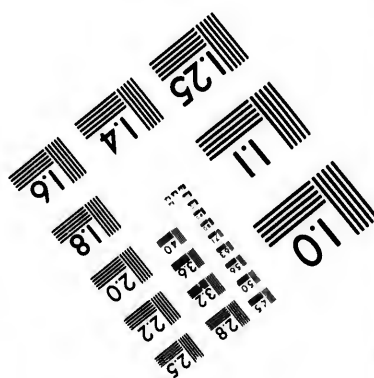
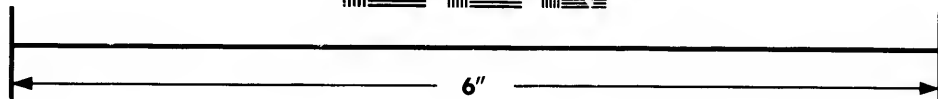
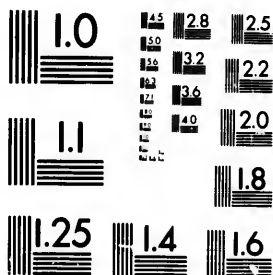


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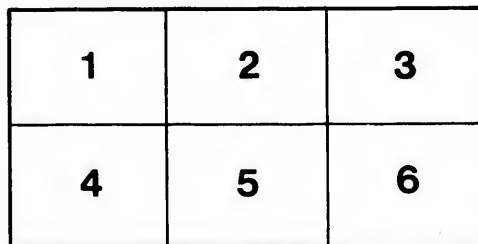
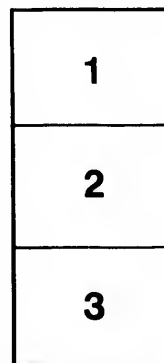
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**Mr. Mackenzie's Charges of *Defalcation*, against  
the Officers of the Welland Canal Company,  
COMPLETELY DISPROVED,**

**By the following REPORT of Messrs. CAMERON & MURRAY, appointed by  
the Board, to investigate the Books of the Company.**

TORONTO, 3th JUNE, 1836.

*To the President and Directors of the Welland Canal Company:*

GENTLEMEN—In compliance with the request of your President and Secretary, and of the order of your Board of the 4th ult., we have, with the assistance of Mr. Beaton, examined the Books of the Company, from its formation to the close of the year 1835, and now beg to present the result of our investigation, in the accompanying concise Balance Sheet, showing the expenditure on each particular branch, and the receipts of every description. [See Balance Sheet, at the close of this Report.]

In order to arrive at the desired object, viz:—the expenditures of all the monies received by the Company—we found it necessary to make a set of Books, which we herewith present, and which, when taken as a part of the Company's Books, gives a comprehensive Abstract of the whole transactions of the Company.

Our Journal corresponds with the Cash Journal of the Company, and contains the detail of all expenditures, which may be seen at a glance. We took up each item of receipt separately, commencing with Capital Stock; and in following up this plan it was necessary to open accounts in our Leger, with all the parties through whose hands any part of the Company's funds passed. Therefore, our Leger will shew accounts with all the Agents appointed for collecting the subscribed Stock; and to arrive at a true and correct conclusion respecting the expenditure of the monies received by the Company, we traced the same in the various channels through which they passed, until paid to the Contractor or Labourer—consequently, no sum, however small, could escape observation.

We have bestowed considerable time and attention to the expenditure of the Tolls of the years 1830, 1831, 1832 and 1833; and we have no hesitation in saying, that our accounts of them will be found correct. Those of 1830 and 1831, are so merged in the Forwarding Account of those years, that we found it impracticable to make a statement of the amount of expenditure from the funds of the Tolls and Forwarding separately; therefore, we considered them as one fund, and thereby we found Mr. Clark's statement of the transactions respecting the Tolls and Forwarding in these years, correct.

In order to close a number of open accounts in the old Leger, which Mr. Beaton informs us are, with few exceptions, all bad, we opened an account entitled "Outstanding Debts," to which we transferred them; and eventually the Board may determine on closing it, by carrying the balance of it to Profit and Loss.

We recommended Mr. Beaton to bring forward such general accounts as are still open in that Leger, so as to have them all under view at once, which he has done; and now every open account in the old Leger will be seen on five consecutive pages.

Under the head of "General Cash," we have inserted all accounts which were in any way doubtful or disputed, and also such amounts as were twice charged, together with sundry other items, as will be particularly seen from our Journal, folios 44 to 47, which we have placed to a "Suspense Account," and at the pleasure of the Board may be carried to Profit and Loss, as we are of opinion it will be the only way in which said Suspense Account can be closed.

It will also be seen from our Journal, page 48, that the sum of £579 12 3, placed by a single entry in Cash Journal, folio 238, to the credit of George Keefer, Jun. is carried to the debit of General Cash; and there being a balance at the credit of the latter account, in consequence of Mr. Clark having made a number of payments in advance, on the Esti-

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mate of Nov. 1832, which should have been passed to the debit of the parties, and were only deducted from the estimated amounts due them, and thereby deprived Mr. Clark of the credit he should have had for such advances; a detailed list of which will be found in our Journal, page 47; and said balance we have transferred to the credit of Cash Account.

We have examined various statements presented to a Committee of the House of Assembly, by Messrs. Hincks and Young, Accountants employed by that Committee to examine the accounts of the Welland Canal Company, as we have been informed by Mr. Beaton, and many of the items remarked upon by them, will be found in our General Cash Account; but they, by their plan to make the Books balance, found it necessary to make many entries which we have had no occasion to notice.

We have also examined and compared the Balance Sheets of the Company, which were laid before the Legislature, for the years 1829 to 1834, inclusive, with the Books of the Company, and found them all to agree, except in a few instances in the year 1829: some unimportant discrepancies were noticed, and corrected in the year following; and we consider that during the whole period to which we have alluded, a correct Abstract of the expenditure, from the Books of the Company, was laid before the House of Assembly, as shewn in the Journals of that branch of the Legislature.

We observe that the following persons have had sums over-credited in their accounts, viz:—

John Donaldson,	-	-	-	-	-	£58	18	10
John Sinclair,	-	-	-	-	-	6	8	9
Thomas Merritt, Jun.	-	-	-	-	-	11	6	6
Daly & Co.	-	-	-	-	-	11	19	6
William Orderly,	-	-	-	-	-	132	18	9
L. A. Constantine,	-	-	-	-	-	3	19	4
Johnston Orr,	-	-	-	-	-	22	8	0

Which, should the Board deem it proper to bring them forward, we are of opinion ought to be placed to Suspense Account; as it is very probable that it will be attended with difficulty to convince the parties of errors in their accounts, which occurred so long since.

We also have to observe, that the only error we have discovered in the accounts previous to the year 1830, is in that of Oliver Phelps, in the old Leger, folio 157, wherein it appears that the debit side is greater than the credit side, by £95 10 4, which Messrs. Hincks and Young carried forward as a balance to the debit of that account, but which we think, should not remain so; as we perceive, by a memorandum of Mr. Black's, in the Estimate Book of 1828 to 1830, page 70, that Mr. Phelps repaid Mr. Black certain sums which had been advanced him, which we suppose was intended to even Mr. Phelps' account; but as there is still some doubt in our minds, respecting whether it was actually liquidated or not, we have carried it to the debit of Outstanding Debts, where it may be readily seen, and finally disposed of, when the true state of it is ascertained, which we suppose can be done by explanation of Mr. Black.

Mr. Beaton proposes to adopt the plan of opening an account for Estimates in the Leger, which will be made Dr. to parties respectively, for the estimated amount of work and labour done by them, and they, (the parties,) will be made Dr. to Cash for payments which may from time to time be made to them by the Secretary; and by this means discrepancy between the Cash Book and Petty Leger of the Secretary, and the Grand Leger of the Company, will be prevented—which plan we very much approve, and highly recommend. We would also, in noticing what Mr. Beaton thus proposes, take the opportunity to mention, that we have been most ably assisted by him in the investigation of the Company's Books; indeed, the whole of the labour has been performed by him; and we cannot, in justice to him, refrain from making mention of his services, as they have been very valuable and extremely necessary in getting the affairs of the Company, so far as the Books are concerned, most satisfactorily adjusted.

In conclusion, we have to remark upon the whole investigation, that in consideration of the expenditure of so large a sum of money, throughout a period of twelve years, in payment of accounts kept with upwards of two thousand individuals, that it is very surprising how few errors have occurred; and we believe that there are few undertakings of a similar magnitude, the accounts of which have been so correctly kept—and the faithful account which the Books afford of the monies received by the Company, must reflect the highest credit on the Officers entrusted with their disbursement.

We have now to hope, that the result of our investigation will prove useful and satisfactory to the Board of Directors of the Welland Canal Company, and that their minds will be now at rest, respecting imputed *Defalcations* in the management of the Company's affairs.

We have the honour to be, Gentlemen, your very obed't serv'ts,

(Signed,)

JNO. M. A. CAMERON,

*Accountant to the Canada Company.*

(Signed,)

C. S. MURRAY,

*Book Keeper Bank of U. Canada.*

P. S. We would beg leave to suggest that, now as a correct account of the Tolls of the years 1830, 1831, 1832 and 1833, will be found in the Books which we herewith present, all the accounts in the Books of the Company respecting the Tolls during these years, should be cancelled or expunged.

(Signed,) J. M. A. C.  
C. S. M.

**Dr.**

**Welland Canal Company's Balance Sheet,**

**Cr.**

FROM THE FORMATION OF THE COMPANY, TO THE CLOSE OF THE YEAR 1835.

Folio		£	s	d	Folio		£	s	d
5	To Yates & McIntyre, - - -	11	4	11	1	By Capital Stock, - - -	250,840	0	0
"	" W. H. Merritt, - - -	139	12	3	"	" Bank of U. Canada, - - -	8	8	2
6	" Boranquet & Co., - - -	6	13	5	"	" British Government, - - -	55,555	11	2
"	" Ellice & Co., - - -	3	6	2	10	" Donations, - - -	25	0	0
7	" Agency, - - -	1,099	5	1	16	" Exchange, - - -	7,156	15	5
8	" Contingencies, - - -	9,253	19	3	17	" Toll & Forwarding, 1831, - - -	3,607	13	83
9	" Estimates, - - -	371,592	13	63	18	" Loans from Government, - - -	100,000	0	0
10	" Awards by Arbitration, - - -	3,911	7	03	"	" Rents, - - -	100	0	0
11	" Interest, - - -	16,656	7	61	23	" Toll, 1834, - - -	3,719	1	74
"	" N. Blackmore, - - -	20	0	0	"	" Toll, 1835, - - -	5,307	5	11
12	" Engineers, - - -	6,752	6	0	"	" Geo. Keefer, Sen., - - -	60	5	7
13	" Real Estate, - - -	2,402	7	64	"	" James Davis, - - -	15	18	9
14	" Salaries, - - -	6,932	9	64	24	" Lands and Hydraulic Rents, - - -	451	7	94
19	" Cash, - - -	135	14	34	"	" Toll, 1832, - - -	2,492	7	84
20	" Profit and Loss, - - -	6,711	17	2	"	" Toll, 1833, - - -	3,618	1	73
21	" Storehouses, - - -	526	12	6	27	" Bank of U. Canada Loan account, - - -	1,370	2	3
22	" Steam Dredge, - - -	761	4	7	"	" Geo. Smith, - - -	67	13	24
"	" Office at Port Colborne, - - -	37	10	0					
"	" do. at St. Catharines, - - -	291	10	0					
"	" Steam Boat Caroline, - - -	125	0	0					
23	" Collectors of Toll, 1835, - - -	236	10	63					
"	" Grand River Claims, - - -	795	10	0					
25	" Debts—Toll, 1832, - - -	500	14	53					
"	" Sci'r Cartwright, - - -	10	0	0					
26	" Forwarding, 1831, - - -	2,528	46	03					
"	" Debts for do. and Toll, 1831, - - -	711	0	0					
"	" Suspense Account, - - -	695	15	0					
		£131,333	13	11½			£131,333	13	11½

The following Letters are from the Accountants appointed by a Committee of the House of Assembly, to investigate the Books of the Welland Canal Company.

P. G. BEATON, Esq.

Toronto, 4th June, 1836.

Dear Sir—At your request, I have examined the Journal and Leger made by you, from the Books of the Welland Canal, and I have no hesitation in expressing my opinion, that the plan you have adopted is a good one, and I should say the best that could be taken to ascertain the real expenditure on the work. Of course, I have not examined into the details, but presume, from the appearance of the Journal, with the references to the original Books, that they have been correctly made out, and they appear to balance exactly. Of your own abilities as an Accountant, I never had any doubt—and I think it would have been fortunate for the Directors of the Company, if they had always had you as their Accountant.

I remain, dear Sir, yours, truly,

FRA'S HINCKS.

P. G. BEATON, Esq.

Toronto, 4th June, 1836.

Dear Sir—I have examined the statement of the Accounts made by you, of the affairs of the Welland Canal Company, and I concur fully in the opinion expressed by Mr. Hincks, of the plan adopted by you, as I think it an excellent one to arrive at a correct knowledge of the expenditure of the monies received by the Company. The references made to the Journal, leave little doubt as to its correctness. It gives me pleasure also, to add my testimony to your abilities as an Accountant.

I remain, dear Sir, yours, truly,

J. YOUNG.



Mr. W. H. Burgess; Chicago -  
Hill and Curran Co -  
Chicago

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