—liberty to file a bill, to get at the truth of a transaction which as it now stands, reflects no credit on the Mayor or council of the City. By the course contemplated the prayer of the citizens is not answered. The report says, the committee do not consider that the Mayor was the party who negotiated the debentures, true—but he, Ald. Bell thought that he had participated in this transaction which it was evident would not bear the light of day. The simple facts are that Storey & Co. got the £40,000 debentures, and after they got them, bills were drawn upon England for the price of their purchase. Mr. Ridout tells us they were deposited in the bank—that Storey & Co got credit there according to arrangements, and some one drew bills on England for the price of them. When asked who drew the bills he declines to answer. Well Sir, if these bills were drawn upon England for the purchase money, is that consistent with the sale of the debentures to parties in England? Moreover



sufficient time had not elapsed for any reference to England from the time of their issue to their sale. When we ask is the party who loaned the money for the purchase of the £50,000 and the purchase of the £100,000 debentures one of the same, Mr. Ridout says "he don't know" but appears to be under the impression that they were not. He (Alderman Bell) had endeavoured to do his duty to the petitioners. He was desirous to get at the naked truth; but when they come to the point of interest, we are met with the refusal to give evidence, and the witnesses decline to answer the questions, except before a competent tribunal which could compel the disclosure of the truth. Therefore they should give their sanction to proceedings in equity. The committee were powerless. He would be better satisfied to hear that the Mayor were blameless, but the evidence forbids that conclusion.—Much had been sought to be made of the fact of Alderman Hutchinson declining to answer questions, but then he was pledged not to name the party who could supply the required proof until he was called before a competent tribunal when he will there disclose a fact which he can prove has a direct bearing on the case and stands unimpeached. He thought it would be more becoming of the council to place the Mayor and Mr. Hutchinson in such a position as would relieve the character of the former, or place the latter in a position to establish the charge. When the public have carefully considered the evidence they will arrive at the conclusion he had—they would get at the truth, Mr.

Ridout it is said contradicts Mr. Hutchinson, but the latter challenges contradiction.— Their testimonies do not clash, they are perfectly consistent—both decline to answer when asked, who is this mysterious individual? They stop at the point at which the citizens desire to have information. It was strange the desire that existed to dispose of this matter in a summary manner, and he could not help thinking there was something in it not fit to see the light. (Cries of hear, hear.)

Alderman GOWAN said there were grave charges made against parties which Ald. Bell reiterated, and persons in the city echoed. These were most detrimental to the interests of the city. How were they to maintain its character, credit, and respectability? Was it by levelling insinuations at the head of this council? Was it by employing the public press to calumniate him and sending calumnies across the lake? On what did they rest? Let us refer to the evidence. Alderman Bell says he can't see why the name of the purchaser should be concealed—Storey's partner says he won't disclose him, Mr. Patterson said, (here Mr. Gowan singled out that gentleman who had stood below the bar and made some very uncalled for observations of a personal nature against him and others)—that if you purchased any debentures with the money of another party you should not keep it secret from the person whose money you used though you should from the public. What right was there to demand to whom or at what rate they sold the debentures. The City

Chamberlain says he deposited them in the bank by order of the contractors, and there it ends. Alderman Gowan then proceeded to comment on the evidence which he read from at great length and observed it was stated by Alderman Bell, that the credit and money of the citizens had been used to put money in the Mayor's pocket. Where was the proof of it? We were told by alderman Bell that the evidence of this transaction would make the hair of his head stand on end. Well we had the evidence, and in his belief it would take a good many bottles of macassar oil to do this. For his part he saw nothing dishonorable in the transaction so far as the Mayor was concerned, but he could not account for the conduct of some of the council in this matter, particularly Mr. Ashfield, of whose sound sense, judgment, and experience he had always formed a high opinion. Mr. Ashfield was a gentleman whom he always respected as a man of independence and character, but he could not account for his conduct. He was surprised at the course which he had taken on this matter. No doubt he had good reason for doing so, but he trusted that he and the gentlemen who differ in opinion with him would not rest their difference on minor points, and if aware of any act being done by the Mayor that they would not hesitate to disclose it.—Fish would ask did not the contractors hold £25,000 which sum the city gave in lieu of taking £50,000 stock in the railway; that being the case, what had we to complain of. The contractors were the parties to whom it was so great an object to obtain £20,000 in

cash, and for this purpose they sold their £50,000 debentures at 20 per cent discount.

Mr. ASHFIELD—said Alderman Gowan had alluded to him, and reflected on his conduct in differing in opinion with him. Now every member of the Council, know that he, Mr. Ashfield was no hireling. He would ever be as independent a character as the worthy Alderman who instead of finding fault with him for differing in opinion with him should shew where his inconsistency if any lay. There was more than one reason why he differed in opinion with him. It was necessary to get at the truth, and if all made the same statements, there would be nothing to be got out. He did all he could to defend the parties in the distance who were charged with improprieties if any, and he did not regret doing so. There was one point required to be known. In the statements made by those who could throw light on the matter they avoided answering one point, they did not say any one in particular was the principal in the transaction. One gentlemen in particular made a statement on this point. Now why not take advantage of that statement. He could have satisfied the council but he declined to make the information public unless before a proper tribunal, and then it would be seen if it were a fair transaction! These statements are unimpeached, and when made so plain and pointed as they are, he must come to the conclusion that the Mayor was connected with the transaction, and has, or, is to receive a portion of the benefit. It is clear, somebody received the benefit of the £10,000 less by a commission. The parties who got

it all arranged are in the dark. But despite Alderman Gowan, he would on this and every occasion shew an independence of speech alike of the Mayor—Mr. Gowan, or any one else. Sir he should tell him, he is not an hireling—he would do what was right, and when he ceased to do so he could be no longer worthy of the confidence reposed in him. He thought so far as their act, it was a matter of indifference which report they adopted, neither would answer the purpose.

After some observations from Messrs. Brook and Platt.

Mr. ROMAIN said he would read a letter which had been entrusted to him, addressed by Mr. Dallas to Mr. Patterson, and calling him to take his name off the Petition, he proceeded to read the letter which attributed the present proceedings to rival candidates for the Mayoralty one of whom said Mr. Romain is now on this side of me and another on that.

Alderman HUTCHINSON said it did not apply with truth to him.

Alderman DENISON said that Mr. Romain was said to be himself a candidate for the chair next year.

Mr. ROMAIN resumed and said the evidence of Mr. Hutchinson alone stood in the way of a full acquittal of the Mayor. As to the alleged loss, it was a farce; It was astonishing to him that alderman Hutchinson refused to disclose evidence as he did.

Alderman HUTCHINSON said he told as much as he could tell without compromising friends, but he believed there were then two or three persons who knew all about it and who

could prove that the Mayor was implicated and whenever he should be brought before a proper tribunal he would have the parties who could disclose all. Mr. Cotton also would not reveal it nor be prepared to make any statement until then.

Alderman CAYLEY said that there was one point to which he wished to call their attention. The object of the Petitioners was to arrive at the truth. The friends of the Mayor should press the matter forward to the same point. He would say he saw nothing before of evidence to implicate the Mayor—there was little now—Mr. Hutchinson's evidence had made an impression but it was not of his own knowledge, he Alderman Cayley before and now again would urge the Mayor to state his knowledge,—to court enquiry. If a week ago instead of opposing Mr. Bell we had adopted that course we should not be as now at fault. To remedy this state of things he would now move a resolution to the following effect to be appended to the report which certainly did not meet the prayer of the Petitioners. Parties decline to co-operate with them in getting at the truth. If we refused we would be responsible for the further agitation which must arise upon the question. On the report being adopted he would move a resolution as a rider to the effect that the council had carried their enquiries as far as their power extended and offering to co-operate with the citizens in any ulterior measures.

The Report was then put and carried on a division, and Mr. Cayley's rider was put and lost after a few observations in re-

ference to it, it being contended it would negative the report just adopted.

The Committee having risen and the Mayor having taken the chair

Alderman GOWAN said, that believing his own report the best, he would now move its substitution for that which had been just brought up.

Alderman DENISON said the committee had adopted his report—they improperly substituted another,—they come here and get that other adopted by this Council, and now Ald. Gowan brings in his own one, which that committee after full deliberation had rejected, and he asks the Council to set aside the report which had been deliberately adopted. Here is a pretty specimen of the difficulties which were to be combated in that committee.

Aldermen Denison, Cayley, Hutchison and others, now rose from the table and left the room in a body,—the following members of the Council alone remaining:—Aldermen Gowan, Gooderham, Robinson, Thompson, and Hayes. Messrs. Green, Lee, McDonald, Davis, Baxter, Romain and Bugg.

Alderman GOWAN at a quarter to two in the morning moved the substitution of his report for that of the committee and proceeded to read it at length. In this he was occupied until a quarter to 3 o'clock.

Mr. ROMAIN seconded it.

Mr. Baxter, Alderman Hayes, and Alderman Robinson objected to this course.

Alderman ROBINSON asked the Mayor was this course regular?

The MAYOR—Yes; perfectly so.

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Alderman THOMPSON suggested that the report should be changed into a resolution and so annexed to the report already adopted, and this course was ultimately agreed to, the report was adopted, and also Alderman Gowan's lengthy report turned into a resolution to be annexed to it. It was also resolved that the report and resolutions and a synopsis of the evidence which Alderman Gowan said he had prepared for the purpose should be published in the Toronto papers, and that the three documents together with the evidence should be printed in pamphlet shape, and 3,000 copies struck off for the use of the council and for distribution.

At a few minutes to three o'clock this strange scene terminated.

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(From the *British Canadian*.)

SATURDAY, 26th Feb., 1853.

THE *Patriot* of Wednesday last contains a statement in reference to the proceedings of the City Council, on Monday night, when considering the report of the special Committee appointed to enquire into the issue of City debentures, which we cannot allow to pass without denouncing as an attempt to mislead the public as to the results of that enquiry.

The Editor of the *Patriot*, after giving the report, which was brought up by the Chairman, as the report of that Committee, and also the report which was *really agreed to* but most improperly suppressed, informs his readers on the authority of Alderman Gowan that Alderman Denison's report which had been thus set aside "had been adopted by one vote." This statement is untrue, it was adopted by a vote of 4 to 2—the yeas being, Messrs, Denison, Bell, McDonald, and Ashfield,—the nays, Messrs. Gowan and Green. The *Patriot* states that the report of the Committee, and proceedings of the Council was "a full, complete, and triumphant vindication of right and truth, against the assaults of calumny and falsehood." We will now examine what foundation there is for this assertion.

The report which the *full* Committee, adopted by a vote of 4 to 2 states that "they cannot come to any very satisfactory conclusi-

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on on the subject in consequence of not having power to send for persons, and papers, and to examine witnesses on oath," and it further informs us "that the interests of the City, have not suffered from the transaction in question, as far as the Committee had been able to discover."

"Now we would ask, can this be considered a full, complete and triumphant vindication," of the conduct of any one whatever in the transaction? We think not, and we believe a dispassionate public, will concur in that opinion. We believe the friends, of his Worship the Mayor, did not so view it as far as he was concerned,—that the Mayor himself, did not so view it, is evident, for, after that report was adopted by the full Committee, and it was *functus officio*, and when the contents became known, it elicited from the Mayor, what was said to be an answer to certain question, and a statement of the part he took in the negotiation or sale of the £50,000 debentures, a statement which he had previously declined, to give to that Committee, In that communication he stated that he "introduced the Contractors to the Bank of Upper Canada, and rendered them any assistance in his power, in the negotiation of the £50,000 debentures, but received no remuneration present or prospective *therefor*."

Now no body said he was paid, or to be paid, for the introduction, or his aid in the negotiation; but what was said was that there was £10,000 retained by somebody out of the produce of the £50,000 debentures issued at par on the 26th of Nov. last. in this docu-

ment, being placed in the hands of the Chairman the Committee were again called together, and with no further nor better evidence before them, and in defiance of the protest of three out of seven who composed the Committee, the majority set aside the report which had been agreed to in full Committee, and substituted one declaring that "the Contractors received £50,000 of debentures from the City, for *stock in the road.*" No body ever disputed that,—and that they sold this "*stock in the road,*" at "20 per cent discount which appears to your Committee to be the full value of same."—No body doubted that also.

This report further tells us "that the City interests, have not in the slightest degree suffered by this transaction," in "*the stock in the road.*" Who said they had? It tells us "that the Contractors of the Northern Railroa' are perfectly satisfied"—So they ought,—having sold their "*stock in the road,*" to the City for double its cash value : and to crown the whole this precious report tells us "that the Mayor or officers of the corporation had nothing to do with the negotiation of the RAILWAY debentures." !!!

Here again we ask who said they had? The Committee was appointed to enquire into certain trasactions in CITY debentures, and after a fortnight's incubation the Committee produced a report, not upon the subject on which they were directed to enquire, but upon the sale to the City, by the Contractors of £50,000 of their RAILWAY stock. !!!

Was this "a full complete and triumphant indication of right and truth" as respects any

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one? We do not think it was, neither do the majority of the committee, for after the first precipitancy with which this report was substituted was got over, the very men who had carried it, on coming into the Council Chamber gave evidence of its insufficiency for the purpose. They saw that it virtually left the subject of enquiry precisely in the same position if not even a worse one than the repudiated report, but some opposed it, others pressed its adoption and the *Patriot* tells us it "was adopted *unanimously* by the *whole Council*," this again is utterly false, five members rose against it, but a *division* was not called for. The vote of the majority was not any vindication of any one, it was merely the adoption of a report which *did not even by a single sentence apply to the subject of enquiry.*

This was evident to the more astute members, but there was a draft of a report in Alderman Gowans pocket which that worthy Alderman "thought the best" though despite its merits the full committee rejected it. This report however was "just the thing" whereupon says the *Patriot*,—"Alderman Gowan moved seconded by Alderman Gooderham that the report" which he Ald. Gooderham had brought up and moved for adoption in the early part of the evening "*be not concurred in*" and that the report prepared by Alderman Gowan "be adopted in lieu thereof." How Alderman Gooderham could thus stultify his previous act is a matter of wonder to us, but not so that at this strange proposal a number of the members of the Council left in a body.

The course was now clear and "this report" says the *Patriot* "in the form of a Resolution was concurred in *unanimously* by all the remaining members of the Council." Such was not the fact. Mr. Baxter and Ald. Hayes declared they would oppose it, and Alderman Robinson put to the Mayor the question, were their then proceedings regular, and his Worship answered "perfectly regular," although at the time *there was not nor had there been for some time a quorum of the Council present.*

But opposition was useless—the question was put by the Mayor, none of these gentlemen rose against it and it was accordingly carried not unaimously but without a division, yet this is pronounced by the *Patriot* "a full, complete and triumphant vindication of right and truth against the assaults of calumny and falsehood." Up to this stage we agree with the committee that there is an absence of evidence to criminate any one, but if any of the parties supposed to be implicated rely upon any report from the committee or on the proceedings of Monday night as "a full, complete and triumphant vindication" they *must thereby criminate themselves.* We sincerely trust the Mayor of Toronto may not be among the number, but that he may accept the challenge thrown down for a legal investigation which alone can serve the purpose.



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MINUTES OF PROCEEDINGS OF THE  
SELECT COMMITTEE APPOINTED TO  
INVESTIGATE INTO THE ISSUE OF  
CITY DEBENTURES.

Wednesday, Feb. 9, 1853.

The Select Committee to whom was referred the Petition of David Patterson, Esq., and others, praying for an investigation into the issue of City Debentures met.

Present—Aldermen Bell, Denison, Gooderham, Gowan; Councillors Ashfield, Green, Macdonald.

Alderman Denison, seconded by Councillor Macdonald, moves that Alderman Gooderham be the chairman of this committee which was carried. Yeas, Aldermen Bell and Denison; Councillors Ashfield and Macdonald; nays, Alderman Gooderham and Gowan, and Councillor Green.

Alderman Gooderham took the chair.

Alderman Gowan, seconded by Councillor Macdonald, moves that it be resolved that all the proceedings of this committee be taken down in writing including the questions to and answers of witnesses, which was carried.

Alderman Gowan, seconded by Councillor Macdonald, moves that the undermentioned witnesses be requested to attend for the purpose of giving evidence to-morrow (Thursday) at 3 o'clock, p. m., namely—S. Thompson, Esq., chairman Finance Committee, Joshua G. Beard, Esq., late chairman Board

of Works, David Paterson, Esq., first petitioner, The clerk of the Common Council, and The Chamberlain of the city, which was carried.

Alderman Denison, seconded by Councillor Green, moves that the questions intended to be asked of witnesses be furnished them in writing ; yeas, Aldermen Denison and Gow-an, and Councillor Green ; nays, Alderman Bell, and Councillors Ashfield and Macdonald ; the votes being equally divided the chairman voted with the yeas. Carried.

John Bell, Esq , examined—

1st. Have you at any time purchased or offered to purchase either for yourself or for any other person the Debentures of this city ?—I have.

2nd. At what rate did you offer to purchase ? At various rates, from 15 per cent downwards—will answer more fully to-morrow.

3rd. Are you the law agent of Wm. Cawthra, Esq., formerly an Alderman of this city, and did you as such agent advise him to purchase city debentures ?—Mr. Cawthra is a client of mine ; I am not aware of having advised Mr. Cawthra to purchase city debentures beyond mere incidental conversation in the office.

4th. Are you aware at what rate the debentures were purchased by Mr. Cawthra ?—I am not aware of the rate at which Mr. Cawthra purchased all the debentures ; I know that he has purchased some at a discount of 15 per cent downwards ; I heard it remarked that Mr. Cawthra had purchased some at a much larger discount, as high even as 25 per cent.

5th. Did you as Mr Cawthra's agent advise him to demand 2 per cent from the city for receiving the money due him upon the securities which he held against the city ? I decline answering as I am not legally at liberty to disclose the advice given to clients.



6th. Do you know any matters connected with the issue of £50,000 city debentures in aid of the Ontario, Simcoe, and Huron Union Railroad, and if you do please state to this committee what? I do know that on the 21st of July £10,000 debentures were issued on the 31st, £10,000 on the 3rd of August, £10,000 on the 31st of August, £13,000 and on the 30th of September £5,000, and a further sum of £7,000 were issued on the 19th or 20th of October. These debentures as they were issued were placed in the Bank of Upper Canada for the contractors; I find that the last sum of £7,000 were issued contrary to law, as the Act of Parliament authorising the loan of £100,000 was passed on the 7th of October, which act required that those previously issued should be redeemed, and in effect that no further issue should be made. On the 11th of October I find that the standing committee of Finance and Assessment accepted the offer of the Cashier of the Bank of Upper Canada to provide the £100,000 loan. I got a debenture on the 15th of January delivered to me by Dr. Beatty which I thought should have been a Railroad debenture, but it was not. Mr. Arton, a Railroad Director, in August last inquired of me if I would take 80 per cent for the debenture I was entitled to. He had previously complained of ill-treatment in not getting his debenture at the time he offered me 80 per cent; he stated that the Mayor had negotiated for them, and that that was all they could obtain for debentures. Mr. Cooper importuned me for this debenture; I frequently applied for it; upon enquiring again of Dr. Beatty, he told me that the Mayor had arranged to furnish this debenture and had neglected to do so; this transaction was a matter between Mr. George Cooper and the contractors for right of way over his land, or for fencing which the city was not concerned or responsible to Mr. Cooper.

(Signed,)

JOHN BELL.

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Thursday Feb. 10, 1853.

The Committee met—Present, Aldermen Bell, Denison, Gowan; Councillors Ashfield, Green, Macdonald.

The Chairman, Alderman Gooderham being compelled to be absent at a meeting of the Directors of the Toronto and Guelph Railway Company, Alderman Denison was appointed chairman *pro. tem.* A communication from Samuel Thompson, Esq., stating that he was unable to attend the committee this day in consequence of being obliged to attend a meeting of the Toronto and Guelph Railway was read.

David Patterson, Esq., first petitioner examined,

1st. Are you the first Petitioner upon the petition of D. Patterson and others, complaining of some misappropriation of certain debentures of this city? I am.

2nd. Can you give the committee any information upon the subject of the said petition and if so be pleased to state it?—I have no knowledge of my own on the subject, other than that contained in the petition.

3d. Are you a member of the Board of School Trustees of this city, and have you in that capacity sold the debentures of the city for the erection of School Houses?—I am a School Trustee, and the Board of which I am a member sold them.

4th. To whom were the debentures sold, what was their amount and at what rate of discount were they sold?—About £700 were sold to the Rev. Anson Green and first paid for by note and otherwise, the arrangements were for cash and the notes were redeemed within a month, the debentures were not surrendered until the notes were paid, the rate of discount was at  $17\frac{1}{2}$  per cent for twenty years or  $\frac{7}{8}$  per cent per annum. Mr. Green got those at 4, 5, 6 and 7 years date, the larger

dates were taken by Mr. Short of the Bank of Upper Canada, at I believe a little less per cent discount.

5th. If you purchased a city debenture would you be unwilling to state such fact and at what rate of discount?—I should not.

6th. If you purchase any debentures with the money of another party would you conceal the fact? I should not with the person whose money I had invested, but I should not inform the public.

7th. To whom would you consider the profit on such a purchase to belong?—The person whose money I invested.

8th. Are you a member of the Direction of the British America Insurance Company?—I am.

9th. Has that Company declined receiving the funds loaned to the city unless it is able to reinvest the same?—They have.

10th. What rate of interest is that Company now receiving for the balance due to it by the Corporation?—Six per cent.

Chas Daly, Clerk Common Council examined—

1st. Are you the City clerk and how long have you held that office? I am, and have held the office since February 1835.

2nd. Have loans or grants at any time been made to or stock taken in the Ontario, Simcoe and Huron Union Railroad Company for or on behalf of the city?—There were.

3rd. State the particulars of such grants, loans, stocks, when made, the amount granted or taken, and upon what condition?—On the 21st November, 1850, a deputation from the Board of Directors of the Ontario, Simcoe and Huron Union Railroad Company, waited on the Standing Committee on Finance and Assessments of the Corporation to know "if the Corporation of the City of Toronto would grant the sum of £25,000 to assist in completing the Toronto and Lake Huron Railroad, parties now being found willing to contract for the completion of the same, in two years and a half

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from the present time, provided the Corporation grant the above sum." On the 23d of November, the President of the Board of Trade of Toronto, communicated the following resolution unanimously adopted by the council of the Board of Trade. "*Resolved*, that the construction of the Ontario, Simcoe, and Huron Railroad, would be of vast importance to this part of the Province, and of immense advantage to the city of Toronto, and in order to maintain our present position in the commercial community and to promote and extend our agricultural interests, it is the opinion of this council that the corporation of the city of Toronto should with the least possible delay co-operate with the directors of the said company in carrying out and completing their present arrangements for the construction of the road by a gratuitous grant of £25,000 debentures payable at 20 year's date with interest half-yearly, said debentures to be issued when so much of the railroad shall have been completed as will justify such advantage and satisfactory security obtained for the completion of the road." Upon the recommendation of the standing committee on finance and assessment of the council as contained in their report, No. 21, for 1850, the common council of the city of Toronto, on the 25th Nov., 1850, adopted the following resolution:—" *Resolved*, That the sum of £25,000 in debentures payable 20 years after date with interest at 6 per cent per annum, payable half-yearly be granted in aid of the Ontario, Simcoe, and Huron Union railroad company on the conditions set forth in the clause of the report, No. 21, of the standing committee on Finance and Assessment, and in order to extend the benefits of the said railroad to all parts of the city, it be another condition of the above grant that the terminus for passenger trains shall be erected on a part of the Market Block property now vacant, such portion to be leased to the company at a nominal rent for 99 years, and the line of railroad shall be car-

ried along Palace-street and Front-street to the full extent of the city lots. The conditions of the 2nd clause of report referred to in the foregoing resolution was in proportion as the work progresses as one is to ten, viz., £100,000 to be expended on the road before any advance is made by the corporation, then debentures to be issued to contractors for £10,000, and that all future advances be made in the same proportion to an amount not exceeding in the whole £25,000 on the 8th day of August, 1851. The manager of the Ontario, Simcoe, and Huron Union railroad company, aided by certain resolutions adopted at a meeting over which John Arnold, Esq. presided, applied for a loan of £35,000 upon certain conditions set forth in the said resolutions, which applications and resolutions were referred to a select committee. The select committee on the 18th of August, 1851, reported that upon the most attentive consideration given by your committee to the proposition signed by Mr. Arnold as chairman, and after frequent interviews with the manager as well as with the contractors of the company, your committee would recommend that in lieu of the propositions (or either of them,) this council loan the said company their debentures to an amount not exceeding £35,000, payable in 20 years, with interest on the same payable half-yearly, issuable in the same ratio as the bonus of £25,000 taking as security for such debentures the bonds of the said company to the same amount payable in 10 years with interest half-yearly, secured on the road to the satisfaction of this corporation upon the recommendation of the city solicitor. And further, that it be a condition to this loan that the road from this city to Lake Simcoe on the Holland river be completed in two years from the 1st of January next, and further, that as long as the loan of £35,000 continues, the Mayor of this city for the time being (if he be not a director in any other company) be a director in the above-mentioned company, if he

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be a director in any other company, then any Alderman of the city for the time being to be nominated by the council to be a director in said company." This report was adopted by the council on the said 18th of August, 1851.

On the 28th of June, 1852, the Council passed a by-law authorising the issue of debentures to the extent of £60,000 in and of the Ontario, Simcoe, and Huron Union Railway, which provides.

1. That it shall and may be lawful for the Mayor of the City of Toronto, to cause any number of debentures to be issued to the Ontario, Simcoe and Huron Union, Railroad Company, in the proportion specified in the before recited resolution as the work on the said road progressed.

2. That of the said sum of £60,000 the sum of £26,000 shall be a gift to aid in the construction of the said Road, and the remaining £35,000 shall be as a loan to the Ontario, Simcoe, and Huron Union Railway Company, and for the securing the repayment of the said loan in 10 years with interest at the rate of 6 per cent per annum, payable, half yearly, the said company shall give to the City of Toronto, their bonds secured upon the said road, to the amount of such debentures from time to time issued to the said company on account of the said loan. On the 29th of July 1852. The Mayor communicated to the Council the expediency of confirming an offer which he had made to the contractors of the Ontario, Simcoe, and Huron Union Railway, in consequence of some difficulty which had presented itself in the matter of the Directors, giving the City security upon the road, for the amount proposed to be advanced to the said directors by the way of loan, and which offer the Mayor stated to have been in substance as follows:—

" That the contractors should agree to relinquish the grant of £25,000 made by the Council in aid of the said railroad, which said grant has been transferred by the directors to the contractors, and that the directors should relieve the Council from the

agreement to loan the company the sum of £35,000 upon certain security, upon condition that the council should take stock in the said road to the extent of £50,000 paying therefor in debenture at the said time and in the same proportion as the work progresses as it was agreed the said grant and loan should be advanced, to which the said contractors had assented." Upon this communication the Council adopted the following resolution:—

WHEREAS His Worship the Mayor, had informed this Council that the Contractors of the Ontario, Simcoe, and Huron Union Railroad Company, have accepted a proposition made by him, subject to the approbation of this Council in view of the difficulties which have existed in the execution of a mortgage bond, by way of security, for the loan of £35,000 formerly voted by this Council, to the effect that the Contractors, shall surrender the grant of £25,000 made by the Council and transferred to such Contractors in part-payment of their Contract, and also, that the Directors shall waive the aforesaid loan of £35,000 altogether, or a condition, that in lieu thereof, the Council will take stock to the amount of £50,000, to be paid by the issue of City Debentures, in the same proportions as the above loan and grant were authorized to be issued.

*Be it therefore resolved* that the Standing Committee on finance and assessment be authorised to complete such an arrangement, provided that no legal difficulty shall occur in carrying out this resolution, and provided also that no alteration shall take place in the conditions upon which a portion of the Market Block was granted to the said Company, particularly with regard to carrying the Railroad to the Eastern limits of the City water lots. This resolution was communicated to the Board of Directors of the Ontario, Simcoe, and Huron, Union, Railroad Company, and to which the following reply was received:—

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Office of the Ontario, Simcoe, and Huron Railroad  
Union Company,

Toronto, July 30th 1852.

*The Worshipful the Mayor of Toronto.*

SIR,—The Board of Directors have had under consideration a resolution of the Council, passed on the 29th inst., relating to a proposed new arrangement for the issue of debentures to the contractors, a minute of the Finance Committee thereon, and a letter from M. B. Storey & Co., stating their willingness to accept the propositions embodied in the resolution of the City Council, first mentioned, I now beg to send you a copy of a minute made by the Directors of this Company in relation to the documents referred.

*Resolved*,—“ That the Board of Directors agree to the proposed arrangement between the City Council, and M. B. Storey & Co., submitted in the resolution of the City Council of the 20th instant, without prejudice to the existing agreements between the Council and the Board and the Contractors, in the event of the one proposed not being accomplished, and further without prejudice to the other parts of the said existing agreements which are not to be affected in any way by the substitution proposed for certain parts of those agreements.”

I am, &c.,

(Signed)

WILLIAM SLADDEN,

*Secretary.*

On the 11th of October 1852, the following certificate was laid before the Council:—

Engineers Office, of the Ontario, Simcoe, and Huron Union Railroad Company.

Toronto, October 5th, 1852.

I hereby certify that I have this day granted to M. C. Storey, & Co., a certificate for £4,923 currency for work done, materials furnished, and other expenditure under their contract for building the

Ontario, Simcoe, and Huron Railroad, and that the total amounts of similar certificates granted under said contract to this date is £253,170 currency.

(Signed.) F. W. CUMBERLAND.

October 14th, 1852.

*Chief Engineer.*

Bonds releasing the city from all claims to the grant of £25,000, and the loan of £35,000 were executed by the Ontario, Simcoe and Huron Union Railway Company and the Contractors, with a view to carrying out the resolutions of the Council of the 29th July, and October 18th, 1852.

A Bill passed the Council to authorize the Mayor to subscribe for £10,000 shares in the Ontario, Simcoe and Huron Railway Company, in lieu of the said grants and loans. This Bill provides,

That it shall and may be lawful for the Mayor of the said City of Toronto to subscribe for, or take, receive, and hold stock in the said Ontario, Simcoe and Huron Union Railroad Company, to the amount of £50,000 for, and on behalf of the said City of Toronto, and for the payment of the same, it shall and may be lawful and it shall be the duty of the said Mayor for the time being of the said City to appropriate so much and so many of the said debentures authorized to be issued under the provisions of the Bye-law hereinbefore recited as may be requisite and necessary for that purpose and that the said debentures shall be issued by him for that purpose at the times and in the same proportions as is provided by the Bye-law hereinbefore recited, subject however to the same condition relative to the passenger terminus of the said Railroad and the continuance of the said Railroad along Front Street and Palace Street as are contained in the recital of the said Bye-law and the Resolutions of the Common Council of the 29th of July and November 1st, 1852.

The Council passed the Bill entitled "An Act to provide for the issue of £100,000 debentures to consolidate a part of the City debt."

4th. Can the Mayor or any Officer of the City use the credit of the City, or contract any debt on its behalf without the authority of a By-law of the Council, and the Corporation seal being attached thereto?—The credit of the City could not be used without the authority of the Council.

5th. Are you aware of any frauds or malversation, or other illegal or improper act in connection with the issue or negotiation of any debentures belonging to this city, or within or under the control of any one or more of its officers or members, as such officers or members?—I am not.

6th. Can you inform the committee whether the credit of the city has been at any time used by any person or party, except in the fulfilment of the honest and honourable obligations contracted by the city?—I cannot.

7th. Have you any order or minutes of Council directing the issue of the £7,000 on the 20th of October?—I am not aware of any, except the authority of the By-law passed on the 18th October.

8th. Is it necessary that the Mayor should have authority, either from the Council or Committee of Finance, to issue Debentures?—The authority of the Council is necessary.

9th. Did you conceive that the By-law passed on the 18th of October, confined that authority?—I did.

10th. Were you aware of the passage of the act to authorise the consolidation of the loan for the city, on the 10th of October?—I was not that I can recollect.

11th. Has the City subscribed for stock under the terms of the City Consolidated Loan Fund Act?—I believe the city has not subscribed for stock, but that the Chamberlain has received scrip or paid up stock in exchange for the Debentures from the Contractors, in pursuance of the letter of consent of the directors of the 30th of July, and the bonds to the city by the Directors and Contractors of the 14th of October.

The Clerk was directed to request the attendance of the Chamberlain, Joshua G. Beard, Esq., late Chairman of the Board of Works; Samuel Thompson, Esq., Chairman of the Standing Committee on Finance and Assessments; and Dr. Beatty of the Ontario, Simcoe and Huron Railway Contractors.

Adjourned until to-morrow, Friday, at 7 o'clock.

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Friday, February 11, 1853.

Present—Aldermen Bell, Gowan; Councillor Green.

The Committee adjourned for want of a quorum until to-morrow, Saturday, at 3 o'clock, P. M.

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Saturday, February 12, 1853.

Present—Aldermen Gooderham, Chairman, Bell, Denison, Gowan; Councillors Ashfield, Green.

Andrew Taylor McCord, Chamberlain, examined—

1st. Are you the Chamberlain of the city, and how long have you held that office?—Yes. I have held the office since the year 1834.

2nd. What amount of city Debentures have been sold or otherwise disposed of during the last two years?—£218,767 12s. 4d. The Corporation do not ordinarily sell their Debentures in the common acceptation of that word. The Debentures are paid to Contractors and others at par, or for what is upon the face of the Debenture. In some cases *during the past year this mode has been departed from*, and the late Chairman of the Board of Works, J. G. Beard, Esq., has disposed of Debentures for the contractors of Public Works, the proceeds of which were deposited with me and paid to the said contractors upon the order of the Board; the only other instance in which I can recollect of any departure from the usual mode of paying the debentures at par, was on account of the opening of Colborne Street in 1851, when

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several of the debentures for that purpose were sold at a discount of one per cent. per annum.

3rd. To whom were they sold, and for what works particularly?—The principal part of the sum issued was to the following parties:—Ontario and Huron Railroad Company £50,000; Toronto and Guelph Railroad Company £40,000; loan to consolidate the city debt £82,000 sterling, making in currency £99,766 13s. 4d., Total, £189,766 13s. 4d., leaving a balance of £29,000 19s. which were issued for sundry public works, viz: £4,000 towards opening of Colborne Street, from Church Street to Yonge Street, per act of Council passed 28th July, 1851; £1,725 paid to the trustees of the Western Market when the building was made over to the Corporation; £600 to discharge sundry claims for extra work at the St. Lawrence Hall and buildings; £4,000 for sundry street improvements; £8,000 on account of bill for issue of £13,150 on account of improvements on streets; £3,500, J. G. Beard, Esquire, Chairman of the Board of School Trustees, towards building new school houses; £7,175 19s. to sundry parties, being the balance of debentures ordered to be issued for constructing St. Lawrence Hall, Markets, &c. Total, £29,000 19s.

4th. What was the rate of discount in each case?—Whole amount issued is 1851 and 1852, £213,767 12s. 4d. Ontario and Huron Railroad Company £50,000 issued at par; Toronto and Guelph Railroad Company £40,000; City debt at par £99,766 13s. 4d.; opening Colborne Street, part issued at par, and part one per cent is allowed £4,000; Trustees Western Market £1,725; extra work at St. Lawrence Hall and Market at par £600; sundry street improvements £4,000; on account of 13,150 bills for do. £8,000; £12,000, about £8,000 of this sum one per cent. per annum is allowed Joshua G. Beard, on account of building school houses; £3,500 issued at par; sundry parties balance of debentures ordered to be issued

for building St. Lawrence Hall and Market, &c. at par £7,175 19s.

5th. By whom are the debentures signed?—By the Mayor and Chamberlain.

6th. Had the Mayor any control over the debentures issued to the contractors of the Northern Railroad, or over any other City debentures except signing them?—If the Mayor as the head of the Corporation chose to suspend the issue of debentures temporarily after signing them, I would not issue them; but in the issue of debentures to the contractors of the Northern Railroad, or any other debentures, the Mayor exercised no such control.

7th. In the negotiation, sale or purchase of debentures, does the Mayor of the City, in his capacity as Mayor, enjoy any advantage over any other citizen who may have the means, and who may feel disposed to purchase debentures?—No advantage.

8th. At the time of the delivery of the debentures in aid of the Northern Railroad, were the finances of the City in such a position as to enable the City to purchase the debentures?—They were not.

9th. Could the credit of the City be used by any person or persons for any purpose without your knowledge?—The credit could not be used without the seal of the City which is in my keeping, and therefore could not be used without my knowledge.

10th. Was it used, or were the moneys of the City used to purchase the debentures issued to the Northern Railroad?—It was not so used, nor were the moneys of the City so used, nor had the City any money to use for such a purpose.

11th. Is the Upper Canada Bank the depository of the City funds?—Yes

12th. Who is responsible for the moneys therein deposited, and upon whose check or order can they be drawn out?—I am alone responsible, and upon my check alone can the moneys be drawn out.

13th. Does the Mayor of the City sign the checks, or is it in his power to use or draw out the money?—The Mayor does not sign the checks, nor is it in his power to use or draw out the money.

14th. Has the management of the City finances during the incumbency of the present Mayor, tended to enhance the City credit or to depreciate and injure it?—The City finances during the incumbency of the present Mayor have been so managed as to improve the credit of the City, and the additional security afforded by the new Municipal Act has had an advantageous influence. Previously to that time, I believe the City debentures were often sold at a discount of 25 to 30 per cent.

15th. Did Mr. Cawthra ask two per cent. for receiving the money which he had advanced upon the security of the City property?—Mr. Cawthra holds £20,000 of City debentures which will not fall due till January, 1854. With the approval of the Mayor, I offered Mr. Cawthra first one and then one and a half per cent. premium, to allow the City to retire the debentures at once, Mr. C. asked two per cent., the Bank of Upper Canada offered to allow 4½ per cent. upon the said £20,000, and the Finance Committee directed the money to remain there at that rate of interest, thereby saving to the City one-half per cent. on that sum.

16th. What has been the average rate of discount upon the City debentures for the last two years?—The average rate of discount upon debentures disposed of by the Board of Works was 1 per cent for each year the debentures had to run that is 20 per cent for 20 years, the debentures as issued were paid over to Contractors for the Public Works by the city at par; I have not any knowledge of how they were sold in the Market but believe it to be a similar rate of discount to the above. The debentures issued for the erection of a School House in the city were disposed of by the Trustees after having been advertised at from seven-fifths to one per cent



per annum. The loan of £100,000 late effected through the Bank of Upper Canada was at par and considered to be the most favorable operation for the city credit that could be effected in this country.

17th. When did you first issue debentures for the Northern Railroad?—On the 21st July, 1852.

18th. What did you do with them?—Lodged them in the Bank of Upper Canada.

19th. Before taking these debentures to the Bank had you previously been in the habit of taking debentures there for parties to whom they belonged?—I was not in the habit of lodging debentures in the Bank for parties to whom they belonged those entitled to receive city debentures generally were Contractors for Public Works who called for them at the offices, in this case the sum being a very large one and having been particularly requested both in writing and verbally by the Contractors to lodge them in the Bank, I could see no objection to doing so.

20th. After these debentures were left by you at the Bank, could not the Mayor or any other party have made use of them with the consent of the Contractors for the purpose of raising money thereon?—That entirely depends upon the arrangements made by the Contractors with the Bank, if they were *bona fide* sold to the Bank or if the Bank had made a large advance upon them, such could not have been done; if they were merely lodged for safe keeping, the Contractors or any other party acting under their authority could do what they pleased with them.

21st. Would the leaving of the debentures in the Bank be inconsistent with a previous arrangement to raise money upon the same through the agency of the Mayor?—The debentures were solely the property of the Contractors and if they were merely lodged in the Bank there could be no inconsistency in their part in disposing of them through any agency they pleased to employ; there was no pre-concerted or any other kind of arrangement be-

tween the Contractors and the Mayor that I am aware of.

22nd Did you ever deliver to the Contractors any debentures or were they invariably placed in the Bank?—To the best of my recollection they were all left in the Bank.

23rd It is said that some person has discounted these debentures at the rate of 20 per cent from the principal, has any thing transpired within your knowledge that will enable you to say who it was that owned the debentures after the contractor sold them?—Nothing.

24th Did you, or were you ever instructed by the Mayor to offer to the City Creditors the debentures, issued under the act of the Province passed 7th Oct. 1852 in liquidation of their respective claims?—The debentures referred to were not offered to the City Creditors, the Corporation having had an offer to take them all up at par; such an idea did not occur to any one, that I am aware of that, the City Creditors would prefer debentures to cash.

25th When did you issue debentures under the act to consolidate the City loan and to what amount?—On the 26 of Nov. 1852 amounting to £99,766, 13,4.

26th. Was the last £7000, of the Northern Rail-road debentures issued under that law?—No.

27th. When did you first obtain a knowledge of the existing of that law?—On the 11th of October last, I understood that the law had passed, but was unacquainted with its provisions, except in a general way; in a day or two afterwards, I telegraphed to Wm. H. Boulton, Esq., at Quebec; I think by the advice of the Mayor on the Finance Committee (certainly with the concurrence of the Mayor) for a certified copy of the bill, which left Quebec by post on the 20th of October, and was received here on or about the 23rd of October, so that the provisions of the bill were not authentically known here until the latter date.

28th. Have you any directions from the Committee of Finance to issue the £7000 alluded to ? On reference to the minute book of that committee I don't find any directions to that effect, but am clearly of opinion that several of the committee were aware of their issue. The city council passed bye laws severally on the 28th June and on the 18th of October, 1852, which authorized the Mayor to issue those debentures.

29th. Have you any direction from that committee to issue any of the said debentures ?—I think that the Finance Committee have made minutes approving of the issue of all those debentures except the £7000 previously alluded to, and do not know any reason why it was not done in this case further than that the bye-law of the council passed on the day previous to their issue, viz., the 18th Oct., authorizing the Mayor to issue the balance of the £50,000 debentures.

30th—If you had been made aware of the law of 7th October and its provisions, would you have continued to issue the debentures which were illegal under the city law ?—I would not issue any city debentures if I knew it to be illegal to do so.

31st. How much money belonging to the city is now in the bank ; What interest is the city receiving therefor, and from what date did the bank agree to pay interest on the £20,000 ?—About £36,000 ; the city receives interest only on £20,000 of this sum from the 1st January, 1853 at  $4\frac{1}{2}$  per cent per annum.

32nd. What sum is the city now losing daily in consequence of extra interest necessary to be paid on the money in the bank idle ?—The city has in the bank about £36,000, £20,000 of this sum is to remain there till January, 1854, in consequence of the holder of that amount of debentures not being willing to give up his debentures except at a premium of 2 per cent. The city, as already stated, receives from the bank for this sum  $4\frac{1}{2}$  per cent., the remaining £16,000 lying in the bank for the

purpose of paying debentures and city notes which are called in and which are daily being presented at the counter. The greatest part, if not the whole of this balance will be drawn out five months from this date. I do not know that any banking institution would be willing to give interest on this fluctuating balance for so short a period. I am therefore of opinion that all the city can be said to lose at present is one and a-half per cent on the £20,000 which could not be avoided; it will be about 16s. 4d.  $\frac{2}{3}$  per day.

33rd. What rate will have to be levied upon the citizens to make up a sum sufficient to pay the interest upon the whole £100,000, and what will be required to make up the interest upon that sum that will be lost to the city?—To pay the interest on £100,000 will require an assessed rate of 7d. in the pound; to pay the loss of interest on the £20,000 will require about  $\frac{2}{3}$  of a penny in the pound.

34th. Have you read the section of the act of 7th October, which gives the Mayor power to issue debentures in such sums as the council shall direct; have you read the 5th section? after reading this section will you state what you consider was your duty thereunder?—I have read those clauses, in the 5th "section; I was directed with the consent of the holders thereof to call in such debentures of the said city of Toronto as may have heretofore been issued under any bye-law of the common council of the said city, and taken in payment of such stock, and to substitute therefor so much of the funds on account of the debentures to be issued under the act as may be necessary for that purpose."

35th. Do you consider the £7000 as legally issued or exchanged?—I am rather doubtful as to their strict legality, but there is no doubt as to the liability of the corporation for this payment having received value therefor; I am not sufficiently learned in the law to give a legal opinion thereon; the issue of £7000 has since been paid.

36th. Do you know who it was that received the discount of £10,000, said to have been realised by some persons in the charge of the debentures?—I do not.

37th. After the City debentures left your hands could not the Mayor or any other person with the consent of the contractors have used them to raise money thereon?—See my answer to question No. 20.

38th. If an arrangement had previously been made between the Mayor and the contractors, that the illegal debentures should be deposited in the Bank in order to raise the money the contractors agreed to take, has any thing inconsistent with such agreement taken place?—I do not know of any such arrangement.

39th. Do you know what sum the contractors did receive?—No.

40th. Has the City ever as yet taken stock or purchased stock from the Northern Railroad Company?—The City has purchased 10,000 shares in the stock of the Northern Railroad Company.

41st. Do you know who it was that first started the question of the illegality of such debentures?—I do not.

42nd. Was such a question started before you made the first deposit thereof in the Bank?—Yes.

43rd. During the period that you have held the office of Chamberlain, did you ever before issue debentures illegally, or were you ever before called upon to do so?—No.

44th. If legal debentures could have been sold in New York at par at the time the illegal issue was made, has that issue had the effect of depreciating the City credit if they were sold as stated at 20 per cent. discount?—I am not aware that any of the City debentures were offered in the New York market. I know that the contractors were so anxious to receive those debentures, that they were willing to assume all the responsibility or informality attending their issue; if they were sold

at par in New York instead of 20 per cent. discount in Toronto, the effect would rather have been to have raised the City credit, as up to that period the ordinary discount was 20 per cent. here.

45th. If it is true that some person obtained the £50,000 illegal debentures for £40,000, when by issuing legal debentures you could have disposed of them at par, how do you make it appear that the credit of the City has been enhanced by such a transaction?—I am of opinion that the same party who purchased the debentures from the contractors was the same who treated with the City for the £100,000 loan, the Corporation was bound to use £50,000 of said loan to take up the £50,000 bonds issued to the contractors, and if the Corporation after issuing £50,000 of new debentures, to replace those paid to the contractors, had to treat with other capitalists for the remaining £50,000, I feel satisfied it would not have been done at par.

46th. Is it or not true that the City is now paying 12 per cent. on a portion of its debt, and if so, has it not been caused by the issue of the £100,000 debentures, coupled with the refusal of the City creditors to take their debts before due?—See my answer to question No. 32.

47th. Before said £100,000 were issued, were said creditors ever consulted as to whether they would receive their pay or not?—See my answer to question No. 24.

48th. Do you know that the Mayor on that occasion became obligated or agreed to furnish the contractors for the Northern Railroad, seven or any other number of debentures if they should thereafter be required?—I do not, all I know is that M. C. Storey & Co. wrote a note to me on the 27th September, to lodge all the debentures in the Bank of Upper Canada, excepting 10 of £250 each, amounting to £2,500.

49th. Can you inform the committee, what interest the Mayor had that caused him to make this arrangement, and why it was necessary that these

debentures should be left in the Bank instead of being delivered to the contractors, if it were doubtful whether they would be required or not?—I do not know what interest the Mayor had, nor do I know of any such arrangement.

50th. What amount of debentures have been issued to the Guelph Railroad, under what authority, and what has been done with them, to whom were they delivered, and how has that road become entitled thereto?—£40,000 an act of the Council passed 1st December, 1851;—paid and delivered to the Secretary of the Company. The Corporation are in the same position as any other municipality, entitled to pay for their stock when called for.

51st. Were you ever made aware that the contractors of the Northern Road had agreed to dispose of the debentures of the City of Toronto to a capitalist in the City of New York at par?—No.

52nd. Had you any conversation, or did you have any conversation with a professional gentleman who came from New York to examine the debentures and the legality thereof?—No.

53rd. Did you offer the British America Insurance Company any of the debentures for the claim of that Company on the City?—No.

54th. Has the company refused to receive the cash these debentures produced?—Upon the first application the company refused; they have since agreed to receive payment, and I have paid the greater part of the debentures held by the company.

55th. Were you aware when you issued the last £7000 of debentures to the Contractors that you were not obeying the Act of the Province of 7th October, or did, or had the Mayor informed you that such Act had been passed?—I was informed by the Mayor that the Act had passed, but did not receive a certified copy of the Bill, so as to be made acquainted with its provisions until some days after the said £7000 debentures were issued,



and was not aware that their issue was inconsistent with the said Act.

56th. When did the Committee of Finance accept the offer of Mr. Ridout to loan this £100,000; was that loan taken at par. or did the city pay a discount therefor?—On October the 11th, the subject was brought under the notice of the committee, and the committee decided to recommend it favourably to the council. The loan was taken at par.

57th. Did you issue the debentures to the contractors for the Northern Road in one sum or in various sums, and at what times; and state the amount at each time?—The debentures were issued as follows, 1852:

July 21, paid	- - - -	£10,000
" 31, "	- - - -	5,000
Aug. 3, "	- - - -	10,000
" 31, "	- - - -	13,000
Sept. 30, "	- - - -	5,000
Oct. 19, "	- - - -	7,000

£50,000

58th. Did you invariably deposit these debentures in the Bank, and was the Mayor always a party to the issue, by signing the debentures, and being aware that they would be left in the bank?—So far as I can recollect, they were all deposited in the Bank. The Mayor signed all debentures, and I believe was aware that they would be left in the Bank. I believe I asked him the question if he saw any objection to my doing so.

59th. Do you know that the last issue of debentures referred to in your last answer took place on the 20th October, and are you aware that these were left in the Bank?—The debentures were closed the 19th of October, and deposited either on that or the following day.

60th. Did the British America Insurance Company at any time purchase debentures of this city, and if so to what amount?—On the 1st January,

1844, the British America Insurance Company purchased debentures to the amount of £10,000.

61st. Have the debentures so purchased by the said company been since redeemed and taken up by the corporation?—£7,600 have been paid. The balance, I understand, the company will take up within a few days.

Alderman T. Hutchison examined.

1st. Have you obtained any knowledge that the contractors of the Ontario, Simcoe & Huron Railroad received only £40,000 for the railroad stock they handed over to the city, and can you tell who received the £10,000 difference?—I have it from the best authority that the contractors only received £40,000 for the £50,000 of debentures, and I know and can name some of the parties who got the difference?

2nd. Can you prove to this committee whether the Mayor is a party who benefitted by that transaction?—I can prove to this committee that the Mayor has benefitted by the transaction, and has received, or will receive, a portion of the difference.

3rd. Are you aware that other persons in the city, who, if upon oath, would have to state the whole transaction?—I am.

4th. To whom do you consider the £10,000 to belong?—Ultimately to the city.

5th. Will you state who were the other parties concerned in the discount?—I object to name parties until a court is constituted with power to summons persons and examine them on oath.

6th. Will you name the parties referred to in your answer to the 3rd question?—I decline for the same reason as given to question No. 5.

7th. Please name the authorities from whom you receive your information, and also the parties who received the difference as mentioned in your answer to question No. 1?—I decline for the same reason as given to question No. 5.

8th. Please give the proof of the Mayor having received, or will receive, the profits referred to in

your answer to question No. 2?—I decline for the same reason given to question No. 5.

9th. Have you been legally advised by any person to what question you should answer before the committee?—I have not.

10th. For what reason do you state in answer to question No. 4 that the city is entitled to receive the discount at which the contractors sold the debentures?—Because I think that there was more paid for the stock than it was worth.

11th. If the stock was at a nominal value above its real worth, how would that circumstance secure to the city the difference, if any?—Because the city bought from the contractors instead of from the directors.

12th. Then you are of opinion that the purchase of the stock from the contractors instead of from the directors made the difference in the value of the stock itself?—I am, so far as the city claim to the difference is concerned.

13th. How could the city have a claim to difference, if any, to which it was no party?—The city bought the stock from the contractors, and I believe the city was so far a party as that its credit was used to raise the £40,000.

14th. What reason have you for saying that the city credit was used to raise the £40,000, by which the debentures were purchased?—If the Mayor used his influence as Mayor with the Bank, then the credit of the city was employed.

15th. Do you know that he did so use it?—I have been told so.

16th. By whom were you told so?—I decline stating for the same reason as given to question No. 5.

17th. If the city credit on illegal debentures either directly or indirectly, produced the funds to purchase the railroad stock, to whom, in your opinion, would the £10,000 belong?—I should think that it belonged to the city, if negotiated by the Mayor.

18th. Was it not in lieu of the £25,000 grant, and £35,000 loan, that the £50,000 stock was taken by the city, and was not the City Council necessary to the exchange?—I think it was.

19th. Were you a member of the Standing Committee on Finance and Assessment, and did you approve of the exchange by which the £50,000 stock was to be taken from the contractors?—I was a member, and was present and approved; but I thought that it was a purchase from the company with whom the original arrangement was made.

20th. Could the exchange have been made without the consent of the directors?—I do not know.

The Clerk was directed to request the attendance of William Cawthra, Esq., Thomas G. Ridout, Esq., and James Cotton, Esq., on Tuesday next, at 3 o'clock.

Adjourned till Tuesday, the 15th instant, at 3 o'clock.

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Tuesday, 15th February, 1853.

The Committee met—Present, Aldermen Gooderham, Bell, Denison, Gowan; Councilors Ashfield, Green, Macdonald.

Thomas G. Ridout, Cashier of Bank of Upper Canada, examined.

1st. Did you make a tender on behalf of any person or persons for the purchase of £100,000 of the debentures of this city?—Yes.

2nd. Did that purchase include the £50,000 issued to the Contractors of the Ontario, Simcoe & Huron Railroad?—The Bank in offering for the £100,000, understood that the city should take back the £50,000 issued to the Contractors of the Ontario, Simcoe and Huron Railroad in part payment of the payment of the new loan of £100,000, and receive cash for the balance.

3rd. Was the Mayor or any other member of the Council, the party or parties who purchased the said debentures?—No; they were not.

4th. Had the Mayor of the city any other connection with the purchase of the said debentures, than what properly belonged to him in his official capacity as Mayor?—No more than that he was the person who introduced M. C. Story & Co. to the Bank, and said the debentures would be issued as fast as they could be got ready. I think this was in July last.

5th. Are you aware of the rate of discount at which the debentures of the city have usually been sold,—and if so please state it?—I think from 20 to 25 per cent. discount.

6th. Do you consider the arrangement made by the Mayor, in pursuance of your tender to take the £100,000 at par, was beneficial or otherwise to the city?—I think it was very beneficial; it surprised me that such an amount could be raised at par.

7th. Will you please to inform the committee whether the party on whose behalf you made the tender was the same that purchased the £50,000, the property of the Ontario, Simcoe and Huron Railroad Contractors,—and if so, whether the profit realised on the £50,000 debentures was an inducement to the purchase of £100,000 at par?—It was parties in England who transacted the business, and I do not know if they were the same.

8th. At what rate were the debentures for £50,000 purchased, and by whom?—20 per cent. discount, by the Bank. Agents for other parties.

9th. Who was the party who purchased the debentures, and who realized the £10,000 thereon?—I decline to state who were the parties. I do not know who realized the profits.

10th. Did the Bank realize anything beyond the ordinary charge for commission on the £50,000?—The Bank got commission and other ordinary charges.

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11th. Who owned the debentures that were in the Bank before the issue under the Consolidation Act, that is to say the £50,000 stock issue; on whose behalf did the Bank advance the £40,000; to whom was the £40,000 charged?—The Bank gave credit to M. C. Story & Co for the 80 per cent, as the debentures were lodged in the Bank, and as the Bank advanced the money, bills were drawn on London for the amount.

12th. By whom were the bills drawn on London?—I decline to tell; it was not the Mayor at any rate.

13th. When were you instructed to offer a loan of £100,000 to the city at par, and by whom; you say in your letters you have been authorized by a friend on behalf of parties in England; who was the person you alluded to as your friend?—I decline to answer; certainly no one in this city.

14th. To whom did you send the debentures you received from the Chamberlain, under the Consolidation Loan Act?—To a banker in London.

15th. Was the Mayor one of the parties whom you declined to name, and to whom you referred in your reply to question No. 5?—No; he was not.

16th. Was the £40,000 which you paid to the Contractors of the Ontario, Simcoe and Huron Railroad, charged by you against Messrs. Masterman & Co. of London?—No; it was not.

17th. Did you advance the money (£40,000) in pursuance of a previous arrangement entered into, between the Contractors of the Ontario, Simcoe and Huron Railroad and the party on whose behalf the Bank acted as agents?—I understood so.

18th. Can you tell this committee with whom the previous arrangements were made?—I cannot. You had better ask the contractors.

William Cawthra, Esq., examined.

1st. Have you at any time, either on your own account or on the part of others, purchased debentures of this city?—Yes.

2nd. What was the amount you purchased, and what was the rate of discount in each case?—I could not tell the amount. I think that the highest rate of discount was as high as 30s. per cent.; some I have bought at  $\frac{1}{2}$  per cent., for a short period.

3rd. Had the contractors not sold the £50,000 debentures what would be the highest amount you would be willing now to give for them?—I think I would have been willing to have given £44,000 or £45,000, which is the highest sum I would have been willing to give for them had they been offered to me.

4th. If the Ontario, Simcoe & Huron Railroad contractors sold the debentures of the city having 20 years to run, at an average rate of discount of 1 per cent. per annum, or 20 per cent. on the full period, would you consider such sales below the ordinary market value?—Yes, I should, as I think the school debentures were sold at a less discount.

5th. Is Alderman John Bell your law agent?—Yes, he is my solicitor.

6th. Did Alderman John Bell, as your solicitor, advise you to demand from the city 2 per cent. for receiving your money due you upon the city securities which you held?—I consider this an improper question, and will not answer it.

7th. Did you state to any person he had so advised you?—I decline to state.

8th. Did you propose to renew your loan to the city at par, and to whom did you make that proposal?—I did. I think, to Alderman Thompson and to Councillor Romain. I meant on the same security.

9th. Were you solicited to take consolidated debentures of this city for the amount due to you, and by whom and when were you so advised?—I was recommended to do so by Mr. Hincks, I think in the fall of last year, and I understand that they were debentures of this city guaranteed by the Government. The debentures Mr. Hincks recommended me to take were not the ordinary debentures.



tures of the city, and not the railroad debentures, certainly.

10th. Did Mr. Hincks tell you at whose request he made this recommendation?—I cannot say, but the Chamberlain tells me it was at the request of the Mayor, and that he had written to the Inspector General on the subject, and I am inclined to think that Mr. Hincks made use of the Mayor's name, which goes to confirm the Chamberlain's statement.

Alderman Thompson, Chairman of Standing Committee on Finance and Assessment, examined.

1st. Are you Chairman of the Standing Committee on Finance and Assessment, and how long have you held that office?—I am Chairman of the Committee, and have held this office during the past thirteen months.

2nd. Were the members of the Finance Committee consulted upon the subject of the issue of the £50,000 debentures to the contractors of the Ontario, Simcoe and Huron Railroad?—The members of the Committee were regularly notified of the meetings of this Committee. Nothing was done without the presence of a quorum and the consent of a majority of the Committee. The proceedings of the Committee were regularly entered upon the Minutes, which were always read to the members present before being signed by me.

3rd. Did the contractors urge upon the members of the Committee the immediate issue of the debentures, and was it at their instance and request they were so issued?—A doubt having been suggested by a member of the Council, I think the Hon. J. H. Cameron, of the right of the Council under the Act specially passed to enable the city to aid the Ontario, Simcoe and Huron Railroad Company, by the issue of debentures, to issue those debentures without three months' previous advertisement of the By-Law, according to the requirements of the Municipal Corporations Act, I

was authorized by Minute of the Finance Committee of June 23rd, No. 52, to obtain the opinion of Messrs. Mowat & Hagarty upon the point. They agreed in opinion that the Special Act was so far overridden by the General Act, that not only was three months' advertisement required, but that the By-Law would be invalid without the provisions of a Sinking Fund of five per cent. to redeem the debentures within twenty years. Pursuant to Minute of the Committee of June 25th, and at the urgent request of the President of the Ontario, Simcoe and Huron Railroad, I had an interview with the Directors at their Board-room, where I found one or more of the contractors, and a gentleman who was introduced to me as their solicitor from New York. The Directors and Contractors begged me to urge upon the Finance Committee and the City Council to consent to the immediate passage of a By-Law for the issue of debentures under the Special Act. in order to save the contractors from serious loss, which they would be entitled to recover from the Railroad Company. I stated plainly the legal difficulty that had arisen unexpectedly, and my own opinion that as such difficulty was entirely owing to the contradictory wording of two Acts of Parliament, it was a matter which the Parliament itself would speedily rectify; that the City Council was not to blame, and would not be likely to consent to bear any risk in consequence; that if they (the Directors and Contractors) were willing to bear the risk of any loss which might arise from the depreciation of the debentures, in consequence of their being issued under a By-Law passed under such circumstances, I would represent their wishes to the Finance Committee and the City Council. The Directors present stated that they were advised by as (I think) Joseph C. Morrison, Esq., who, I believe, was then present, that the By-Law would be perfectly good if passed under the Special Act. One of the contractors and their solicitor stated



that they were discounted by parties within this city, until I heard it publicly rumoured during the period of the city elections in December and January last. I was not aware, until the day of the election of Mayor, that the Chamberlain had acted on the orders of the contractors by paying the debentures into the Bank of Upper Canada. On one occasion, I remember hearing the Mayor mention in the Finance Committee, that he would endeavour to obtain for the contractors an advance of some £5,000, or £6,000, from the Bank of Upper Canada, in anticipation of the issue of a portion of the debentures. I have several times mentioned to his Worship and others, my opinion that, in order to satisfy the public, it was desirable that all the particulars of the debenture transaction should be made known; but I have not felt it my duty to enquire of any person what funds (if any) were used for the discount of the debentures, believing it to be quite impossible for the credit of the City Council to be employed for such a purpose, or that the interests of the citizens could be in any way involved in the matter.

4th. Please state to the Committee any other circumstances which came under your notice, connected with the issue, negotiation, or sale, of the said debentures?—Of the £50,000 city debentures originally issued to the contractors of the Ontario, Simcoe and Huron Railroad, £25,000 were issued on account of the grant by the city of £25,000, under resolution of the Council, of Nov. 25, 1850. For those issues the orders will be found entered on the minutes of the Council and the Finance Committee. When application was made for a further issue on account of the loan of £35,000, a new difficulty arose. The Directors being apparently unwilling to grant the required security of a second mortgage, and the Finance Committee refusing to recommend the Council to waive that condition, this led to more interviews and discussions, when the matter was disposed of,

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as I understand, on the suggestion of the Mayor, by the Contractors agreeing to exchange the loan of £35,000 and the grant of £25,000, for stock to the amount of £50,000, which was done under by-law of the Council adopted 15th Oct., last. In the meantime, and to prevent the loss which it was represented by the contractors would accrue to them if they were kept waiting for the passage of the by-law, the Finance Committee by minute of September 6th, (present Messrs. J. G. Beard, Sheard, Bowes and myself) consented to issue the debentures in the proportions to which they were entitled, according to certificate of the Engineer, accepted by Government on the temporary security of a like amount of stock deposited by the contractors, which was restored to them, as soon as the transaction was finally completed. This will prove, I think, that every facility was freely offered by the Finance Committee to the contractors whenever it could be prudently done.

I recollect no other circumstance of importance relative to the issue of debentures for the £50,000, but it may be desirable for me to state what was done by the Finance Committee relative to the loan of £100,000, one half of which was applied to the redemption of those debentures.

The present Mayor, so long ago as the 28th of April, 1851, as appears by the minutes of that date declared his opinion to the Finance Committee, of which G. P. Ridout, Esq., M.P.P., was their chairman, that the city debentures if properly negotiated, ought to command as high a price or nearly so, as the provincial debentures, and volunteered to write to capitalists in England, upon the subject. On the 1st of April, 1852, having received a message of enquiry from T. G. Ridout, Esq., Cashier of the Bank of Upper Canada, the Committee discussed the subject, and authorized the Mayor to address a written communication to that gentlemen with a view of the negotiation of a loan of £50,000 or £60,000, to reduce the debentures

falling due on the 1st of January, 1854, amounting to £30,000, as well as the small notes in circulation, and some other accruing liabilities of the same kind. A draft of an act of Parliament for that purpose was prepared by the city solicitor pursuant to minute of the Finance Committee of June 9th, and was approved by the city council and transmitted by the city clerk, to W. H. Boulton, Esq., M.P.P., with a request to take charge of its passage through the legislature. On the 23rd of August, some proceedings took place in the city Council on the subject of which I beg leave to hand in the report extracted from the *Patriot* newspaper published a day or two subsequently.

“Certificate No. 5, from the Engineers of the Ontario, Simcoe and Huron Railroad, certifying that M. C. Storey & Co., had under their contracts done work to the amount of £165,600.”

CITY DEBENTURES.

“The Mayor stated that when in Montreal he had had an interview with the Solicitor General, and he was led to believe that the Government would sanction any bill submitted by this Council to Parliament for issuing £100,000 debentures to provide for the payment of the £50,000 to be taken in the Ontario, Simcoe and Huron Railroad, as well as for the sum of £50,000 required to pay off the outstanding city notes, and the debentures falling due within the next few years. He recommended that immediate steps should be taken to propose a petition and bill. Accordingly Alderman Thompson moved that the communication of the Engineers of the Ontario, Simcoe and Huron Railroad, certifying to the expenditure of £165,600, for the Railroad be referred to the Finance Committee, with power to order a further issue of debentures in proportion thereto.

“Alderman Sheard opposed the resolution.

“The resolution was then put and carried by a majority of seven.

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 "Alderman Thompson then moved, seconded by  
 "Alderman Dempsey, that the Finance Committee  
 "be authorised to prepare a petition and draft of  
 "bill to be submitted to Parliament legalizing the  
 "issue of £100,000 debentures, one-half for the  
 "purchase of stock in the Ontario, Simcoe and  
 "Huron Railroad according to agreement, and  
 "the other half to form a fund for consolidating  
 "the city debt.

"After a few remarks from His Worship the  
 "Mayor, in explanation of the subject of the re-  
 "solution, it was carried unanimously."

More than one letter was received by the  
 Cashier of the Bank of Upper Canada on the  
 subject of the Toronto Debentures. In reply  
 to one received, as I understood from the house  
 of Glynn & Co., of which the Finance Com-  
 mittee were verbally notified, asking what  
 commission and discount the corporation  
 would allow, the committee consented to a  
 charge of one per cent. commission, but de-  
 clined to make any arrangements recognising a  
 discount. This was not accepted as the com-  
 mittee understood. On the 29th of September, a  
 letter was received by the committee from T. G.  
 Ridout, Esq., stating that he was empowered by  
 parties in London to offer the city a loan of  
 £100,000 currency, free of commissionship, on  
 condition that the £50,000 debentures issued to  
 the Ontario, Simcoe & Huron Railroad contrac-  
 tors should be taken in part payment thereof.  
 This offer the committee, by minute of 11th  
 October (present Messrs. J. G. Beard, Sheard,  
 Bowes, and myself) recommended to the Council  
 for acceptance. On the same day, an offer re-  
 ceived through Messrs. Crawford & Hagarty, of  
 £25,000, was declined. The Mayor, on his re-  
 turn from Quebec, had stated to the committee  
 that Mr. Hincks or Mr. Ross, on behalf of the  
 Executive Government had refused to sanction a  
 Bill to legalize the £50,000 debentures already



issued for the Ontario, Simcoe and Huron Railroad, unless accompanied by a sinking fund, but had offered to incorporate the amount in the Bill already before the House, and at his (the Mayor's) urgent entreaty, had consented to redeem the sinking fund from 5 to 2 per cent. per annum, being a less annual charge upon the rate-payers of the city for the whole £100,000 than was previously included in the Bill as approved by the Council for the £50,000 only. The Finance Committee, conceiving that the city finances were in every way benefited by these arrangements, gladly assented.

The offer made through the Cashier of the Bank of Upper Canada was considered and approved of in full Council on the same evening, and the arrangement closed.

5th. Has the management of the city finances during the incumbency of the present Mayor, tended to enhance or depreciate the city credit?—That the financial position of the city has immensely improved during the present Mayor's tenure of office is undeniable; how far his Worship has contributed to its improvement, is, of course a matter of opinion. For the last three years, the Finance Committee had been unanimous in the determination to redeem the city credit from the disgraceful condition in which they found it. Debentures overdue, interest unprovided for, credit obtained at 25 or 30 per cent. sacrificed,—were matters of weekly occurrence. The bank would scarcely afford the Council the ordinary accommodation granted to merchants. All this is changed. Doubtless the improved state of our provincial credit, and the prudent restraints imposed upon municipalities have done much towards this change—but in my opinion, the city of Toronto owes a great part of its financial superiority over the other municipalities in Canada to his worship the present Mayor. For obtaining a recognition of the principle of a reduction of the sinking fund on muni-

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 cipal bonds from 5 to 2 per cent., an inestimable advantage, the whole Province is his debtor. The city of Toronto is solely indebted to him for perseveringly drawing the attention of London capitalists to the intrinsic value of our Municipal securities. To his personal interference, as I believe, the city was also indebted for large money accommodation from the Bank of Upper Canada, on many important occasions. I might mention numerous instances where to my own knowledge, the Mayor has laboured for the establishment of our civic credit; and if three years of efficient and zealous exertions for the financial prosperity of the city can be appreciated, then, in my opinion at least, no man is better entitled to claim honor in that behalf than the present Mayor of the city.

6. Did you submit Mr. Cawthra's offers to renew his loan to the council?—It was not submitted to the council. I did to the finance committee. It was not a formal offer, but a mere conversation unaccompanied by any conditions. I added that it was not considered as favourable as the offer for another loan which the Committee had had under consideration for some months.

7. After the legal opinions you received, did you, as Chairman of the Standing Committee on Finance and Assessment continue to recommend the issue of the debentures said to be illegal?—The bill authorizing the issue was passed after the opinions were given. In my individual capacity, I made no recommendation on the subject; as the organ of the Committee, I did.

8. Were the debentures issued after the opinions were received?—Yes.

9. Do you know who got the amount of £10,000, or any part thereof, realized by the sale of the £50,000 debentures issued illegally?—I have stated already that I did not know anything, publicly or privately, of any discount having been received by any one.

The Clerk was directed to ask the attendance

of J. H. Hagarty, C. E. Romain, James Beatty, James Crowther, Wm. Sladden, Wm. Cartwright, James Cotton, and George Beatty, Esquires, and of John Browne, Thompson McCleary and Robert Dodds, builders.

The committee then adjourned till Thursday, at three o'clock.

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Thursday, Feb. 17.

The Committee met: Present—Ald. Gooderham, Chairman, Bell, Gowan; Councillors Ashfield, Macdonald, Green.

John H. Hagarty, Esq., examined—

1st. Are you aware of the petition complaining of the negotiation and sale of the £50,000 city debentures to the contractors of the Ontario, Simcoe, and Huron Railroad, and praying the corporation to enquire into the same?—I am.

2nd. Do you know any matter or thing connected with the negotiation and sale, which in your judgment was wrong, and if so please state it?—I signed the petition for the information, not that I could give any; I observed a discussion on the point in the papers which I thought called for explanation.

3rd. Have you at any time for yourself or others purchased debentures of this city, or tendered for their purchase?—Mr. Crawford and I purchased some about Dec. last; these were not railway debentures and no part of the £50,000.

4th. What amount did you purchase, and what was the rate of discount in each case?—About £3,000 at one per cent per annum for the period they had to run, which was from 8 to 18 years, so far as I myself was concerned, and I believe the same of Mr. Crawford, we never have purchased debentures for ourselves or in which we had any personal interest.

5th. If you purchased a debenture would you hesitate to state such fact if it were all correct?—Certainly not.

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James Cotton, Esq., examined—

1st. Do you know that the £50,000 issued to the Ontario, Simcoe, and Huron Railroad contractors were discounted at 20 per cent ?—I have heard so ; my position is such that I do not wish to say anything on the subject.

2nd. Has the Mayor ever stated to you or to others in your hearing whether he was interested in the £10,000 discount from the debentures issued to the Ontario, Simcoe, and Huron railroad ?—Any conversation I had with him was in confidence and I do not wish to answer.

3rd. Have you had any conversation with the Mayor relating to the sum of £10,000 the discount for the £50,000 issued to the Ontario, Simcoe, and Huron Railroad ?—I refer you to my answer to the last question.

4th. Can you give the committee any information touching the inquiry they were appointed to make, and if so please to state it ?—I decline to answer this question.

Alderman Denison joined the Committee.

James Beatty, Esq., examined.

1st. Have you at any time either for yourself or for others purchased debentures of this city ?—I have for others but not for myself.

2nd. What amount did you purchase, and what was the rate of discount in each case ?—I do not know ; persons about December last called upon me and offered them at one per cent per annum discount for the time they had to run.

3rd. Can you inform the committee what has been the usual rate of discount upon city debentures for some years ?—One per cent per annum I believe the average lately ; I have known them to be sold at 25 per cent discount.

4th. Can you communicate to this committee any information tending to elucidate the subject of their present enquiry ?—I cannot ; I know nothing of it directly or indirectly.

C. E. Romain, Esq., examined.

1st. Have you at any time either for yourself or for others purchased debentures of this city ?—Yes.

2nd. What amount did you purchase, and what was the rate of discount in each case ?—I do not remember the amount, but the discount was one per cent per annum.

3rd. Can you state what has been the usual rate of discount on the debentures of this city in the month of Oct. and since ?—One per cent per annum.

4th. Do you know who it was that realised the £10,000 as discount of the £50,000 to the Ontario, Simcoe, and Huron railroad ?—No ; the debentures I bought were no portion of the debentures issued to the contractors of the Ontario, Simcoe, and Huron railroad.

Hugh Miller, Esq., examined.

1st. Are you one of the petitioners complaining of the negotiation and sale of £50,000 city debentures to the contractors of the Ontario, Simcoe, and Huron railroad and praying the corporation to enquire into the same ?—Yes.

2nd. Can you communicate to this committee any information which may tend to elucidate the subject of the enquiry which the committee was appointed to institute ?—I was told by a director of the Ontario, Simcoe, and Huron railroad that of the £10,000 the Mayor got £2,500, Mr. Cotton £2,500 Mr. Hincks £2,500 ; he could not account for the other £2,500.

Who was the director who so informed you ?—Mr. Duncan MacDonald and Mr. Handcock told Mr. David Paterson and myself that the Mayor had not got the whole but only a part of it.

4th. Do you know any matter or thing connected with the said negotiation and sale which in your judgment was wrong, and if so please state it ?—I know nothing directly but merely from public talk.

5th. Are you aware at what rate of discount the debentures of the city have been sold?—They have been sold at par and at a premium.

6th. To whom were they sold at par?—I bought at par myself.

7th. To whom were they sold at a premium? They were sold at a premium in London.

8th. To whom were they sold in London and when?—I am unable to tell, but refer the committee to the *Globe* Newspaper which is as true a paper I believe as any in town.

9th. When you state that the city debenture were sold some at par and some at a premium, did you know that such was a fact or does your information rest solely on newspaper report?—I had it from the newspapers, the *Globe* in particular, and public talk.

10th. Did you purchase any of the debentures of this city yourself and if so at what rate?—I purchased some at par.

11th. When did you so purchase them; what was the amount; how long had they to run and from whom?—In 1850, £100 or £125 four years from John Brown the builder in cash.

12th. Are you aware that the debentures of the case referred to the Ontario, Simcoe, and Huron railway were sold below the usual rates of discount in other cases?—I am not aware of it.

13th. Have you stated that the committee refused to examine his Worship the Mayor of this city, and if so what authority had you for making such statement?—I understood from Mr. Wm. Cawthra that a motion was made in committee that the Mayor should be examined, and that it was decided by the casting vote of the chairman that he should not be examined.

14th. Are you now satisfied that your information from Mr. Cawthra was incorrect?—I have been so informed by the committee.

His Worship the Mayor having by direction of the committee, been asked to attend the committee,

for the purpose of furnishing the committee with any information he could give on the subject under investigation. The following reply was read:—

The Mayor presents his compliments to the chairman of the select committee, appointed to enquire into the issue to and sale of debentures by the Contractors of the Ontario, Simcoe, and Huron Railroad, begs to state, that he has no information to give the committee on the subject, but what might be found in the books of the Chamberlain, or got from the Chairman of the Standing Committee on Finance and Assessment, the Contractors of the Ontario, Simcoe and Huron Railroad; or the Cashier of the Bank of Upper Canada.

Mayers' Office, 17th, Feb. 1853.

Mr. Courtwright as acting member of the firm of M. C. Storey & Co., having been requested to attend, and give information to this committee. The following letter was received in reply:—

Toronto, February 17th, 1853.

To the select committee of the Council of Toronto, appointed to enquire into either matters connected with the sale of the City Debentures:

GENTLEMEN,—Your note of yesterdays' date, requesting me to furnishing such information as I may possess on the subject is received.

In connection with this subject, and in order to a proper understanding of it by parties not conversant with the whole matter, allow me to state briefly the transaction throughout, so far as the city has been concerned.

The committee are doubtless aware that the City of Toronto, by a Resolution of their Council agreed upon certain conditions to issue to us £60,000 of their debentures, on account of the Ontario, Simcoe and Huron Railroad Union Company, & 35,000 of which were to be exchanged for an equal amount of Companys Bonds, and the balance £25,000 as a bonus being, being an inducement offered to take



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the work. Subsequently by a mutual arrangement between the City, the Railroad Company and ourselves, the City was released from the above obligation, together with the bonus, the City through their Council then purchased from us £50,000 of stock, for which we took £50,000 of their debentures.

These debentures after being issued to us and paid for, were considered entirely at our disposal, we being the only parties having the least interest in them, we therefore disposed of them at what we regard as a fair price, and no subsequent event has yet satisfied us that the arrangement was injurious.

It is taken for granted, that the committee do not desire to enquire into our private business transactions, and trust therefore that the above statement will prove satisfactory, in shewing that no undue official interference had any influence with us in the disposition of the debentures alluded to, and to release the city from any anxiety on our account, I beg leave to state that we are entirely satisfied with the operation.

Respectfully,

(Signed) M. COURTRIGHT,

Acting member of the firm of M. C. Storey & Co.

The Clerk was directed to request the attendance of Duncan McDonald and Charles Hancock, Esqrs.

Friday, February 19th, 1853.

The Committee met; Present--Aldermen Gooderham, Chairman; Bell, Denison, Gowan; Councillors, Ashfield, Green and McDonald.

Duncan McDonald, Esq., examined--

1st. Are you a Director of the Ontario, Simcoe and Huron Railroad Union Company?--I am.

2nd. Did you tell Mr. Hugh Miller of this city, that in the negotiation sale or disposal of the city Debentures issued to the Contractors of the said Railroad, the Mayor of this city had participated in a profit to the extent of £2,500, or to any other

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amount?—I did not mention it to Mr. Miller ; as of my own knowledge, I may have repeated it to Mr. Miller as a matter of common rumour, and I have no knowledge of such matter as a director.

3rd. In fact do you know that the Mayor did participate in any profit on such sale or negotiation?—I do not.

4th. Do you know that a legal gentleman came on from New York to purchase or enquire about the city debentures issued to the contractors of the Ontario, Simcoe and Huron Railroad?—I heard so.

5th. Do you know that those debentures were sold or agreed to be sold in New York at par?—I do not know of my own knowledge. I heard so.

6th. Can you give any information to this committee, tending to elucidate the subject which the committee was appointed to enquire into?—I cannot.

Alderman Denison, seconded by Ald. Gowan, moves that the following three questions be submitted to his Worship the Mayor through the clerk, respectfully requesting that he will answer the same either verbally or in writing to this committee. :—

1. Have you in any manner taken part by yourself or agent for any other person in the negotiation or sale of the £50,000 of the City Debentures by the Contractors of the Northern Railroad, which it is said were sold at a discount of 20 per cent or thereabouts ? If so—state how—in what manner.

2. Have you directly or indirectly received, or are you in expectation of receiving directly or indirectly any portion of the profits on the said transaction mentioned in the last question, or any sum of money for aiding or assisting in the promotion of the said negotiation or sale of the said Debentures ? If so—state the amount.

The third question not to be put if the two preceding are answered in the negative.

3. Did you assist in the promotion of the said negotiation in your position or capacity as Mayor of Toronto, or did you exercise the influence of your civic position to aid you in promoting such negotiation, or did you act entirely in your private capacity as Mr. Bowes, a merchant of Toronto ?

Wm. Sladden, Esq., examined—

1st. Are you Secretary to the Directors of the Ontario, Simcoe and Huron Railroad Union Company ?—I am.

2nd. Can you inform the committee whether the Directors of the stock to extent of £50,000 being taken from the Contractors in lieu of the original loan of £35,000, and the grant of £25,000 ?—I refer you to the written communication given by me as Secretary to the Board of Directors, dated July 30th, 1852, and any other communication in writing I may have made on the same subject.

3rd. Did you as the Secretary of the Board, transfer the stocks given to the City by the Contractors ?—I did.

4th. Has the City ever taken or purchased any stock in your Company in accordance with the provisions of the law or otherwise ?—Not directly of the Company.

5th. How does the city stand on the book of your company as respecting stock ?—As the holders of 10,000 shares by transfer from certain parties, and also as holders of original certificates, which certificates were issued to them at the instance of the contractors and discharged to the account of the contractors.

6th. Do you now recognize the city or your company as having complied with the law in respect to taking stock in the said company ?—I only consider the city in the light of transferees.

7th. Do you know either from the contractors or any other person who it was that retained the £10,000 from the contractors of the Ontario, Simcoe and Huron railway, or the sale on the £50,000 ? I do not know anything at all about it.

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8th. Are you aware from the contractors or any other party that the £50,000 debentures issued by the city to the contractors had been sold or agreed for in New York at par?—I am not.

9th. Does it make any difference whether the city subscribed for stock as the original holders or as the assignees of others, and if so be pleased to state the difference?—I am not prepared to give my opinion as to whether it makes any difference in any shape or way, this is a matter I did not expect to be examined on.

Mr. Thompson McCleary, examined.

1st. Have you been a contractor for public works ordered to be made by the city?—I have been.

2nd. Did you in that capacity receive the debentures of this city in payment?—I did.

3rd. Have you any objection to state at what rate of discount you disposed of the said debentures?—With the exception of the two first which were at a higher rate, the whole were disposed of at one per cent per annum for the time they had to run.

Hugh Miller, Esq., examined.

1st. You stated in your communication yesterday that the debentures of the city had been sold at par and some at a premium, and that you had yourself purchased at par; did you intend to convey by such answer the meaning that the debentures of this city were at the time actually worth par, or if not, what meaning did you intend to convey?—I traded in the articles at that period to a limited extent; I took it at par because I could not get it less; you may understand what you like; I paid par. I don't think they were worth par at the time.

2nd. Was it not in consideration of the New Market being built in the vicinity of your residence that you gave par for the debentures, and was it not in fact in pursuance of such consideration you had previously bound yourself to take such debentures?—Certainly.

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Mr. Robert Dodds, examined.

1st. Have you been a contractor for certain public works, and were you paid for their performance in the debentures of this city?—I have, and was so paid about a year ago.

2nd. Have you any objection to inform the committee, the usual rate of discount on the debentures of this city?—Something over one per cent per annum for the time they had to run; this was in the year 1851, in the fall.

The Clerk was directed to address the following letter to W. Courtright, Esq., acting member of the firm of M. C. Storey & Co. :—

Committee Room, July 19, 1851.

Sir,—It having been asserted by Mr. Alderman Bell in his place in the council that he had been informed the contractors of the Ontario, Simcoe, and Huron Railway had agreed to sell the debentures of the city in New York at par, that a legal gentleman had come on here to inquire after them, and that in consequence of the manner in which they had been issued they had been pronounced illegal; no doubt he would say you have issued your debentures in a clumsy manner, and that in consequence the contractors sold them at a discount of 20 per cent.

Had you or any of your firm made arrangements for the sale of these debentures or any portion of them at par in New York, or if not, at what rate could you have disposed of them there?

Did ever Major Loumas tell you he had sold or arranged to sell those debentures at par in New York?

Are you aware that he told any other person that your company had agreed to sell these debentures at par in New York?

The favour of your answer to the foregoing questions is requested for the information of the Committee at your earliest convenience.

I am, Sir, &c.,

CHARLES DALEY.

Monday, Feb. 21, 1853.

The Committee met : Present.—Ald. Gooderham, Chairman ; Aldermen Bell, Denison, Gowan ; Councillors, Ashfield, Green, Macdonald.

E. C. Hancock, Esq., examined.

1st. Are you a director of the Ontario, Simcoe, and Huron Railroad Union Company ?—I am.

2nd. Did you inform Mr Hugh Miller that in the negotiation sale or disposal of the debentures issued to the contractors of the Ontario, Simcoe, and Huron railway, the Mayor of this city was a party or that he participated in any profits or advantage thereby ?—I never said a word about it.

3rd. In point of fact do you know who did negotiate the said debentures or who participated in the profit thereof ?—No.

The Clerk informed the Committee that he had not received any reply from the letters addressed to J. G. Bowes, Esq., the Mayor, or to M. Courtwright, Esq.

Alderman Gowan submitted certain memoranda to form the ground-work of the report of this council which were declined.

Alderman Denison submitted the draft of a report to be adopted by this committee which was adopted, and which has been already given.

*To William Gooderham, Esq.*

SIR,—I had the honour in reply to your communication of the 17th instant, to refer you to the City Chamberlain, the Chairman of the Finance, the Contractors of the Northern Railroad, and the Cashier of the Bank of Upper Canada for information on the subject of the Debentures issued to the Northern Railroad Contractors, much more satisfactory than any I might give. But as the committee seem desirous that I should answer the following questions. Nos. 1, 2, 3, I cheerfully do so : [See the questions in our report.]

I introduced the Contractors to the Bank of Upper Canada, and rendered them any assistance in my power in the negotiation of the £50,000 debentures, but received no remuneration present or prospective *therefor*.

Your obedient servant,

JOHN G. BOWFS.



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(From the *British Canadian*.)

SATURDAY, February 20th, 1853.

LET us now analyze the evidence which has been given before the Committee appointed to enquire into the issue of the City Debentures. That Committee deliberately adopted a report in which it is stated, that in the absence of adequate powers to further the ends of justice they are unable to *come to any satisfactory conclusion*, but that they are of opinion that the interests of the City have not suffered from the transaction in question *so far as they had been able to discover*.

We will now refer to the evidence and see how far these conclusions are sustainable therefrom. There is no dispute that an agreement was come to between the Contractors of the Northern Railroad Company and the Corporation, that the former who as assignees of the Company had become entitled to the prospective advance from the city of £25,000 as a gift, and 35,000 as a loan should forego this prospect for an immediate purchase by the city of 50,000 of the railway stock which the contractors held, the consideration to be an issue of £50,000 city debentures. It is stated by Alderman Thompson, the Chairman of the Committee of Finance that, "the contractors refused to take less than par for these debentures before they were issued," and that "a legal gentleman from New York was here about them with a view to purchase them at par."—

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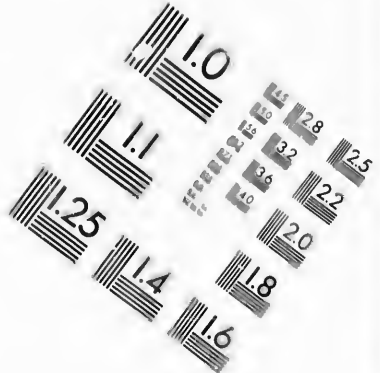
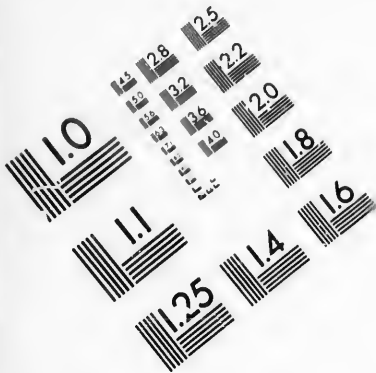
When the time to complete the purchase came some one raised a question as to the legality of any issue of city debentures for this purpose and at this time, but those in the secret knew that an Act of Parliament was about to be obtained which would not only remove the difficulty but would materially enhance the value of those debentures in the market. The public however were ignorant of this expectation, and with the knowledge they then had, it is probable that the £50,000 city debentures would not sell at a higher price than about £44,000 which Mr. Cawthra said he would have given for them. But if the public knew as much as those behind the curtain the same debentures would be *worth par AT LEAST*. The public, however, were ignorant of this, and with the "taint of illegality" about them, the debentures were issued for the contractors who could not dispose of them in Toronto except at a discount of 20 per cent., although if legal they were value at par in New York. Mr. McCord, the Chamberlain, tells us that the first issue of debentures took place on the 21st July, yet at this date the agreement between the city and the company was not complete as will appear by the letter of the Secretary dated 28th July, which will be found in evidence. Between that date and the 7th October the sum of £43,000 debentures had issued, not *to* the contractors but *for* them, and by some arrangement very unusual in city transactions, instead of being paid over to the contractors, Mr. McCord lodged them in the Bank of Upper Canada for the benefit of some invisible purchaser

"in pursuance of a request of the contractors both verbally and in writing to do so." The first issue, and apparently the first lodgment took place on the 21st July, but Mr. McCord informs us that it was "on the 27th September the contractors wrote a note to him to lodge all the debentures in the Bank of Upper Canada except ten of £250 each."

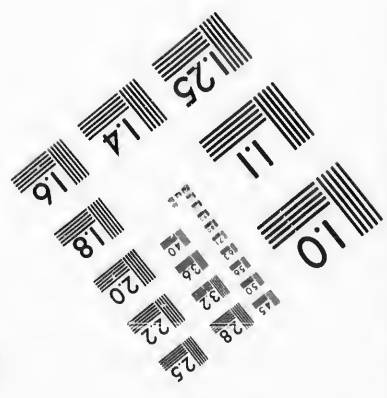
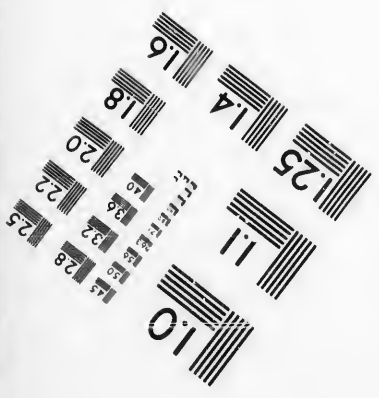
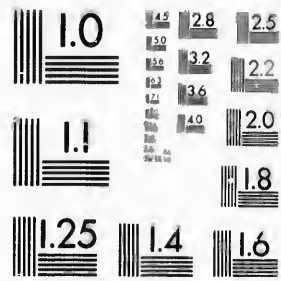
We have it also in evidence that on the 28th September, the very day after Messrs. Storey's letter of authority to lodge all the debentures, Mr. Ridout wrote to the council as the agent of some other nameless party who was evidently in the secret offering to take at par £100,000 of city debentures expected to be issued under the provisions of an act introduced in the Legislature on 22nd September, but this offer was accompanied by the very peculiar condition that the city should take as part of the £100,000, or in other words as so much cash, the city debentures to which the railway contractors were entitled as the price of the purchase of £50,000 of their railway stock, although at this date it appears by the return of the Chamberlain only £38,000 of these debentures had been issued or deposited in the Bank. On the 30th Sept. a further issue of £5000 debentures took place, making in all £13,000 placed at the contractors disposal, and it remains to be yet shown what became of the residue £7000.

We have *prima facie* evidence that the Bank acting on behalf of some invisible person exercised a control not only over the debentures issued and to be issued ostensibly for the contractors to the extent of the £50,000,





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but also over the city property in debentures to be issued under the pending bill.

Two questions now arise. 1stly—Who was the invisible purchaser that found the funds to pay the stipulated price of 80 per cent. on the debentures issued for the contractors and ordered to be deposited in the Bank?—and secondly, who was the proposed purchaser at par of the £100,000 city debentures to be issued under the then pending act? Upon the first point Mr. Ridout says that the Bank gave the contractors credit for 80 per cent., as the debentures were lodged in the Bank, and as they advanced the money—bills were drawn on London for the amount, but he declines to tell by whom these bills were drawn, and adds “it was not the Mayor at any rate.” He tells us, however, that “the £10,000 was advanced in pursuance of a preconcerted arrangement between the contractors and the party for whom the Bank acted as agent”—that such advance “was not charged against Masterman & Co.”—that “he could not tell with whom the previous arrangement was made” and for information on this point says, “you had better ask the contractors.” The contractors are applied to, and “decline to answer the question.”

As to the second question, who was the proposed purchaser of the £100,000 city debentures? Was it the same party who purchased the £50,000? Mr. Ridout “says it was parties in England who transacted the business, and he did not know if they were the same.” Now, that there was a certain amount of concert and pre-concert between

the party who proposed to purchase at par the £100,000 city debentures about to be issued under the expected act, and the party who cashed at 20 per cent. discount the £50,000 city debentures issued for the contractors is evident from the stipulations that these latter should be taken in part payment and at par also, and that this invisible party had so much influence over or in the committee of Finance that the £100,000 debentures were not allowed to go into the public market for competition as usual. These his stipulations were acceded to, and the act having passed on 7th October, on 28th Nov. the purchase of the £100,000 debentures at par was completed.

Let us now see how that £100,000 was applied. The act passed on the 7th Oct. Under the 3rd section of that act £50,000 thereof was required to be applied in the redemption of certain notes of the city, and under the 4th section of the act that fund was to be deposited in the Bank of Upper Canada for that purpose. The fifth section declared that the remaining £50,000 should be applied in payment of ten thousand shares of the capital stock of the Ontario, Simcoe, and Huron Railroad Union Company "lately purchased by the said city of Toronto."

Here then is additional evidence of an actual purchase of these ten thousand shares of five pounds each, and that purchase was made either with the funds of the city or with money advanced on the credit of the city. Now Mr. McCord tells us that "the monies of the city were not so used, nor had the city money for such a purpose." There-



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fore we come to the alternative that somebody must have advanced sufficient for the purpose on the faith of the city making good the £50,000. Now we have it in evidence that on the 7th October, the day the act passed debentures to the amount of £43,000 had been issued for the contractors in respect of this purchase, and this appears to have been the utmost sum that reached their hands. This act was brought in and carried by the Hon. Francis Hincks with unusual rapidity, and from the clauses in that act it would appear that on the day it passed the purchase was considered to have been completed *and the full consideration paid*, for, the fifth section declares that "it shall be the duty of the Chamberlain to call in such debentures of the said city of Toronto as may have ~~HERETOFORE~~ *been issued and taken in payment of such stock*, and to substitute therefor so much of the funds received on account of the debentures to be issued under this act as may be necessary for this purpose." Thus it was made *compulsory* to pay the holder par, instead of giving the power of purchasing them upon better terms. Now the amount "*heretofore*" issued was £43,000, the sum required to redeem that issue at par was £43,000, being £3,000 more than was necessary to satisfy the contractors, and it was *not lawful to apply one penny more* in discharge of the purchase of the stock—£7,000 then remained as a residue, and that sum is unquestionably the property of the city, independent of £2,500 of the previous issue reserved by the direction of the contractors for *somebody*.

The Chamberlain states that on the 11th October he was aware this act had passed, and on the 22nd October he had an official copy of it in his possession, and official knowledge of its contents. On the 18th October a by-law was passed in Council authorizing the Mayor to issue £7,000 balance of the £50,000. Such issue accordingly took place, and it is yet to be shewn that these debentures also passed into the Bank as the others did. Now, though the act only authorized the Chamberlain to pay out of the £100,000 loan such debentures as may have issued prior to the day that act passed, yet £7,000 of debentures which were subsequently issued to other parties, were illegally paid thereout, and thus we have a positive misapplication of the City property to the extent of this £7,000.

By whom was it so misapplied—who held these debentures—who benefitted by the misapplication? We have no evidence before the committee to enable us to answer in the affirmative. Certainly none to fix it on either Mr. Cotton, Mr. Hincks or Mr. Bowes. Neither is there any evidence to acquit them of a participation in it. Mr. Cotton knows who purchased the debentures issued for the contractors and realized the £10,000, but he declines to disclose it. Mr. Ridout also declines, whilst Alderman Hutchinson says, "I can prove to this committee that the Mayor has benefitted by the transaction, and has received or will receive a portion of the difference, and that there are other persons in this City who if upon oath would have to state the whole transaction." The fact is

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that the committee had no power to compel their answer to these questions, and we have as yet no legal evidence to shew who got the difference from the amount which really reached the contractors hands, to the £50,000 which was issued on the 26th November, and which is called £10,000.

The report which was really adopted by the committee left us where we were—the report which was improperly substituted, kept back a material part of the conclusions arrived at, the one sided report of Alderman Gowan so outrageously foisted on the public as the opinion of the Council is calculated, and we hesitate not to say was intended to mislead the public on the whole transaction, whilst the letter of the Mayor in answer to the three questions is as yet the strongest evidence against him.

The citizens, however, will not be baffled by quibbles, and they are resolved that the Court of Chancery shall vindicate the character of their City and their Chief Magistrate if it can be done, and that they shall know who are the parties that netted the £10,000 upon this strange and mysterious transaction.

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