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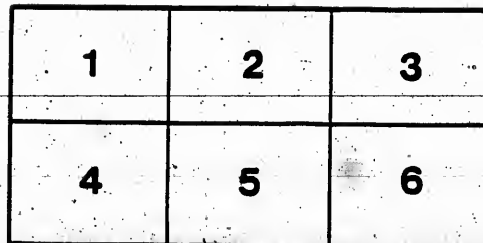
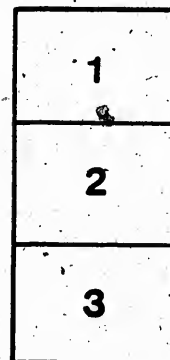
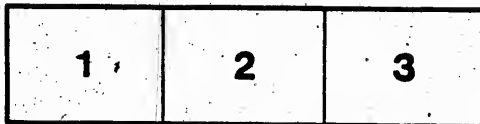
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ONTARIO,  
SIMCOE, AND HURON  
RAILROAD UNION  
COMPANY.

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EIGHT LETTERS;

ON

Matters in Connection with the Affairs of the

Above Company.

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ORIGINALLY PUBLISHED IN THE "TORONTO DAILY PATRIOT."

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By a Shareholder.

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TORONTO:

PRINTED BY GEORGE E. THOMAS & CO.

1853.



## INTRODUCTION.

The following letters were originally published in the Toronto Daily Patriot. They are collected, and now published in the present form, for the purpose of affording a more connected perusal, and for more easy reference; as it is possible that the various topics therein contained may hereafter become a subject of important consideration. Whether or not,—the letters are now within a compass of ready access, and placed within the reach of parties who have any inclination to give them more careful consideration than the perusal of a newspaper would admit of.

The circumstances which gave rise to them are familiar to almost all parties in this city, and to most others who have given attention to the subject of Railway enterprise; and it is to be hoped, that if an exposition of the occurrences and proceedings connected with the present case have any influence on the judgment of the public, the enactment of a similar farce will not be permitted in any concern in which the public have an undoubted right of interference.

In perusing these letters consecutively, there will be found repetitions which were unavoidable, in the detached form in which they originally appeared. For these, the reader will be prepared; and is requested to make all necessary allowance on that score.

The election of Directors by the Proprietors had been staved off, by the old Board, as long as possible. The pressure from without, together with the critical position in which both Directors and Contractors found themselves placed, from the discovery that all acts and engagements done and made, heretofore, were illegal, and consequently untenable, rendered an AMENDED ACT necessary. An Amended Act was obtained, and AFTER ITS PASSING, was approved of and adopted by the Board. By this Amended Act, "EACH AND ANY ACT, MATTER, OR THING HERETOFORE DONE, OR TO BE DONE, BY SUCH DIRECTORS AND THEIR SUCCESSORS" ARE LEGALISED AND MADE VALID!!!

Such an enactment needs no comment: it carries along with it its own elucidation; and its results will ultimately show themselves.

By this Amended Act, both Directors and Contractors have escaped, for a time, the dilemma overhanging them. For how long, time has yet to determine.

When the Board had advertised a meeting to be holden for the election of Directors, the following letter was addressed to the Stockholders,

with the view to engage their attention in the necessity of acting upon the spirit of the Resolution of a Meeting of Proprietors, which had declared a want of confidence in the Board :—

*" To the Holders of Stock in the Ontario, Simcoe, and Huron Railroad.*

" You are aware, by public advertisement, that a meeting of stock-holders has been called by the present Directors, to be held on to-morrow, at the office of the Company, in Wellington Street near the Post-Office, at 12 o'clock noon, "to choose eleven persons to be Directors of the said Company, to remain in office until the first Monday in the month of June, 1854." This notice has been issued by the present Directors, under the provisions of an amended Act, recently obtained by them, removing doubts which before existed of the right of proprietors of stock to elect, from time to time, the Directors of the Company, in accordance with established usage, and in conformity with the Act of Incorporation.

" It is needless now to enquire by what hocus pocus, or under what newly-invented science of mesmerism, this amended Act has been procured; but "*so it is!*"—to use the emphatic words of a certain Coon. You are called upon to exercise your privilege of attending the said meeting; and, if you choose, that of voting for Directors. Those on the present Board (or many of them) have long since ceased to hold the confidence of the proprietors, notwithstanding what may be said to the contrary; and if anything were now wanting to convince the stock-holders of the necessity of their removal, it is the fact that they have seduced the Legislature, by the amended Act of the Charter, to alter the principle of voting, as prescribed in the original Act of Incorporation; by which alteration a preponderating power of election is thrown into the hands of the contractors, in virtue of the peculiar arrangement of receiving, in payment for their outlay, the stock of the Company; whilst the interests of the city of Toronto, and the county of Simcoe may thus be rendered subservient to a majority of the votes which may be given by them, should they be disposed to exercise that power which the Act, (however equivocal,) appears to give them.

" These Contractors are now, and long have been engaged in obtaining proxies from parties who hold stock, granted and issued to them and in their names, in remuneration for land, work, &c.; their object has of course been, to possess themselves of the power to elect such a Board of Direction as they may nominate. And although such a nomination could not by any possibility produce a Board of more objectionable character than that which now exists; yet, under all the circumstances of the present state of affairs, which are very peculiar, it would have been desirable that the original subscribers, for stock should have had their feelings and interests consulted in a matter of so much importance to the public, previous to such movements as those which have been made by the Board. You are therefore earnestly requested to attend the meeting on to-morrow, and exercise the privilege given you by the Act of Incorporation, under which you became proprietors of stock in the Company, notwithstanding any alteration or amendment thereof now made.

" At present your interests are jeopardised or made subservient to objects never contemplated at the time you became subscribers for



stock, nor when the project was brought forward and subsequently prosecuted, professionally as a public work, from which great public benefit was anticipated, independent of private gain. By your decision, at the approaching meeting, you will admit or negative this fact; and, by your votes, establish a confidence in the undertaking, wanted in consequence of the utter incapacity, or the carelessness, or the indifference of those to whose guardianship the enterprise has hitherto been confided.

" A SHAREHOLDER."

The form of an election was gone through, on the 11th December last, and the following was declared to be the result:—

	VOTES.
B. W. Smith, .....	5852
I. C. Gilmor, .....	5747
C. J. Orton, .....	5745
J. C. Morrison, .....	5693
H. Seobie, .....	4908
James Mitchell, .....	4891
Duncan Macdonell, .....	4578
Geo. H. Cheney, .....	4208
E. C. Hancock, .....	4255
Angus Morrison, .....	4238
W. A. Baldwin, .....	4191

These gentlemen, the first six were members of the old Board. The others were persons who had never taken any interest whatever in the concern.

The following are the votes which were given for gentlemen who were not elected:—

	VOTES.
George Barrow, .....	1676
C. Borexy, .....	1624
J. Arnold, .....	1425
J. Lukin Robinson, .....	1404
J. McMurrich, .....	1205
Allan Macdonell, .....	1144
R. Dempsey, .....	998
R. H. Brett, .....	749
Thomas Bell, .....	621
Adam Wilson, .....	607
F. C. Capreol, .....	568
G. T. Denison, .....	538
P. M. VanKoughnet, .....	449
J. H. Cameron, .....	422
W. Wakefield, .....	344
M. P. Hayes, .....	224
J. G. Bowes, .....	17
John Cameron, .....	7
E. F. Whittemore, .....	7

If the four thousand foreign votes created by the division of the Contractors' Stock, and given in favour of the names on the elected list, are deducted from the number of votes appearing for each, the legitimate state of the poll will be ascertained.

With the single desire that the facts in connection with this peculiar affair should be made known to the public, have these letters been written; and are now published in the present form.

*Toronto, February, 1852.*

## LETTERS.

### LETTER I.

*To the Editor of the Patriot:*

Sir,—Under an act, amending the act of incorporation, the shareholders in the above mentioned Company were assembled on Saturday last to exercise a right that has now been conferred upon them; but which had not been provided in the original act—that of electing Directors. The Provisional Directors named in the act of incorporation, for two years past had assumed to themselves powers which the act had never conferred upon them, exercising a management and control irrespective of the views or wishes of shareholders who were much more interested in the work than they were. Those Directors, who had thus assumed to themselves a power which the very act, under which the then meeting was assembled, had declared to be an illegal exercise of power, did not hesitate to arrogate to themselves the right of withholding all information from those most interested, and they did this with impunity,—for they counted not without their host,—the result of the election proved that they were the nominees of masters other than the shareholders—the contractors. These Directors may palliate their conduct as best they may, but the public will view it in its proper light, and pronounce judgment accordingly; and that judgment will be my thing but flattering to their reputation as public men to whom is confided the guardianship and promotion of the general interests of a public Company. By their refusal to give an account of their stewardship, which, unquestioned, they have exercised for a period of two years, they proclaim to the world that there is something concealed which they dare not avow. They have forfeited all claim to confidence, they have set at defiance all public respect, and they have assumed to themselves a right of proceeding adverse to the true interests of the Company, and at variance with all those established rules and usages by which other associations are governed; yet, notwithstanding all this, many of them are again Directors. They, with the new ones, are placed there, not by the Municipality of Toronto and the shareholders, but by the contractors whose servants they now are. From all that we have seen and know, what are we to expect from the future management of this Board, but a similar course of conduct to that which has marked the proceedings of the last? The great dissatisfaction of shareholders to their proceedings is evinced by the fact, that many are now taking advantage of the clause in the amended act, and demanding back from the Company the several instalments which they have paid in upon their subscribed stock. The proceedings of the

Contractors in nominating the present Board of Directors, have now assumed a character and a shape which will compel every stock-holder, every rate-payer, to enquire into the state of the Company's affairs. The Contractors, or some of the Directors with them, are evidently pursuing a course for the sole and only purpose of subserving their own views and schemes, to the exclusion of every consideration and regard to the interests of the proprietors, and prosperity of the road.

The City of Toronto and the County of Simcoe can have but one thousand votes for the £100,000 invested. The Contractors, with their £90,000 at the recent election for Directors, produced upwards of 4,400 votes, and placed in the direction men, who however estimable they may be in private life, are not the men whom the rate-payers in Toronto and the shareholders, would have dreamed of placing there, or intrusting to them the management and control of an enterprise, in which they have never shown a particle of interest; and whose only interest now is, to subserve schemes and objects foreign to the success and prosperity of the work itself.

A SHAREHOLDER.

Toronto, 13th Dec., 1852.

LETTER II.

*To the Editor of the Patriot:*

SIR,—In reviewing the new Board of Direction, it is necessary that we should not overlook the manner in which it has been constituted. That Board has been elected, not by the votes of their citizen shareholders, the Corporation of Toronto, or the Simcoe County Council, but, by the Contractors, and that in a way too glaring to be overlooked by the body of Shareholders, by the citizens of Toronto, or by the rate-payers of the County of Simcoe, unless they blind their eyes to facts as notorious as the noon day sun. The Contractors have become the masters, and the Directors their servants. Owing to a prevailing want of confidence in the former Board, there were not more than 676 votes of Shareholders, who had qualified themselves to be voters by paying up their instalments due, (exclusive of the present Board). The County of Simcoe possessed 500, the City of Toronto 500, the whole with the shareholders, 1676, and against this number, for each person upon the present Board, were polled upwards of 4000 foreign votes upon stock, issued to the Contractors, and by them split up and placed in other hands, for the purpose of carrying the election, and this, in direct violation of the spirit and the meaning of the Act, which declares that no proprietor shall have more than 500 votes; and which

Act precludes the City of Toronto a greater number. A Committee of the City Council, perceiving the position in which matters stood, and that the Warden of Simcoe was prepared to vote with the Contractors, endeavored to effect a compromise, and submitted to the Warden and the Contractors a list of eleven names; six of them the nominees of the Contractors, the remaining five, the nominees of the City Council. Although the Warden of the County of Simcoe voted for three of this five, yet the whole five were thrown out, and five of the Contractors nominees substituted, and elected. Hence the representation of the Proprietors, the City of Toronto and the County of Simcoe was nullified, and the management of the affairs of the Company vested in the hands of the Contractors; for they have placed upon the Direction men who will support the measures and movements of those who have thus put them in power.

It is now clear that the scale of voting was altered, and made so broad, as effectually to set all other interests aside but those of the Contractors, and that, too, without other interests having been consulted.

Since the election the Board have appointed Joseph C. Morrison to be the President. Two years ago he subscribed for 100 shares, and upon them he paid the sum of £12 10s.; from that period to this, has he paid up any further sum? or any one of the several instalments required under the By-laws of the Company, to the making of which he was a party? It is publicly asserted that he has not! and that on the day of election he stood in this anomalous position: he was not qualified to be a voter—but he became Director, and has since been elected the President. If this be the fact, is it not preposterous that this gentleman, whose actual stake in the Company is only £12 10s., should preside over its affairs, whilst another whose *paid up stock* amounted to £300, and who has also a further sum of £1200 invested in the Company, should be kept out of the Direction by the Contractors? Which of these two men evince the greatest interest and confidence in the progress and prosperity of the work—he who pays up £300, and takes the bonds of the Company for a further of £1200, or he who has only paid the sum of £12 10s.? To which of these men would the shareholders and the ratepayers of the City of Toronto and the County of Simcoe sooner trust the administration of their affairs? From this fact alone, is it not apparent that there is some latent, some chiselling scheme that has prompted the contractors to adopt the course they have pursued—a course of proceeding that will militate greatly against their own interests? for it will create suspicions as to their fairness of dealing which, otherwise, had never been aroused. They required no board of Direction submissive to their will. Their contract was their protection. Let them perform and fulfil it fairly and honestly, and they could exact a rigid performance upon the part of the Company; and they would also secure the Government Guarantee, though they *did not truckle to the appointment*

of Joseph C. Morrison as President, in order to obtain it. Their best interest were to have supported a board of Direction that would have given a character and a confidence to the undertaking: a board of Direction elected by those who have ever evinced a zeal and an interest in the enterprise, and proved that zeal and interest, by the paid up stock they represent; or they had better have abstained from voting at all, and left it to the Municipalities and the shareholders to have elected the board. But a board of Directors elected by the Contractors will stamp it with a character—not such as will induce new subscriptions for stock, or former stockholders to continue upon the stock list, now that an opportunity is afforded of withdrawing from the Company. The result of this election has stamped the undertaking with a character that has destroyed the little confidence that remained in the minds of some as to the advantageous results to be derived from the road. This is proven by the various demands that were immediately made by stockholders to receive back from the Company the instalments which they had theretofore paid in, and to cancel their stock.

A SHAREHOLDER.

Toronto, 14th Dec., 1852.

LETTER III.

*To the Editor of the Patriot:*

SIR,—The Contractors of this road have either been duped and betrayed into a course of proceeding adverse to their true interests, by some designing and unprincipled schemer, for the attainment of private objects, to the total disregard of the advantages of the contractors themselves, and the ultimate success of the enterprise; or they have wilfully and designedly adopted the course which they have taken, to escape a dilemma, and accomplish their own objects at all hazards. Truth lies on one side or the other of this supposition. I am unwilling to think them guilty of the latter; but the position in which the former part of these remarks would place them, I have reason to believe, is strictly applicable to their case.

To them it has been made to appear, and they have been induced to believe, that the Government guarantee to which they are entitled would be withheld from them, and that they would not be allowed to participate therein, except the Presidency of the company were secured to Mr. Morrison. That gentleman, being in the confidence of the Contractors, knew "how to play his cards," and what parties to place upon the Board in order to secure this office and its anticipated advantages. He knew what private influences could be brought to bear upon two, at least, of the persons elected; in reference to the

terminus of the road at Lake Huron, whereby to secure their votes in his favor as President. As to the rest, few of them know little, and cared less, about the matter, provided their friend could reap a rich harvest from his schemes and intrigues. They were regardless whether the road became a profitable investment to shareholders generally, and a source of revenue to the city of Toronto, or otherwise.

To achieve the great object, however, which the road was intended to accomplish, other means than those now pursued must be adopted; and the management and direction of the Company's affairs must be resigned to other hands, having an actual and heavy interest in the prosperity of the undertaking, lest its future prospects be blighted. The terminus at the north must be carried to the best and securest harbor, irrespective of private interests, and not with any view to the enhancement of the value of property which may happen to be owned by a Director of the Company. The successful operations of the road must be the first consideration; and its prosperity can only arise from the traffic it will draw by affording to the extensive shipping interests of the western lakes, a safe, secure, and commodious harbor. And this is of paramount importance in deciding upon a terminus at Lake Huron.

In raising the means for the construction of this road, the late Directors acted upon a very fallacious principle, which already places in jeopardy its ultimate completion. Having succeeded in securing contributions from the city of Toronto and the County of Simcoe to the amount of £100,000, they appeared to treat other subscriptions for stock as unnecessary, or at least, never placed themselves in such a position as to ensure them either in Canada or elsewhere. They sought only to retain their own position, and to build the road upon CREDIT by issuing the Company's bonds, bearing interest; and not upon CAPITAL subscribed and paid by instalments, as is usual in all similar undertakings, and which is the only legitimate principle of proceeding. In so doing they have made a grievous, if not a fatal mistake.

Building railroads on *credit* is a ruinous system, and one, which contains within itself the seeds of its own destruction; the truth of which, it is to be feared, will ultimately be exemplified in this instance.

The Company has commenced operations with a mill stone around its neck, and the nearer it progresses to completion, the heavier will be the burden it must bear. This is an indisputable fact, which no sophistry can overthrow; and any arrangements which may have been recently concluded between the contractors and the Directors, based upon such a scheme, although it may secure the completion of the road to a certain terminus, it will prevent the possibility of its ever becoming a paying concern, or even a secure investment. This I will show by a statement of facts and calculations founded upon the present condition of the Company and the anticipations of the Directors; and I

will dare a refutation of them upon any calculations equally well grounded.

It is expected, both by the Contractors and the present board, that they will be able to negotiate the bonds of the Company in England. Any Company to be able to effect such an object, must produce such a statement of its affairs, and anticipated results, as will justify a capitalist there, even in entertaining their proposition.

When the late Board of Direction withheld a report of the state of their affairs from the meeting of shareholders recently assembled for the election of Directors, under the impression, that any report they could make, consistent with the facts of the case, would render their bonds valueless in the London market, what statements can they *now* make, to induce parties to become purchasers of their bonds in any market?

Let them not build their hope upon an easy accomplishment of their cherished object; for is it not possible that before their bonds can reach England, the real condition and true state of the affairs of the Company *with all its contingencies*, will be known there, and the substance of their present plans and calculations thus become a mere shadow—the Contractors finding themselves in the end with only shadows in their hands? They however are *de facto* the Directors, and must therefore, bear all the consequences of the position which they have assumed.

A SHAREHOLDER.

Toronto, 18th Dec., 1852.

#### LETTER IV.

*To the Editor of the Patriot:*

SIR,—In the act under which this Company was incorporated, certain persons were named as Directors, appointed for a SPECIFIC PURPOSE ONLY, and their powers were restricted solely to the purpose of raising by lottery or otherwise the necessary means required to construct the road. The parties so named were F. C. Capreol, the Honourable H. J. Boulton, the Honourable Robert Easton Burns, John Hibbert, Joseph Davis Ridout, Albert Furniss, Benjamin Holmes, George Barrow, Charles Berczy, and Joseph C. Morrison. The first named seven gentlemen long ago resigned their places, and the vacancies thus made were from time to time filled up by NOMINEES of the two or three individuals who still continued in office:—these gentlemen claimed the right, and exercised the power, to elect whom they chose to the Board, irrespective of the wishes or the views of those who had become stockholders.



This body of Directors, so constituted, acknowledged no responsibility to any one, not even to the proprietors,—who in consequence of an unpardonable defect in the act of incorporation, too late discovered, that they (the proprietors) were precluded exercising that right, so common to all associations—that of electing from among their co-shareholders such parties to be Directors as might have the confidence of the majority. Hence originated that distrust, that want of confidence in the management of the undertaking, which deterred so many persons of worth and respectability from becoming subscribers for stock, whose names would have given character and weight to the undertaking, and inspired a confidence in the enterprise.

It was the fact of the Board being thus a self-constituted body, and subject to no control, that caused subscribers for stock to REFUSE to pay up any further instalments. Of the £15,000 taken by private stockholders, only some £375 was paid up. However, this Board of self-constituted Directors have, during a period of two years, exercised a control in the administration of the Company's affairs, which, prior to the recent amended act, was discovered to have been ILLEGAL; and in this act, procured by, and at the urgent instance of these Directors, to fortify themselves against the consequences, it is provided that "EACH AND EVERY ACT, MATTER OR THING HERETOFORE, DONE OR TO BE DONE" by the aforesaid Directors, shall be legal and valid, &c., &c.

By the amended act the proprietors are permitted to exercise the right of voting for Directors; but the clause which confers this privilege has been so devised that the city of Toronto, the County of Simcoe, and all individual shareholders combined, could not, at the late meeting exercise the power of electing their own Directors;—that power was held by the Contractors, who exerted it successfully, and six of the former self-constituted Directors, are now ELECTED DIRECTORS by the Contractors. It was in vain that the shareholders asked for information relative to any part of the affairs of the Company:—this was absolutely refused upon the ground that the Directors were not obliged to afford any.

Can it be, that men professing high honor, and strict integrity of principle, would hesitate to accord to the proprietors of an association every information relative to the manner in which they had discharged a trust, whether that trust had been assumed by themselves, or had been confided to them by a constituency, and particularly as to those "ACTS, MATTERS OR THINGS HERETOFORE DONE OR TO BE DONE," which they had found it necessary to apply to Parliament to make valid and legal?

If the condition of the affairs of the Company were so deranged and unsatisfactory, that it would reflect little credit upon their management, knowledge, or foresight, would it not have been more manly, honest and straightforward to have come down to the recent general meeting of stockholders (the first that has been held), with a true statement in detail, of the actual position of such affairs? And although the

result of such a course of proceeding, might not establish a character proving their competency to control and direct a work like this,—yet their honesty of intention, would not have been questioned, their integrity of purpose would have remained unsuspected.

Under all the circumstances by which they were surrounded,—the long, uncontrolled, and irresponsible power which they had assumed, and illegally exercised; the manner in which they had introduced and succeeded in procuring to be enacted the amended Bill, whereby the City of Toronto, the County of Simcoe, and shareholders generally, are disenfranchised, rendered it imperatively incumbent upon them, as honest guardians of others' interests, to have met the shareholders with a full report of all their proceedings.

Where there is anything to conceal from the knowledge of Proprietors, there will ever be found something radically wrong; some secret jobbing, some unfair proceedings, which, were they known, the shareholders generally would repudiate and denounce.

If these shareholders, for their own safety, are now compelled to endeavour to ascertain the true condition of the Company, they can only do so upon such knowledge as, from time to time, they have been enabled to procure. It must not, therefore, under such disadvantages, be expected that a complete and perfect statement of the resources and liabilities of the Company can be arrived at.

There is, however, sufficient known data upon which to found calculations relative to the present position of affairs, the progressive increase of the liabilities of the Company, and the ultimate results which must ensue, under the principles heretofore pursued in the management thereof.

A SHAREHOLDER.

Toronto, Dec. 30, 1852.

LETTER V.

*To the Editor of the Patriot :*

SIR,—To be enabled to arrive at anything like an exact statement of the Company's affairs, it will be necessary to calculate upon some given terminus at Lake Huron. I know Lake Huron well, and I am familiar with the incomparable advantages which some localities on that lake offer over others as a terminus, presenting all those attractions which a fit, secure, and commodious harbour can do to ensure the traffic of the west and the north-west, a contingency upon which the success of the road absolutely depends. I am likewise cognizant of the insuperable difficulties to be encountered in attempting to construct artificial harbours,

whose natural obstacles and exposed positions forbid the successful accomplishment of such an undertaking. I will not now enter upon a comparison of the advantages of the different points as a terminus of this road, inasmuch as, from all I can learn, the present Board of Directors are determined to make the terminus somewhere at the Nottawasaga Bay, either at the "Hen and Chickens," or at the River Nottawasaga.

The former called harbour is situate in the bight of the Bay of Nottawasaga. It is a shallow indenture on the coast. Off its more north-westerly point lie two or three rocks; but these afford to the harbour no protection: it may be said to form a tolerable boat harbour: but to make it at all fitted for large craft, at the least, £100,000 must be expended in dredging and constructing piers in a northerly and easterly direction, to say nothing of extensive repairs that will be yearly required. And yet all would never constitute it a safe, secure, or commodious harbour, or one easy of access. Few seamen would be so reckless as to attempt to take a vessel within such piers with a sea making from the north, the north-west or the north-east; no sailing-vessel would attempt to make the harbour under such circumstances. To enter within the pier would be exceedingly dangerous—to miss it would be a certain shipwreck. She must go ashore; for no vessel could work off this place, or out of the Nottawasaga Bay, against the heavy sea that rolls in there fetching from the north, the north-west, or the north-east: to work out of the Bay would be her only safety. These objections are equally applicable to the construction of a harbour at the river, situate at the bottom of the bay; and of the two positions perhaps the Hen and Chickens is the *less* objectionable. At this latter, the pier to be constructed would have a solid foundation to build upon. At the river, piers must be run out for the distance of a mile, and these piers must be built upon shifting sand-bars and quick-sands, which change and shift with every gale of wind. To succeed in establishing piers they must, in order to obtain a foundation, get *below* the influences of these sands; but to do this would cost double the amount expended on the railway.—Fields of ice, which in the spring are driven from the northern shore by the prevailing winds of that season, and from the north-west from as far as the straits of Mackinaw, are driven along the southern shores of the Great Manitoulin, and passing between that island and Cabot's Head, are concentrated in *Nottawasaga Bay*. And any piers that can be constructed at the bottom of that bay, will be found flung back upon its beach amid piles of ice, such as are so frequently accumulated there. The approach from the lake to the Nottawasaga river often affords a channel carrying from 15 to 20 feet water. After severe weather, this channel changes its course, and its position is not only widely different to what it was previous to the storm, but there would be found only *four* or *five* feet depth of water in its new channel. During a long continuance of fine weather, the current from the river works this channel to its natural depth.—Another storm, and the channel is again changed

perhaps to an entirely new direction:—what is the depth of the shifting sand-bar?

With this introduction I enter upon the subject of the present condition of the Company's affairs, and its future prospects, under the system of management now pursued.

## GENERAL SUMMARY.

Capital Stock .....	£ 500,000
Loans authorized to be raised by Company ..	250,000
Total means under provisions of the Act ...	£ 750,000

## PROBABLE LENGTH OF LINE.

To Nottawasaga Bay will be about 97 miles, which at contract price, £9250 per mile is...	£ 906,250
This Contract does not include station houses, rolling stock, &c.; to provide for these £1000 additional per mile is required .....	97,000
A terminus at this Bay, either at the "Hen and Chickens," or at the River, will involve an expenditure for a harbour, not less than £100,000. (The distance to the "Hen and Chickens" is some miles further than to the River) .....	100,000
	<hr/> £803,250

Consequently to meet the deficiency, there must be an application to the Parliament to increase the capital stock to the extent of...

53,250

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 £803,250

## THE CONTRACT WORKS ARE TO BE PAID FOR AS FOLLOWS:

Stock taken by the City of Toronto, and bonds bearing interest, issued to the Company .....	£50,000
Stock taken by the County of Simcoe, and bonds bearing interest, issued to the Company for .....	50,000
Bonds of the Company guaranteed by Government ...	250,000
Stock taken by the Contractors .....	100,000
£15,000 of stock was subscribed for in the City of Toronto, and bonds of the Company were issued for that amount, based upon the subscription. This is now withdrawn by the shareholders, and the amount is included in that which has to be raised by the Company on bonds to the amount of .....	353,250

Being the amount required to make up the sum necessary for the construction of the road .....

£803,250

## THERE HAVE BEEN PAID TO THE CONTRACTORS.

Bonds of the City of Toronto, bearing interest .....	£50,000
Bonds of the County of Simcoe, bearing interest .....	50,000
Bonds of the Company bearing interest .....	15,000
Bonds of the Company bearing interest .....	50,000
*Bonds with Government Guarantee .....	100,000
Paid up stock issued to the contractors .....	100,000
	£365,000

Portions of this last mentioned amount of £100,000 have been issued to parties in payment for land and for work done on the road, &c., &c. The larger portion being held by the Contractors enabled them under the amended Act, so to divide the Stock as to elect their own board of Directors, to secure to Mr. Morrison, the Presidency of the board, and thereby obtain the Government guarantee to those bonds, which either had been rightfully withheld, or had been wrongfully retained from them; the results of the late election of a Board of Directors, under the provisions of the amended Act, will justify this latter view of the case. A most flagrant act of injustice has however been committed, and the management and control of the deep and substantial interests of others in this road, are thus committed to men, in whom the majority of shareholders would not have confided such trust.

Thirty-two miles of road completed, and in working order, with the necessary station houses, rolling stock, &c., at the contract price, would entitle the Contractors to receive for it the sum of £233,000.

## WORK DONE UPON THE ROAD.

Timber has been got out for 65 miles of road.—Iron has been got out for 54 miles; chairs and spikes for 47 miles, and there is iron in Quebec for 20 miles more.—32 miles of track have been laid, but it has not been BALLASTED—the original contract did not stipulate for this. The contractors have since their contract agreement consented that this shall be done. Whatever effect the Government guarantee may have in future upon the road, it must be admitted that it has at least worked this good result—it has compelled the contractors to *make straight most unpardonable defects*, and to rectify those abuses which either the wilfulness, or the indifference, or the ignorance of an irresponsible Board of Directors permitted to be practiced in the construction of the road.

## DEBTS DUE AND PAYABLE FIRST JANUARY, 1853.

Assuming that up to the first of July last, the calls on private stock had been made to realize, or nearly meet the liabilities at that time due for interest upon bonds issued—this private stock being now withdrawn,

\* Mr. Morrison on 11th Dec. last, stated that the Contractors would in a few days receive that amount.

and, as under the present circumstances, no new subscribers can be induced to take stock, the only means whereby the Directors seek to obtain the necessary funds and retain their offices, are, by borrowing money on the credit of the Company, and thereby INCREASING THE ISSUES OF THEIR BONDS.

It is estimated that the bonds of the Company, not guaranteed by Government, cannot be realized at a less discount than 25 per cent. I am informed that such bonds have been sold at 30 per cent., discount.

On the first day of July last, there was borrowed from the Bank of Upper Canada to pay the interest on bonds held by Mr. Capreol, and for other uses .....	£1,000
Interest thereon, being the 6 months ending 1st January, 1853 .....	30
Half year's interest, ending 1st of January 1853, on bonds held by Mr. Capreol .....	330
Interest upon bonds issued by the Company for £15,000 ..	900
Interest upon bonds issued by the Company for £50,000 ..	3,000
Interest upon bonds held by Mr. Denison for £1,200 .....	72
	<hr/>
Due for interest alone upon bonds issued by the Company ..	£5,332

I cannot give the precise dates of the issuing of these bonds, and it is possible that the bonds for £50,000 were not all issued quite a year ago; at all events, the calculation serves to exemplify the destroying and ultimately fatal principle upon which the road is attempted to be constructed.

There being no subscriptions to be received from stockholders, nor earnings from the road to meet the payment of this interest, it involves again an issue of bonds to raise the £5,332 of an amount equal to £6,604 10s. In addition to this amount there must be obtained money to pay the various items of expenditure for salaries, &c., namely:—

Voted to remunerate the services of 1st President .....	£200
Voted to remunerate the services of 2nd President .....	200
Voted by Directors to themselves, or £25 each .....	250
Voted to the former Secretary of the Company .....	250
For the half year's salary of the present Secretary .....	125
For the half year's salary of the Chief Engineer .....	375
Half year's salaries to two Assistant Engineers .....	400
Office expenses, printing, &c., not less than .....	1000
	<hr/>
	£2,800

The payment of this sum of £2,800 involves a further issue of bonds for the sum of .....	£3,500
Making an issue of bonds, on or about the first of January last, to pay interest and contingencies then due for the sum of .....	£10,164 10

About this date the contractors will have received £100,000 of the Government guarantee.—The conditions upon which this guarantee is

granted requires that six per cent. interest and a sinking fund of three per cent., upon the amount issued, be paid half yearly into the office of Receiver-General; and the payment of this interest, and sinking fund, is secured as a first charge or mortgage, upon the whole road, before any dividends can be declared, or any other payments made. In carrying out calculations for the succeeding and every successive half year, this *nine per cent* of charge must be included in every calculation, in addition to the interest accumulating, at a *compound ratio*, on every successive issue of bonds by the Company.

DEBT OF THE COMPANY FOR THE HALF YEAR ENDING THE FIRST OF JULY, 1853.

Six per cent. interest, and three per cent. for sinking fund upon £100,000 of Guaranteed Bonds, issued on or about the first of January, 1853 .....	£ 4,500
Interest on bonds—	
for £15,000 issued by Company to Contractors .....	450
"      50,000 .....	15,000
"      11,000 held by Caprool .....	330
"      1,200 " Denison .....	36
"      10,164 issued for payment of interest, &c., due 1st January, 1853 .....	304
	<hr/>
Being to meet interest only .....	£7,120
Salary to President, half year .....	375
" Secretary* .....	125
" Chief Engineer .....	375
" Two Assistants .....	400
Office Expenses .....	500
Contingencies, payments to Directors, &c. ....	125
	<hr/>
To raise which sum of .....	£0,020

Requires an issue of bonds...£11,200

Making ...£98,564 of Bonds of the Company that will be issued at the expiration of the half year ending the first of July next.

In addition to these sums, there will be due to the Contractors a further payment of £100,000 in bonds guaranteed by the Government, and also £100,000 in bonds of the Company, both bearing interest.

It must be particularly observed that out of the sum of £98,564 raised by bonds of the Company, only £65,000 have been paid to the contractors; the balance £23,564 has been exhausted in expenses contingent upon negotiating the bonds, in paying the interest accruing upon them, and also the contingent expenses of the Board of Direction.

\* Note.—Salary to Secretary is increased to £500 per annum, should be £250 instead of £125.

If, then, in order to receive the amount of £65,000, it is involved an issue of bonds for £98,561, what amount of bonds should be issued by the Directors to realize the sum of £353,250 necessary to make up the amount of £803,250; and required for the completion of the road and the construction of the harbour?

About the first of July there will have been issued of bonds guaranteed by government £200,000, and, of bonds of the Company not less than £198,564: making £398,564 upon which interest is accumulating, as already shown.

Data being thus given, calculations as to the results are readily made. Without pursuing the calculations half yearly until the road has been completed, let us take the most favourable view of the matter; and consider that the whole amount of money required has been obtained, and the road completed.

ACTUAL DEBT OF THE COMPANY ON THE COMPLETION OF THE LINE  
PRESUMED TO BE ON THE FIRST OF JANUARY, 1854:—

3 per cent. Sinking Fund, and 0 per cent. interest required upon the Government guarantee is .....	£ 22,500
To complete the capital of £803,250 which has been shewn to be necessary for the Company to obtain—the sum of £353,250, is to be procured. To realize this amount requires an issue of Bonds to the amount of £441,362—Annual Interest thereon at 0 per cent. ....	20,478
Total amount of interest to be paid annually .....	£ 48,978

MEANS

By a reference to railway returns many of the ordinary lines in England do not earn more than £15 per mile per week. Allowing then £15 per mile per week from the very commencement of running trains, must be considered a sum far beyond what this line can produce. Ten pounds per mile per week might be considered a very liberal calculation; but with a terminus at the Nottawasaga Bay, it will not realize anything like this last amount.

WORKING EXPENSES.

In England these amount to 40 per cent. on the gross earnings. In the United States to 55, and sometimes to 60 per cent. Take them on this road at 50 per cent.

The interest on this debt alone being .....	£ 48,978
Ninety-seven miles of road yielding £15 per mile per week, would be .....	£ 75,140
Less working expenses .....	37,579
Nett proceeds .....	£ 37,570

Leaving a deficiency on payment of interest alone .....

£ 11,408
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Earnings at the rate of £10 per mile per week. £25,220, would show a deficit of £23,758 in payment of interest on borrowed capital only!!!

Bondholders, look at this! City Council of Toronto and County of Simcoe, look at this! Ratepayers, who are taxed to the tune of £6000 a-year, look at this! And then ask yourselves the question—Whether some of you ought not to have had a voice in the selection of men to whom is confided the power of making your contributions worth something or nothing?

I shall pay my respects to you again upon this subject, when I will lay before you something of still further interest and importance.

▲ SHAREHOLDER.

Toronto, 8th January, 1853.

#### LETTER VI.

*To the Editor of the Patriot:*

Sir—In my former letters upon the subject of this Company, I have embodied and laid before the public such statements and facts, in connection with its progress, and the present position of its affairs, as could be procured or calculated upon in the absence of all that information which, instead of solemnly concealing, it was the imperative duty of those Directors, who illegally assumed all management and control, to have frankly and honestly furnished to the public.

For the purpose of more clearly exemplifying and establishing these statements and facts, and the calculations I have made, based upon such information as I possess, I go now to the subject of the **GOVERNMENT GUARANTEE**, with a view to shew its operations and ultimate effect upon the interests of **STOCK-HOLDERS AND BOND-HOLDERS**.

This Company stands in a position widely different to that of any other which has availed itself of the Government Guarantee, from the fact of its having been created and brought into existence, under circumstances prejudicial to its advancement, and destructive of that confidence which the enterprise itself merited. And it is now sought to be nurtured without the aid of a shilling of capital, by the Directors now controlling its prospects. It was ushered into the world on **CREDIT**: its progress has hitherto been on **CREDIT**: and eventually, under the present circumstances of its affairs, it will expire in the arms of the Government, for the Government Guarantee has also paternally established a system of **CREDIT** for its final repose.

For all present purposes, this system of credit **MAY** suffice, and *possibly* it may be effectual in producing what every one would wish to see, a railroad to the north, opening a communication with that vast extent of country, the value of which can only be known and measured by such a

medium of intercourse. But, in effecting this great object, certain contingencies attach to the principle which the Board of Directors have adopted as the ground of their procedure, perhaps not much less so than upon the selection of a terminus at Lake Huron.

This Government Guarantee has already been made subservient to the attainment of objects and ends subversive of every principle of justice, alike destructive of the spirit of enterprise that adventures, and of those feelings which prompt and influence individuals or communities to aid and encourage a public undertaking, when its accomplishment will, unquestionably be productive of general good.

In the month of July or September last, the contractors claimed to be entitled to receive £100,000 of the Government Guarantee. The Government withheld it, on the ground that the road had been so unscientifically constructed as to justify the refusal to grant the Guarantee; and the contractors were required to make certain alterations in the construction of the line before they could become entitled to receive it. Nevertheless, the contractors, FOR SOME REASON OR OTHER, cherished the hope that in the event of Mr. Morrison being appointed the President of the Company, the Government Guarantee would be secured to them. Under all the circumstances, Mr. Morrison, had reason to know and feel that the votes of his fellow shareholders in the City of Toronto and the County of Simcoe would never place him in such a position as to be chosen President of the Company. A meeting of shareholders had taken place, at which resolutions were unanimously passed, declaring in the most unqualified terms, a total want of confidence in the then Board of Direction, of which Mr. Morrison was the Vice-President, and that meeting declared its intention of applying to Parliament to amend the act so as to enable the proprietors of the road to ELECT Directors in whom they could place confidence. At this meeting only was it made known that a Bill had been introduced into the Legislature by the Directors, without the knowledge of shareholders, which bill sought to legalize acts done under the assumed power exercised by the Provisional Directors, as well as to alter the scale of voting prescribed in the original charter. By this alteration all influence and just power were taken from the shareholders, the City of Toronto and the County of Simcoe, and the management and control of the Company's affairs virtually vested in the Contractors; who were thereby enabled to CREATE an overwhelming number of votes, whilst the City of Toronto and the County of Simcoe, with one hundred thousand pounds of stock, were restricted to but 500 votes each one-tenth of what the Contractors, under the amended act, might be enabled to produce.

Why was it that the Honorable the Inspector General, Mr. Hincks, Mr. Morrison, and the Contractors, were so urgent and active in endeavouring to procure to be passed this bill? From all that occurred in the chamber of the Railway Committee, the prominent, and active part taken by the Inspector General in aiding Mr. Morrison and the Contractors to carry through this bill, in direct opposition

TO THE PETITION OF THE SHAREHOLDERS THEN LYING UPON THE TABLE OF THE COMMITTEE, and in violation of those rights which were guaranteed to the Municipalities and shareholders at the time of subscribing for stock? No other conclusion can be arrived at than this—the Contractors were to be placed in a position to elect such a board of Directors as would secure to Mr. Morrison the Presidency, totally regardless and irrespective of the interests of shareholders, or of ratepayers. The Inspector General had, or he exercised the power of withholding the Government guarantee. The amended bill was enacted a law. Under this law the contractors used a power which enabled them to select such a Board of Directors as Mr. Morrison chose to dictate, and thus he became President of the Company; whilst the deluded projectors, stockholders, and bondholders—the deceived and betrayed ratepayers of the City of Toronto and the County of Simcoe, are left to wonder at the result of their enterprise, in which their best interests are embarked, and which interests are now subjected to the control and management of persons who have only arrived at such a position by subverting and destroying that legitimate influence which such interests in all other similar associations always command, but which is never used for the mere aggrandizement of an individual, to the exclusion of every consideration for the general benefit of proprietors, or the prosperity of the undertaking.

There is associated with the GOVERNMENT GUARANTEE, an idea of security of the most delusive character. It carries with it a sound that charms and deceives the ear, and induces a belief that come what will, the road which is so fortunate as to obtain it, must be an investment secure beyond all others. Look at its practical operations upon this Company—calculate the ultimate results; and having arrived at the only legitimate conclusion which can be drawn—consider whether the Government guarantee is a BOON, or a curse to railroad enterprise?—whether those Companies that avail themselves of it, will derive any essential advantages? or whether it will not effectually destroy the property of the proprietors, and render valueless the investments of BONDHOLDERS?—and whether those Companies that build their roads without the aid of the Government guarantee, and consequently are not subjected to the control of Government, or to the machinations, schemes, and intrigues of political mendicants, will not be the best and most stable, and constitute the safest investment for capital?

The conditions upon which the Government guarantee is extended to railroads are,—

FIRST—That when and as soon as one-half of the estimated cost of the line of road shall have been expended by the Company in its construction, then the Government will guarantee the bonds of the Company to be issued for the other half; so that if the first half has been built upon an issue of bonds bearing interest half yearly, the second half will be built by bonds guaranteed by Government, also bearing interest; thus saddling the road with an accumulating debt, payable half-yearly. Besides this, a sinking fund of three per cent. must be created and paid in half-yearly, for the liquidation of the debt due the Government,

and this six per cent. interest, and three per cent. for a sinking fund must be paid before any portion of the revenue or tolls arising from the road can be otherwise applied either in dividends to proprietors, or for interest to bondholders.

SECONDLY—It is provided that the Government shall hold a **FIRST MORTGAGE** upon the road, and upon the property of the Company, as a security for the amount guaranteed, or any sum which the Government may be required to pay as interest thereon.

THIRDLY—In case of default on the part of the Company in paying any portion of the interest as it becomes due, or the sinking fund, as stipulated for: or in case of **DISSATISFACTION** on the part of the Government, the latter may foreclose and take possession of the whole line of road and property of the Company, to the exclusion of all other claimants. This being the case, that all primary bonds or debentures or other securities issued by the Company in payment to Contractors or otherwise, are secured only by a claim second to the Government mortgage: and the same principle applying to the holders of paid up stock, issued to the Contractors, and by them transferred to other parties in payment for land—sub-contract work, or other matters, it follows that all bonds or debentures of subsequent dates, issued for the purpose of raising the means to complete the road, and construct other works, will have for their security only a **THIRD CLAIM** upon the road, which, if terminating at an *artificial* harbor, to be constructed at the "Hen and Chickens," will jeopardize its capacity to pay even the annual interest accruing upon the *Government guarantee only*.

Here is a picture to look upon, which is anything but flattering to the enterprise, or the expectations of stockholders or of bondholders; and yet it is a true portrait of the position to which the Company has been reduced, when its features are unmasked and laid bare.

A SHAREHOLDER.

Toronto, 13th Jan., 1853.

## LETTER VII.

*To the Editor of the Patriot :*

SIR,—The gentlemen to whose care the Contractors have confided the important trust, of watching over those interests, which shareholders and ratepayers have embarked in this Company, very recently took it into their heads to exhibit their skill in exploring the coast of Lake Huron, ostensibly with a view of selecting a locality which would afford a good and sufficient harbor, at which to make a terminus.

Elated with a position, to which fortuitous circumstances had elevated them, they modestly fancied themselves possessed of all those qualifications which are necessary to enable a party to judge and determine upon a matter of such paramount importance.

As well might honest JACK assume to be skilled in all the cunning of legal lore, and essay to exercise all the tortuous scheming, and chicanery of a pettifogger, or venture a competition in trade with a vendor of Bohea, Rum, and Sugar,—versed in all the mysteries of the grocery trade, as the manufacturer of railway chairs, or the *quondam empiric*, attempt to teach JACK to box the Compass—or try to convince him, that there is no danger upon a rocky lee shore, or in taking his vessel into a position where she must be EMBAYED, where even in fine weather, a heavy ground swell sets in, and exposed to the worst gales that blow—and the heaviest seas of Lake Huron, and LEE SHORE on every side.

Were I to analyse the present Board of Direction, and enquire into their competency to perform a task which they presumptuously have assumed, and were I to portray their movements, and marvellous performances, I should be constrained to designate them as "*full grown children*," and although this might be somewhat amusing; it would perhaps partake too much of personality.

But they as a body are public property, and they have MADE themselves mine.

Either IGNORANTLY or wilfully they have sought to destroy my investments in this undertaking.—Unhesitatingly they have presumed to pronounce a decision, destructive to the interests of all concerned, and wholly at variance with that determination, which knowledge and experience would have produced. In all ages, and in all climes it has been acknowledged, that "Fools rush, where wise men fear to tread."

The character of the stratification, to use a geological figure, is sometimes ascertained by the EXUVIÆ of the fossilized animals the rock contains, and the character of the stockholders and ratepayers of the CITY OF TORONTO, and the COUNTRY OF SIMCOE, may hereafter be illustrated by specimens of the present Board of Direction; which might advantageously be preserved for some museum of future days, to aid the speculations of the curious. Not that the things themselves are "*rich or rare*,"—but, they will serve to explain why this enterprise became profitless to stockholders and bondholders, and a dead weight upon ratepayers; who will all perceive, when it is too late, that this road might have been made a source of revenue to the proprietors, and of wealth to the City of Toronto.

The decision has been made, that the road must terminate at the "*HEN AND CHICKENS*." Against that decision I take an exception; and on behalf of my fellow shareholders, protest against such decision, and refer to the judgment of disinterested and reasonable men,—men, who read and think, and enquire, and can judge for themselves. If this be a tribunal to which these Directors are willing to appeal, I will bow to its competency, and venture to anticipate, that the judgment which I have presumed to advance, as to the construction of a harbor at the "*Hen and Chickens*," will be affirmed.

The perignations of these SAVANS to the NORTH is heralded to the

public with a parade, not unworthy an expedition to the Arctic regions, in search of the noble Franklin! whilst at the same time they proclaim their total ignorance of what the line of road was intended to accomplish.

With an assurance peculiar, we might suppose, to the modesty of the members of the *Pickwick club*, they seek to obtain that credit from a grateful public, due only to those who have originated some vast enterprise, surecharged with untold good, and conferring upon their fellow men some great and lasting benefit.

To their minds this expedition appears to carry with it an idea of something adventurous, and no doubt it will form an epoch, in the cycle of their existence.

The discoveries they have made (*unquestionably they were so to them*) were as well known to hundreds of people here as is the Post office in the city. These Directors could, without leaving Toronto, have received more accurate information relative to those localities than any one of their party can *now give*. The self-laudatory and complimentary speeches made each to the other on the shores of Lake Huron—the euphonious appellations, which modestly claiming the privilege of discoverers, they applied to places which for over half a century had been well known under other names; all might have been perpetrated here, with equal utility to the public, and benefit to the road, and certainly would in that case have saved them from the contemptible position in which their presumption and ridiculous vagaries have placed them. If they desired to enjoy a *pic-nic party*, or indulge their *juvenile fancies* in playing *royageur*, and imagining that they are making discoveries in the Arctic regions, let them do so at their own expense, but saddle not the Company with the needless cost incurred by the frivolities of these full grown children.

The useless character and absurdity of their proceedings may be shewn in a few words. They arrived at the “Hen and Chickens,” and perhaps for the first time in their lives, looked upon Lake Huron. Old BOREAS happened that day to be in a placid mood and smiled upon their baby play. They pulled out “a short distance and looked upon the shore. They pulled to the island, and looked upon the shore from that point.” The whole of the vaunted exploration occupied about Two Hours!!—They met in solemn council and gravely arrived at the conclusion that the harbor was an excellent one, and assigned to their “SENIOR” member, the distinguished honor of giving to it a name. He pronounced it “Collingwood.” Henceforth be blotted from the maps, the old and WELL KNOWN appellation “Hen and Chickens.”

The bright clear waters of Lake Huron, then calm, would have permitted these experienced and adventurous explorers to have looked upon the rocks and boulders below, constituting a ground which seamen ever seek to shun. Had they looked to the North by East they would have perceived a long and dangerous reef, stretching away seaward, threatening destruction to the vessel venturing its approach. Had they exercised

ordinary reasoning powers, they would have come to the conclusion that an unbroken expanse of Lake, for one hundred and fifty miles, must bring into the Nottawasaga bay, whether from the North-West, North, or North-East, a very heavy sea which would break upon the very shore, on which they stood. If they turned and looked towards the ISLAND, they would understand that this could afford *no shelter whatever for vessels, or protection to the harbor.*

In a former letter I have shewn that this place, known as the "Hen and Chickens," is situate in the bight of the bay of Nottawasaga, and affords no facility for being constituted a safe, commodious, or secure harbor, suitable for the extensive marine of the Western Lakes. Outside of it, there is no anchorage, even where it safe to come to anchor; and a SINGLE STEAMER of the class navigating the Western Lakes, could not lay in safety, even though she might be enabled to *enter it.* To render it at all available for any craft, even for a fishing smack, piers of the most expensive character must be constructed; and the very danger of vessels approaching these piers, with the heavy sea that sets into this bay, and with the knowledge that, unless the opening between the piers can be fairly made, it is CERTAIN SHIPWRECK—will prescribe it as a PORT.

Why is it that these Directors have resolved to make the terminus at a place like this, involving a most seriously outlay and certain destruction to the interests of the road? Why is it that they have not once alluded to the magnificent and unexceptionable harbors of PENETANGUISHEN or HOG'S BAY, neither one of which would require one shilling of outlay, and never one farthing for repairs? The distance from Barrie is about the same as to the "Hen and Chickens." The line of road to the latter is comparatively level, and a large margin will consequently be left for profit to the Contractors at the contract price. A line to either of the first named bays would pass over a broken country requiring some heavy and expensive cutting, which would *not* leave as large a margin for profit. But, perhaps, the most potent reason for going to the "Hen and Chickens" is, that, unless the terminus be made there, the speculations of a certain director will be to him "*un chateau en Espagne.*"

The Company has a Chief Engineer engaged at a large salary. Let him be directed to run a line to the "Hen and Chickens"—let him make a report upon the so called harbor, shewing what number of vessels of the usual tonnage that navigate the Upper Lakes will be able at one time to lay together in such harbor; and describing its position as regards the possibility of constituting it a harbor; let him prepare his plans and estimates for its construction; place the whole responsibility of its construction upon him; publish his reports, plans, and estimates to the world, and let them be open to public criticism.—Obtain from mariners on Lake Huron, their opinion as to the possibility of constructing a safe, secure, or commodious harbor in any PART OF THE NOTTAWASAGA BAY.—Let these Directors do this, and the public will judge how far they have faithfully performed a public duty.

Had these preliminary steps been taken, in conformity with the practice of all other companies, and had it appeared that the "Hen and Chickens" could be made a superior harbor to any of the others, then would the Directors have been justified in deciding upon that point as the terminus of the road.—Then would I and others have had no reason to suspect the integrity of their movements.

A SHAREHOLDER.

Toronto, Jan. 27, 1852.

### LETTER VIII.

*To the Editor of the Patriot:*

SIR,—I now proceed to direct attention to a matter of vital importance to the interests of all concerned, and not undeserving the serious consideration of the public generally. As Mr. Morrison, styled the President of the company, is a lawyer, and I am not, he will be able to set me right in the matter, if I am wrong in what I advance.

In the first clause of the sixteenth section of the "Railway Clauses Consolidation Act"—a statute which now guides and governs all railway companies availing themselves of the government guarantee,—it is especially provided, "*That no person shall be a Director, unless he be a Shareholder owning stock in his own right, and qualified to vote for Directors at the election at which he shall be chosen a Director.*" Yet in the face of this enactment, known and understood by Mr. Morrison himself, the contractors, by their questionable powers, packed or made up, as has been shown, a board of direction at the dictation of Mr. Morrison; which board of direction afterwards elected him President, when it is notorious that he was *not qualified to vote*, and did not vote at the last election of directors. In such case I pronounce, and the law will pronounce, that Mr. Morrison is not duly elected a Director, according to the statute; and, consequently, that he is not legally the representative of the shareholders, or of the Board as President; and that every *act, matter or thing done by him in the capacity of President*, is unlawful, and in no way binding upon the company, or upon any parties having transactions with the company, whether by negotiations, contracts, bonds, or otherwise.

There are also acting upon this Board of Directors, two other parties, who are absolutely disqualified to hold the office of director, by two several acts of parliament. By the 30th clause of the Act incorporating this company, and likewise by the eighth clause of the sixteenth section of the "Railway Consolidation Clauses Act," it is declared, "*That any person holding office, place, or employment, or be-*



ing concerned or interested, in any contract under, or with the Company, is incapable of being elected a Director. In the face of these Acts of Parliament, the contractors have placed two of their servants upon the Board of Direction. Hence we have a Board of Directors appointed and elected by, and under the controul of the contractors, two of whom are ineligible for the office; and a President made so in direct contravention of the statute, he not being qualified to vote at the election at which he was chosen Director, therefore not now qualified to act as a Director, much less as President.

And all this is sanctioned and sustained by the Directors of a company rejoicing in the imposing cognomen of "The Ontario, Simcoe, and Lake Huron Railroad Company," and professing to wield a capital of £750,000! Can the citizens of Toronto, and the ratepayers of the County of Simcoe, under circumstances so discreditable as these, be surprised to perceive how shamelessly their best interests are set at defiance, and how recklessly all faith with the municipalities is broken?

If in the constitution of a Board of Directors of a public company so little regard is paid to the integrity, spirit and intentions of an act of the legislature, what in the shape of equity or justice can the public look for or expect from parties who can thus wantonly lend themselves to a violation of the statutes of the country, either from motives of a corrupt or selfish nature, or others which may hereafter shew themselves. And here let me ask an important question—Have they not by this non-compliance with the provisions of the "Consolidated Railway Clauses Act," forfeited their claim to the government guarantee, upon which the hopes of the contractors were concentrated, and which they have evinced such anxiety to secure? Or will the government also violate the statutes of the country, and accord to the contractors this guarantee, which the laws of the land only authorize the government to grant upon the fulfilment of the conditions and provisos stipulated for in the act referred to?

If the municipalities that have become subscribers for the stock of the company—if the citizens of Toronto, who have also subscribed—if the ratepayers, each one of whom is more or less taxed to pay the yearly interest as it becomes due upon the £100,000, which taxation must continue during a period of twenty-one years, and they (the ratepayers) must be further taxed to provide the means to pay the £100,000 to redeem the bonds issued.—If all these parties are content and willing to submit to such a degrading position as this, all power, or even a voice in the management of a work in which they have embarked their funds taken from them, and vested in the hands of those whose interest is not the interest of the municipalities, the stockholders or the ratepayers. If they are content to behold objects of general good blighted by the mismanagement of those who have other objects in view—if they are willing to submit to such an outrage upon all propriety—to such a violation of the spirit and prin-

ciples of an act of Parliament, and the integrity with which it ought to be enforced, then it is in vain for an individual humble as myself, to raise a voice in the exposure of such nefarious conduct and proceedings, which no honourable body of men would dare to pursue.

It may perhaps be said, that the public have little or nothing to say in the matter, for that a very considerable number, if not all, of the original shareholders (under the provisions of the amended act) are withdrawing, or seeking to withdraw, their money which they had paid in, and cancel their stock. In reply it may be urged, that every ratepayer who contributes in the shape of TAXES for the construction of this road is virtually a shareholder. Besides, there are others who cannot relieve themselves from their position as stockholders by virtue of the amended act. There are many who, actuated by a desire to promote this enterprise, and induced by the fair representations made them, have accepted in payment for lands sold the Company, and for work done upon the road, the stock of the Company. All these parties hold shares of the Company, all instalments being paid up in full, and hold their scrip, for stock thus paid up, in respective amounts of from twenty pounds, up to three hundred pounds. Such parties have or ought to have not only something to say, but something to do in the matter, prior to a single word from the so called President, so long as he holds his present equivocal position at the board of a Company to the capital stock of which he had paid the magnificent sum of £12 10s, and for what I know to the contrary, has not since contributed any further amount. The books of the company, were they accessible, would prove the fact.

When Mr. Morrison has disentangled and released himself from the questionable position in which he stands, that of being the minion of others, it would be well for him, or for the contractors, or for whomsoever he may be acting his part, to advertise the public of the fact. Under existing circumstances, and overshadowed as these circumstances are, by a cloud of mystery, accompanied by such a peculiar combination of events already known to have occurred, any transient gleam *forshadowing* a brighter day, will be hailed as a god-send. Until this has been experienced, little confidence can be placed in a company whose Directors are so lamentably wanting in the impartial discharge of those duties which they owe to the public.

What a pretty "kettle of fish" have the contractors served up in the composition of the present Board, for the gratification of their own appetites, regardless of the palate of the public, who have always something more or less to say in a matter of this nature! The contractors, in their anxiety to escape a dilemma, have jumped, "*out of the frying pan into the fire,*" and well will it be for them if in the end they do not find themselves pretty well scorched. Against the possibility of this, however, they had timely and sufficient warning, and the neglect to act under each warning must be placed to the DEBIT

side of an account which it will be fortunate for them if they do not regret ever having opened in Canada.

Having now placed before the public the peculiar position in which this company is situated—the manner in which it has been brought into its present state of thralldom, and the difficulties by which it is surrounded in its onward progress; and shown it to be steeped to the chln in debt, *day by day accumulating*; and launched upon a sea of trouble, without a compass to steer by—controlled and managed by a body of Directors, (not the guardians of the interests of stockholders, but the servants of the contractors) who manifest their competency for such a position, by determining to construct a harbour at a locality, (I do not hesitate to write it) one of the most objectionable that can be found on the coast of Lake Huron.

Any outlay that may be lavished there, will never constitute such a harbour as will induce shipping to frequent it. The "Hen" is an island of some five or six acres in extent; the "Chickens" are rocks, some elevated more or less above, others are sunken below the level of the lake. These "Chickens" are a very numerous and erratic brood, and are met with in all directions in the vicinity of the parent "Hen," and also the so called harbour, and are found straggling far out into the deeper waters, where they lie concealed from the land-lubber's eye; but the sailor espies these treacherous chicks; he knows and *therefore* fears the dangers of such a neighbourhood. They will most assuredly, "*protect*," in the enjoyment of its primeval solitude, the quiet harbour with its expensive piers, from the intrusion of a bustling marine and noisy steamers, although these should brave all other dangers in seeking an entrance. In conclusion I repeat, that there is no rail road, at present projected, which will pay better than this northern line, provided its management be confided to parties who are sincerely and honestly interested in its success.

And now, Mr. Editor, I beg respectfully to tender you my best thanks for the kindness you have extended to me, in opening your columns to my letters on this important public subject. They have been written with a view to the public advantage, and if productive of any good, I shall be gratified. I have not attempted to direct attention to the manner in which this road is being constructed, as regards the grades, the curves, the bridges, the culverts, or the materials used. These have occasionally been publicly noticed by other parties. In reference to this subject, circumstances may require me upon some future occasion, again to trespass upon your indulgence.

A SHAREHOLDER.

Toronto, 4th Feb., 1853.

