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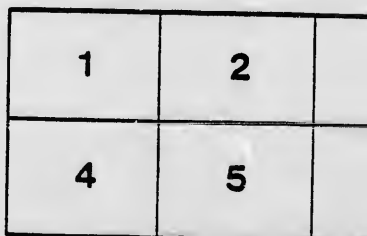
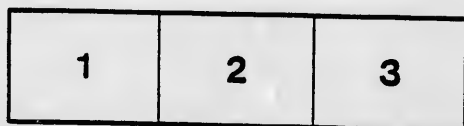
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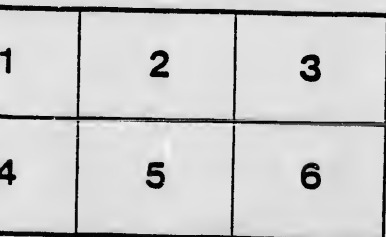
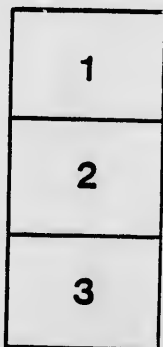
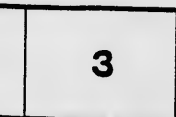
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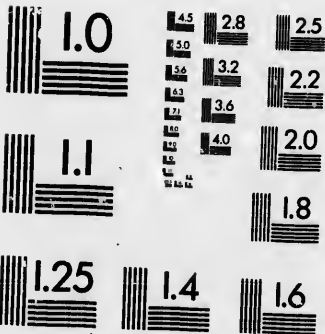
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# STATEMENT

MADE BY

W. WORKMAN

AT THE

ANNUAL GENERAL MEETING OF

OF THE

Champlain & St. Lawrence

HELD ON

MONDAY THE 15<sup>TH</sup> JANU

MONTREAL :

PRINTED BY J. STARKE & CO. ST. FRANCIS

1855.

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# STATEMENTS

MADE BY

**WORKMAN, ESQ.**

AT THE

GENERAL MEETING OF SHAREHOLDERS

OF THE

**Montreal & St. Lawrence Railroad Co.**

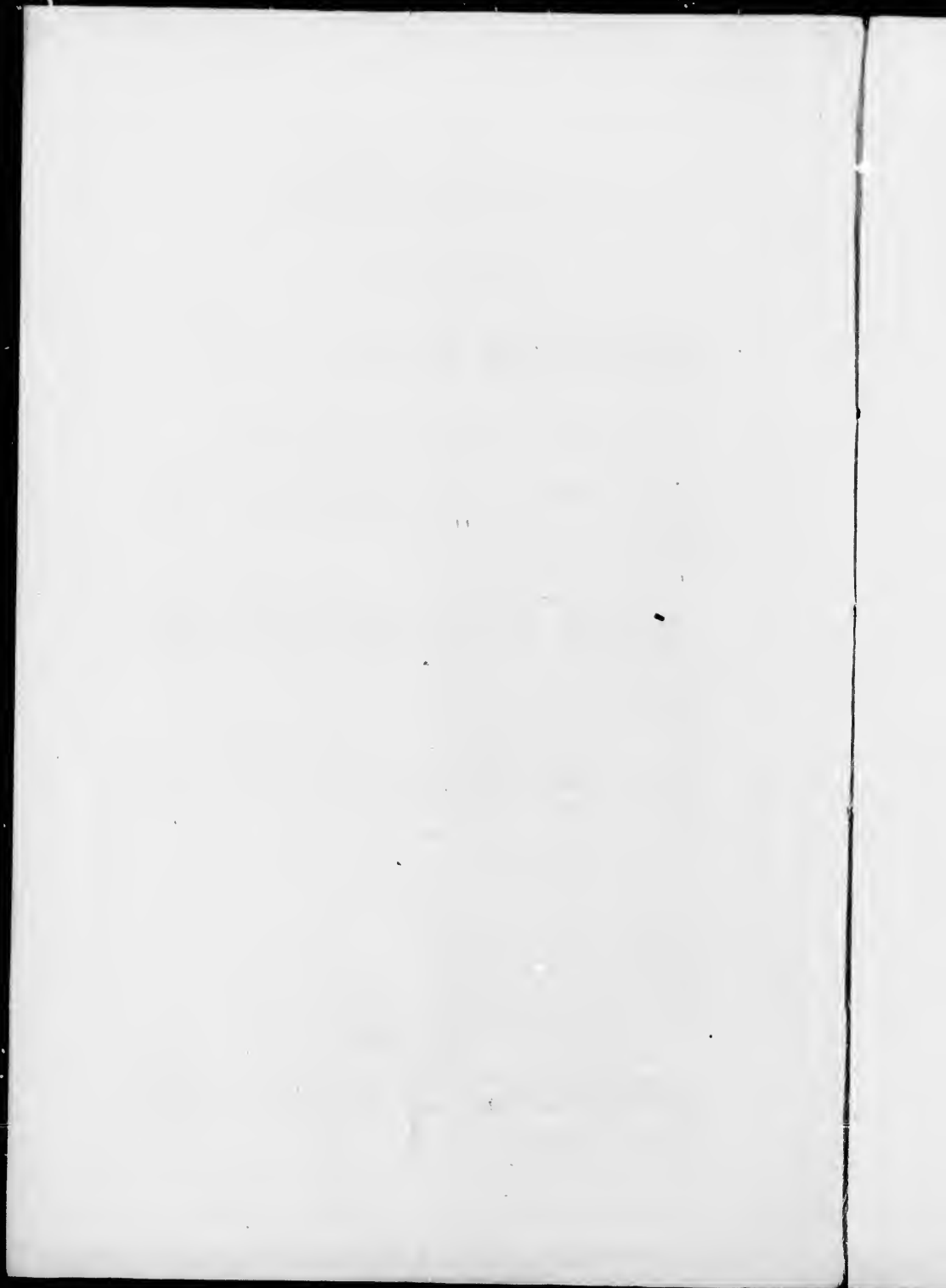
HELD ON

MONDAY THE 15<sup>TH</sup> JANUARY, 1855.

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**MONTREAL:**

**STARKE & CO. ST. FRANCOIS XAVIER STREET,**

**1855.**





## STATEMENTS.

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The Annual Meeting of the Champlain and St. Lawrence Railroad Company, was held at the Company's Office on Monday the 15th instant.

Judge Jarvis was called to the chair, and Messrs. B. Hutchins and W. E. Phillips were requested to act as Scrutineers.

The Chairman's Report was then read to the Meeting.

Thomas Ryan, Esq. complained that the Report was not explicit enough, and was wanting in details as to the fiscal affairs of the Company, and he stated, that in his opinion, it should be amended in this respect.

Judge Gale also made a few observations to the same effect.

Mr. W. Workman stated in reply, that in the regular course of proceeding, the Reports of the "Committee of Investigation" would be read, and as these Reports contained extensive information on the points alluded to, it was considered unnecessary to repeat these statements in the Report of the Chairman.

He had only recently had a perusal of these Reports, and although he differed from many, of the conclusions they arrived at, still they had been got up with much industry, and furnished in a clear manner, a great deal of information.

The conclusions, however, arrived at in these Investigation Reports, were in his opinion erroneous, and he was very sorry he had been unable to get a quiet perusal of them until this morning—as when they were first communicated to the Committee, it was generally thought that matters were much worse than he could see just grounds for now believing, and the stock of the Company had suffered accordingly in the Market.

The "Committee of Investigation" in their labours seemed to forget, that in the consideration of the subject before them they must proceed on either of two grounds,—either that of a perfect amalgamation of the two Companies (the Champlain

and St. Lawrence and the Montreal and New York) in strict accordance with the articles of agreement, solemnly and deliberately entered into, or a complete abandonment of the whole terms and conditions of that contract. A middle course, a course which would permit each Company to seize upon and avail itself of the points most favourable to one or the other would never do, the whole amalgamation contract must break down or be observed to the letter.

In the calculation of the value of the stock of the Champlain and St. Lawrence Company, for instance, the Committee of Investigation had reckoned a full dividend upon the new and unpaid shares the same as the old, but they had forgotten to give credit for the instalment coming in from this same source of 10 per cent per annum, and amounting at present to some £25,000, due to the Champlain and St. Lawrence Company, they had also placed a large mortgage on valuable Real Estate owned by the Company, among the Company's debts, without giving credit for the Property on the opposite side, and as this Property was not required and could be sold by the Company and would readily bring the amount of the Mortgage, of course it was a good asset.

It is also stated in the Investigation Report, that the Books of the Champlain and St. Lawrence Company shewed 368 shares more stock than the actual stock held by the Company, and on the other hand the Books of the Montreal and New York Company exhibit 37 shares less than the actual stock of that Company, and "both differences are in favor of the Montreal and New York Railroad Company," the Investigation Report says.—It was hardly necessary to point out that this conclusion was erroneous, as both differences amounting to over £20,000, were in favor of the Champlain and St. Lawrence Railroad Company.

Again it was stated in the Investigation Report, that in order to cover Interest on the Bonds and debts of the two Companies, and pay a dividend to the stockholders, the gross receipts of the two Companies would require to be £400 per day.

That this assertion was erroneous, it was only necessary to point to the following figures:—

|                                                                                                                                                       |                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Expenses of Champlain and St. Lawrence Railroad Company say.....                                                                                      | £28,000        |
| Expenses of the Montreal and New York Company...                                                                                                      | 12,000         |
| Interest on the entire debts of the two Companies...                                                                                                  | 26,862         |
| Dividend on the stock of the two Companies, }<br>reckoning even a full dividend upon the new or }<br>unpaid stock of the Champlain & St. L. Company } | 24,289         |
|                                                                                                                                                       | <u>£91,151</u> |

This sum divided by 313, say, the average working days in the year, gives per day £291 only, in place of £400.

The Presiding Chairman of the Meeting at which the "Committee of Investigation" submitted their joint Report of the affairs of the two companies, stated, that from the conclusions they had arrived at it was too plain that the Stock of the two Companies had been entirely submerged, and was valueless.

It was quite clear to him, Mr. Workman, that this could not be the case, as would be seen from the following general statement or synopsis from the Books of the two Companies.

#### CHAMPLAIN & ST. LAWRENCE CO.

|                     |                 |                     |                |
|---------------------|-----------------|---------------------|----------------|
| Bonds.....          | £221,661        | Interest on same... | £14,299        |
| Bills and Notes.... | 41,207          | Do.                 | 2,472          |
| Over due accounts.. | 5,254           | Do.                 | 315            |
| Gross Debt.....     | <u>£268,122</u> |                     | <u>£17,086</u> |

#### STOCK.

|                                                        |          |                   |       |
|--------------------------------------------------------|----------|-------------------|-------|
| Old paid up, 2565 <sup>9</sup> / <sub>10</sub> shares, | £128,295 | } at 6<br>pr. ct. | 9,785 |
| New or paid in part, 2245 shrs.                        | 34,795   |                   |       |

Paid Stock.....£163,090

|                                                            |                |
|------------------------------------------------------------|----------------|
| Add extra to place new and old stock at same dividend..... | 4,644          |
|                                                            | <u>£31,515</u> |

|                                                                             |                |
|-----------------------------------------------------------------------------|----------------|
| Brought Forward.....                                                        | £31,515        |
| Add also dividend of £3 per share on 1176 shares                            |                |
| New Stock subscribed by Montreal and New York Company, and not paid up..... | 3,428          |
|                                                                             | <u>£34,943</u> |

MONTREAL AND NEW YORK COMPANY.

|                       |                      |                 |                |
|-----------------------|----------------------|-----------------|----------------|
| Mortgage Bonds,....   | £50,000              | Interest, 3,770 |                |
| Bills and Notes,..... | 87,446               | "               | 5,246          |
| Open Accounts.....    | 13,000               | "               | 780            |
|                       | <u>£150,446</u>      |                 | <u>£9,796</u>  |
| Stock, 2144 shares,.. | 107,207 at 6 pr. ct. | 6,432           | <u>16,228</u>  |
|                       |                      |                 | <u>£51,171</u> |

Amount required to pay interest on Bonds and Debts, and a dividend to Stockholders, reckoning even a full dividend of £3 per share, on the Champlain and St. Lawrence New Stock, although not paid up in full.

It would be seen from the above that to meet the entire budget of the two Companies, to provide interest on their debts, and a dividend on their stock, and paying too, £3 per share on a large number of new shares of the Champlain and St. Lawrence Co. not paid up, the sum of £51,171 would be required.

How was this to be forthcoming.

In the first place we had due from the 1631 shares of New Stock originally subscribed, the annual and fourth instalment of..... £8,155

We have also 4 instalments of £5,880 due on the 1176 shares New Stock subscribed by the Montreal and New York Co. .... 23,520

|                                                   |                |
|---------------------------------------------------|----------------|
|                                                   | <u>£31,675</u> |
| Less paid on the Montreal and New York New Stock, | 6,200          |
|                                                   | <u>£25,475</u> |

|                                                                                                                                                                                                                                                                                                                                                                                                                         |          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Brought Forward.....                                                                                                                                                                                                                                                                                                                                                                                                    | £25,475  |
| The gross receipts of the Champlain and St. Lawrence<br>Railroad Company during the past year, under all the<br>disadvantages of the Cholera, and entire derangement<br>of travel and commerce of the country, amount in<br>round numbers to £40,000, and under ordinary cir-<br>cumstances, and a fair business for the coming year,<br>it may, under the amalgamation of the two roads, be<br>safely put down at..... | £55,000  |
| The expenses it was believed would not<br>exceed.....                                                                                                                                                                                                                                                                                                                                                                   | } 25,000 |
|                                                                                                                                                                                                                                                                                                                                                                                                                         | <hr/>    |
| Balance net on business..                                                                                                                                                                                                                                                                                                                                                                                               | £30,000  |
| Leaving a balance to the good after paying all interest<br>and dividends of .....                                                                                                                                                                                                                                                                                                                                       | 4,525    |
| The Montreal and New York road will pay expenses<br>and leave, under the most moderate estimate.....                                                                                                                                                                                                                                                                                                                    | 6,000    |
|                                                                                                                                                                                                                                                                                                                                                                                                                         | <hr/>    |
|                                                                                                                                                                                                                                                                                                                                                                                                                         | £10,525  |

It would thus be seen that so far from the Stock being worth-  
less, the above very moderate estimate of the prospects of  
business, the income of the Road from various sources, covered  
all interest on Bonds and Debts, and a dividend of 6 per cent  
on the entire Stock, as well the unpaid, paid in part, as the  
entire paid up Stock, which on the former or now Stock of the  
Champlain Company would be equivalent to 15 per cent per  
annum return, and after all, there appeared an estimated bal-  
ance to the good of £10,500.

These were the prospects under the proper working of the  
amalgamation, which to be worked at all, must be carried out in  
full integrity, or abandoned entirely;—and if the latter, and  
the Champlain & St. Lawrence Road should again go on in its  
own behalf as before, the prospects were not so black as to  
warrant the conclusion of the total extinction of the Stock, as  
represented by the Investigation Committee, as may be seen  
from the following :—

|                                                                                                                 |         |         |
|-----------------------------------------------------------------------------------------------------------------|---------|---------|
| As above stated, the interest on the Bonds and debts amounts to.....                                            | £17,086 |         |
| A full dividend on the Stock, new and old, 6 per cent on old, and £3 per share on new, say 2245 shares new..... | 14,429  | 31,515  |
| Deduct balance due by the Montreal & New York Company in event of separation.....                               | 10,000  |         |
| Instalment on New Stock.....                                                                                    | 8,155   | 18,155  |
|                                                                                                                 |         | <hr/>   |
|                                                                                                                 |         | £13,360 |
| Gross earning of Champlain Road past year, under effect of Cholera and deranged trade and travel.....           | 40,000  |         |
| Expenses estimated at.....                                                                                      | 25,000  | 15,000  |
|                                                                                                                 |         | <hr/>   |
| Over.....                                                                                                       |         | £1640   |

It would thus be seen from the preceeding figures, that supposing the consequence of the breaking down of the amalgamation agreement, should not be more injurious the coming year than the Cholera was the past year, and our gross receipts be kept to the same figure, we can still pay all interest on our Bonds and debts and a dividend to our stockholders of 6 per cent on the old stock, and equal to 20 per cent on the new, Mr. Workman could therefore see no just grounds for the conclusions arrived at in the Reports of the Committee of Investigation.

Mr. T. Ryan observed that he entirely dissented from the data laid down by Mr. Workman, in as much as that Gentleman, in his calculation, had diverted to other purposes the payments on the new stock, subscribed by the Montreal and New York Company, which properly belonged to the Bank of Montreal, and were so pledged.

Mr. Allan made some remarks to the same purport.

Mr. Workman replied, that the payments referred to might go to the Montreal Bank if all the conditions of the amalgamation were fulfilled, but they had forgotten, that in his last calculation he had supposed the Champlain Road to be running alone, in which case the Montreal Bank had nothing to do with them, and indeed in any case it was as broad as it was long, for if paid to the Montreal Bank, they would only extinguish so much debt, stop a certain amount of interest against the Company, and thus raise the stock in value as much really as if the money had gone in paying a dividend.

Montreal, January, 1855.



