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Canada. Parl. Senate. Select
Comm.on Railways, Telegraphs
and Harbours. 1891.
Proceedings and evidence.

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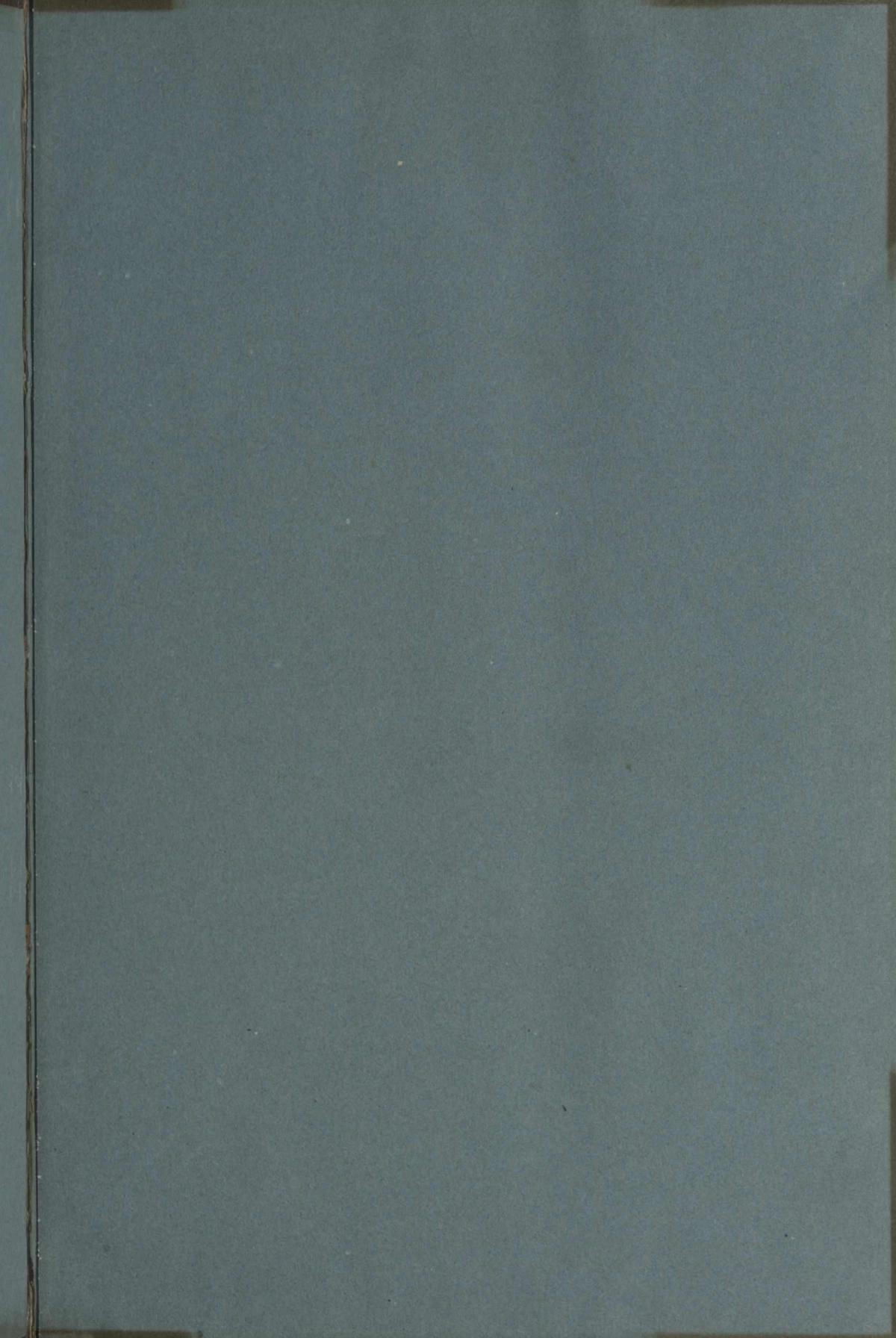
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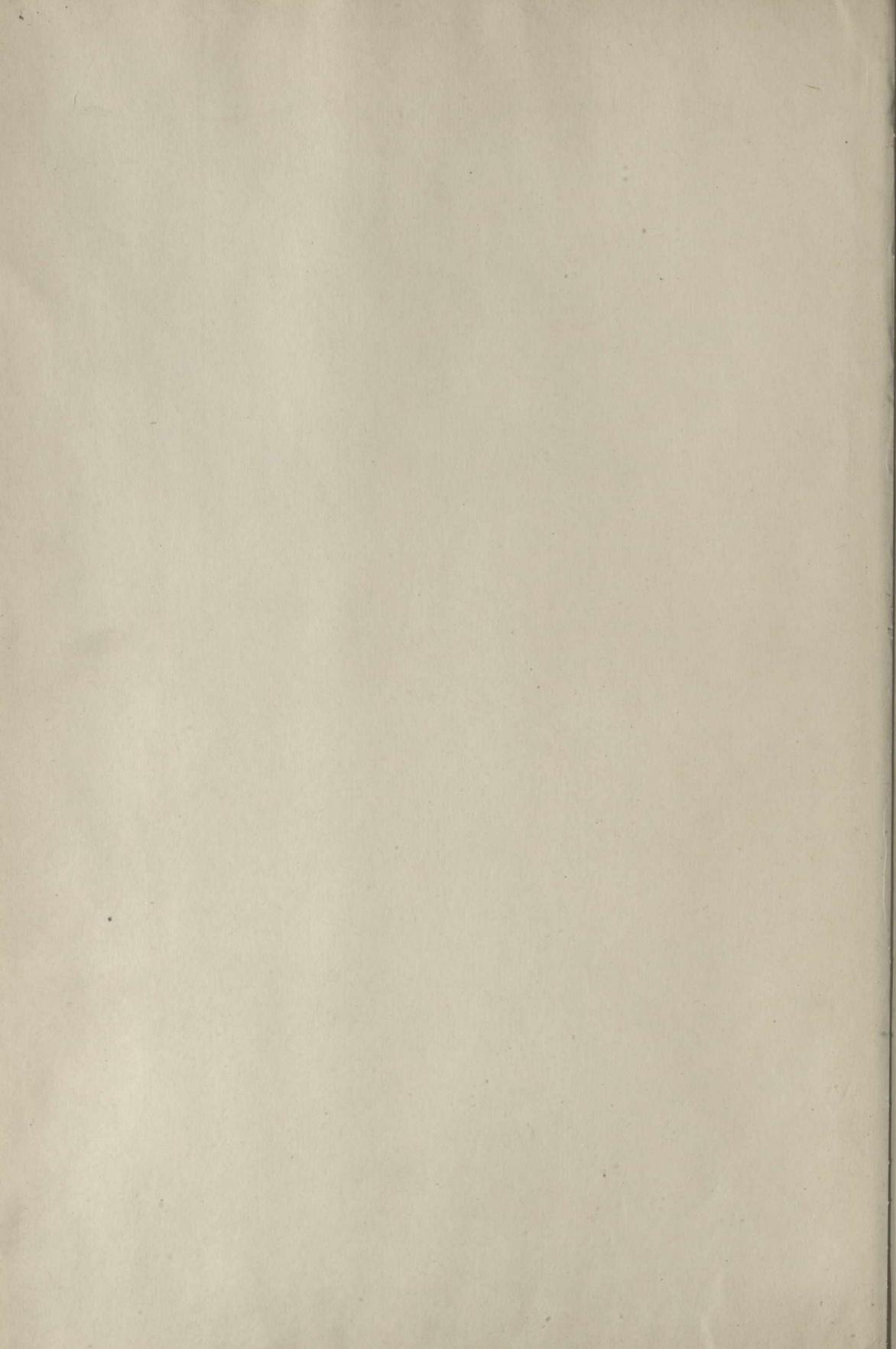
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Canada. Parl. Senate. Select
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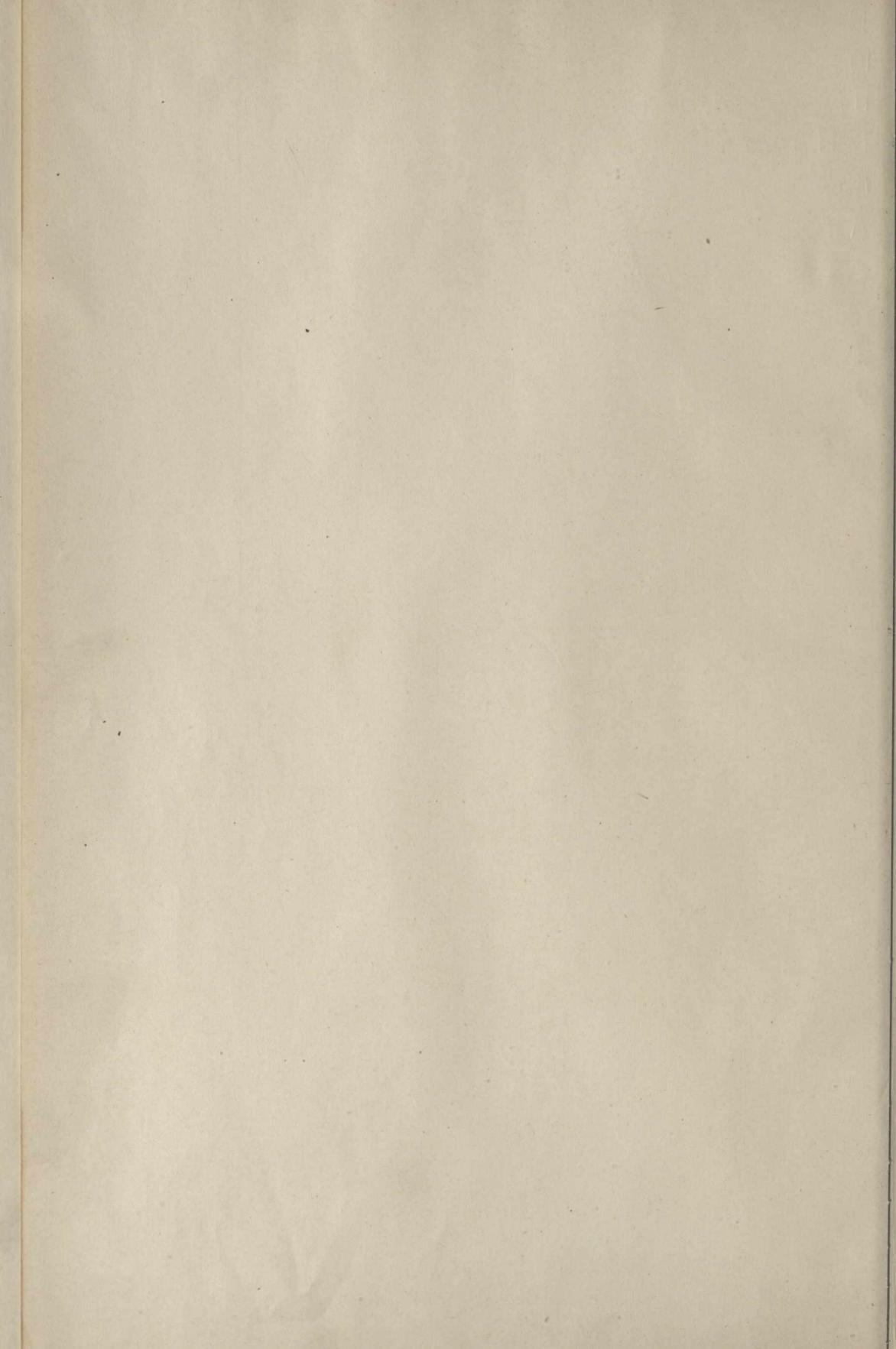
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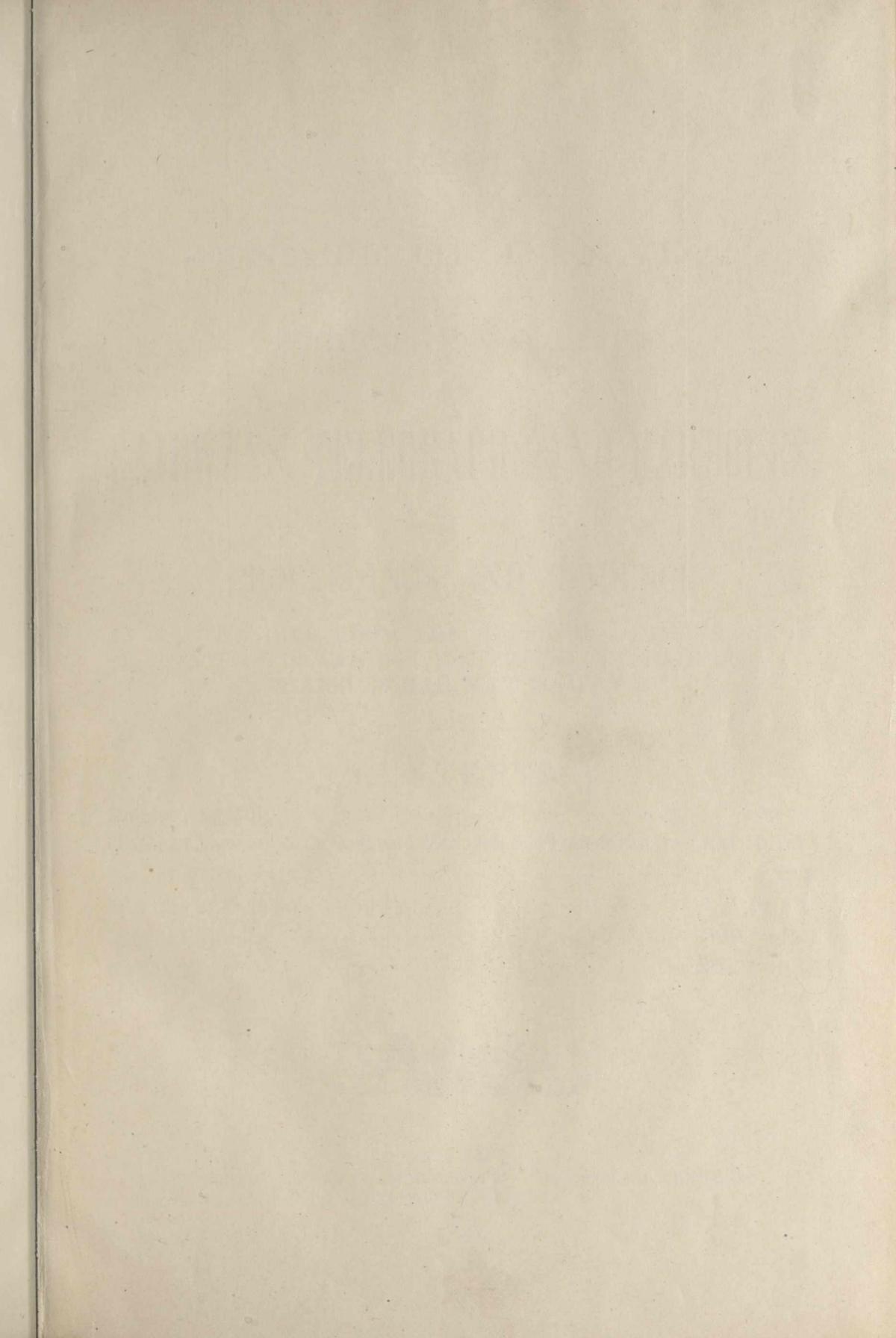
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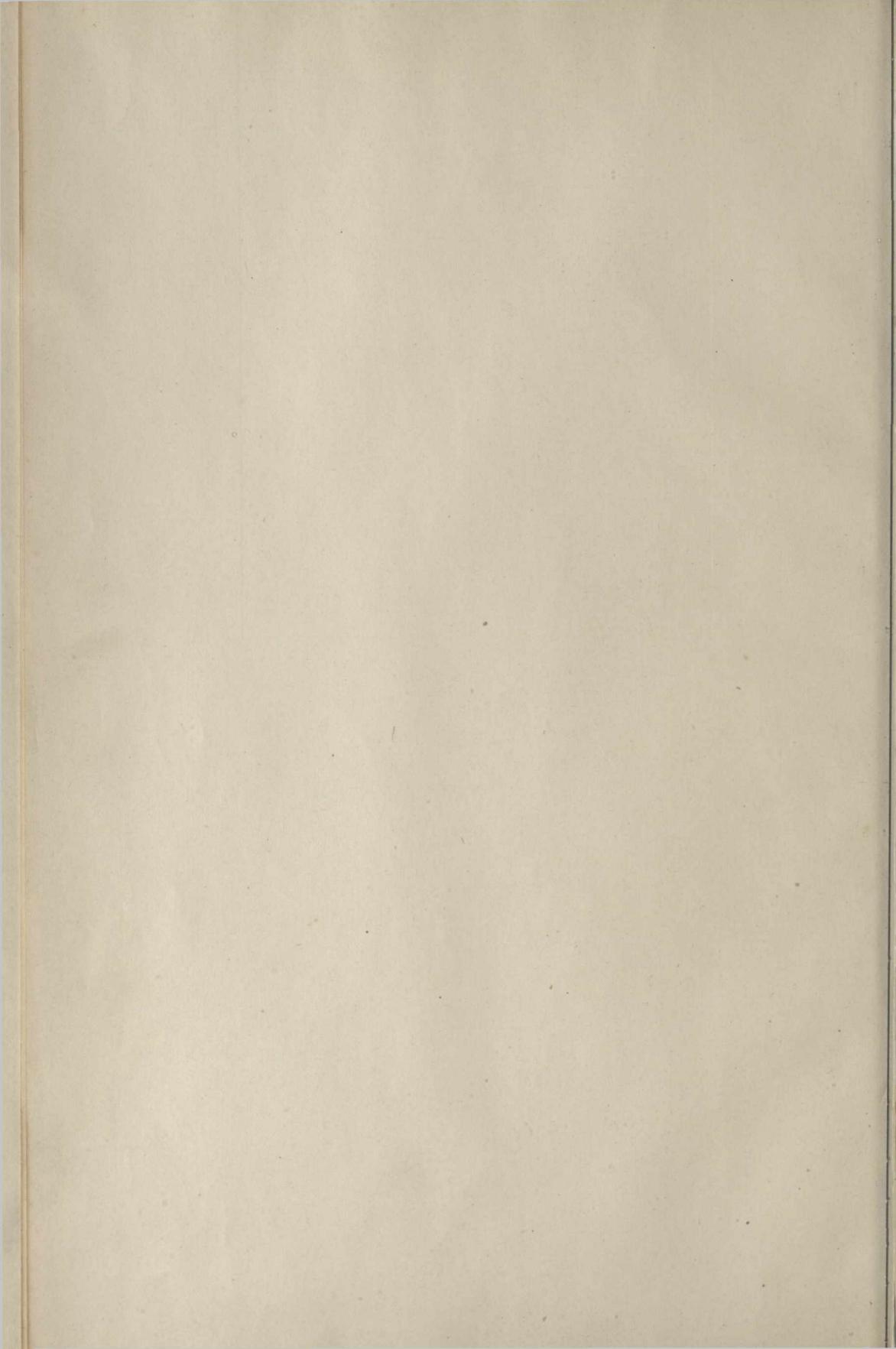
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1891.

SENATE OF CANADA.

SELECT COMMITTEE

ON

RAILWAYS, TELEGRAPHS AND HARBOURS.

PROCEEDINGS AND EVIDENCE

IN RE THE BILL FROM THE HOUSE OF COMMONS (No. 82)
INTITULED "AN ACT RESPECTING THE BAIE DES
CHALEURS RAILWAY COMPANY."

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OTTAWA:
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EXCELLENT MAJESTY.

1891.

THE
SENATE OF CANADA
• SELECT COMMITTEE
ON
RAILWAYS, TELEGRAPHS AND HARBOURS
IN RE

The Bill from the House of Commons (No. 82) intituled "An Act respecting the Baie des Chaleurs Railway Company,"

REPORT.

THE SENATE,
COMMITTEE ROOM No. 8,
FRIDAY, 11th September, 1891.

The Select Committee on Railways, Telegraphs and Harbours, to whom, by Order of Your Honourable House made on Wednesday, the 29th day of July last, was referred the Bill from the House of Commons (No. 82) intituled: "An Act respecting the Baie des Chaleurs Railway Company," and who, by Order of Your Honourable House made on Thursday, the 6th day of August last, were empowered to send for such persons, papers and records as might from time to time be required by Your Committee for the purpose of affording evidence under oath, as to any matter arising out of the examination by Your Committee of the said Bill, beg leave to make their Seventh Report with regard to the said Bill, as follows:—

The preamble of the Bill sets forth in effect that by an Act of the Legislature of the Province of Quebec, passed in 1882, 45 Victoria, Chapter 53, the Baie des Chaleurs Railway Company was incorporated for the construction of a railway from some point on the Intercolonial Railway in the vicinity of the Restigouche River, or connecting with the Intercolonial Railway, to New Carlisle or Paspebiac Bay, with the right of continuing the line to Gaspé Basin, and that the Company has, under the powers conferred upon it by the said Act and others in amendment thereof, constructed and partly completed a considerable portion of its line of railway from the point of commencement towards Paspebiac, and desires to complete and extend its line to Gaspé Basin, and that the Company has by its petition prayed to become a railway corporation under and within the jurisdiction of the Parliament of Canada, with such amendments to the provisions of the said Acts respecting the Company as to the Parliament of Canada may seem proper.

The Bill declares the railway to be a work for the general advantage of Canada, constitutes the Company a body corporate, subject to the Legislative authority of the Parliament of Canada, with all the rights and powers conferred upon it under the Acts of the Province of Quebec, provides for the continuance of the rights and obligations of the original Company, and contains a special clause saving the rights

of creditors. The provisions of "The Railway Act" are applied to the Company, and the rights and obligations of the Company are made to apply to the whole extent of the line, from the Intercolonial Railway at Metapedia to Gaspé Basin, a total distance of about 180 miles. The time for the completion of the railway to Paspebiac is extended for two years and to Gaspé Basin for four years from the passing of the Bill. The Company is empowered to issue bonds to a total amount not exceeding \$20,000 per mile of its railway constructed or under contract to be constructed.

The provisions of the Bill will appear more in detail in the copy thereof hereto appended.

The promoters of the Bill appeared before Your Committee by their Counsel Hector Cameron, Esquire, Q.C., and were also represented by M. S. Lonergan, Esquire, Advocate, of Montreal, one of the directors of the Company.

On behalf of the Company it was alleged that the Company had been entirely reorganized; that, as reorganized, the Company were in a good financial position and thoroughly able to carry out the whole undertaking; that they had undertaken to complete the railway from Metapedia to Paspebiac, one hundred miles, by 31st of December, 1892, including the finishing of sixty miles nearly constructed and the erection of steel bridges; that, in order to proceed to such completion, they are waiting an interlocutory judgment upon a petition made by them to the Superior Court of the Province of Quebec for provisional and temporary possession and use of a portion of the railway, which portion is now in possession of the curators of the insolvent estate of one Henry Macfarlane, a sub-contractor claiming to have a lien thereon as security for the payment of the amount which may be due to him for work done by him; that they have contracted for the doing of a considerable portion of the work this summer, and expect to close all arrangements to that end at once; that they have subsidies, from the Parliament of Canada and from the Legislature of the Province of Quebec, which would materially aid in the carrying out of the undertaking; that all privileged claims for workmen's wages, labour and supplies, and all privileged debts due to the said Henry Macfarlane are, in pursuance of certain Orders in Council of the Province of Quebec, now being paid out of a certain subsidy of land granted by an Act of the Legislature of the Province of Quebec, which subsidy was converted into money amounting to \$280,000, under authority of another Act of the same Legislature; that, when the final judgment is rendered in an action-at-law which the said Henry Macfarlane has brought against the Company to recover the amount alleged by him to be due to him by the Company, and in a counter-action brought by the Company against Macfarlane to rescind the contract with him on the ground of non-performance thereof, which actions have been joined for the purpose of trial, the amount, if any, adjudged to be due to Macfarlane will also be paid out of this subsidy of \$280,000; that the bonds of the Company are unsold; that the Company desire to have the undertaking declared a work for the general advantage of Canada and the Company made subject to "The Railway Act," in order to be freed from past associations of the Railway, and as a better guarantee for the disposal of their bonds, as well those already issued as those for the issue of which power is given by the Bill, and for the carrying out of the undertaking.

The Ontario Bank and the Eastern Townships Bank, creditors of the insolvent estate of Henry Macfarlane, a sub-contractor having a privileged lien upon a certain portion of the Railway of the Baie des Chaleurs Railway Company, and the curators appointed to the said estate, appeared before Your Committee by their Counsel, Walter Barwick, Esquire, Barrister-at-Law, and asked for an amendment to the eighth clause of the Bill, which clause relates to the powers of the Company to issue bonds, alleging that without such amendment their rights would be seriously impaired, inasmuch as there was reason to suspect the good faith of the Company with respect to their proceedings to obtain provisional possession and use of the said portion of the railway; that the dealings of the reorganized Company under the provisions of the Acts of the Legislature of the Province of Quebec and the Orders in Council of the Government of Quebec above referred to, cast suspicions

upon the intentions of the Company with respect to the privileged and other creditors; that the lien alleged to be claimed by Henry Macfarlane is a *bona fide* and existing lien; that attempts have been made by the Company to oust the legal representatives of Henry Macfarlane from their possession of the said portion of the railway; and that the unrestricted right to issue bonds would, in consequence of the priority given to such bonds by "The Railway Act," render worthless the security afforded by the said lien.

As reported by Your Committee in their fourth report made on Friday the 14th of August last, on the 6th of August last, during the course of the examination before Your Committee into this matter, Mr. Barwick stated that he was able to prove, and, if given an opportunity to do so, would prove, that out of certain moneys amounting to \$280,000, authorized by the Government of the Province of Quebec to be paid to the Company on account of the subsidies granted by the Legislature of the Province of Quebec, in consideration of the construction and completion of the Baie des Chaleurs Railway, a sum of money amounting to \$175,000 had been improperly retained and improperly applied to purposes other than the construction and completion of the said railway and having no connection therewith; that the present directors of the Company knew of and acquiesced in such retention and improper application of these moneys; that such retention was effected by the intermediation of one Charles N. Armstrong, the contractor for the building of the railway, who, nominally, received the said sum of \$175,000, and by the appointment of one Jean Chrysostome Langelier as a commissioner, for the purpose of settling the privileged claims and debts due in respect of the railway, to whom certain letters of credit to the amount of \$175,000 had been issued by the Government of the Province of Quebec, apparently for that purpose, but in reality to effect the improper retention and application of these moneys and their diversion from their proper and legal objects. Mr. Barwick further alleged that the security in respect of the said lien and the amounts secured thereby, had already been impaired by such retention and improper application of the said sum, and that it would not be just or proper to entrust further power of issuing bonds to the Company, and especially to the present directors thereof, without some amendment to the Bill being made for the protection of the rights of the said estate and of the said creditors thereof.

The allegations made by Counsel for the Opposants were denied by the promoters of the Bill.

Your Committee, being of opinion that the determination of the truth of the allegations made by Counsel for the Opposants is material, not only to the question whether the Bill should be amended in order to preserve any rights possessed by the Opposants, but also to the question whether the Bill as a whole should be passed, resolved to inquire into the truth of the said allegations, and for that purpose obtained, by Order of Your Honourable House, made on Thursday, the 6th August last, power to send for persons, papers and records, required for the purpose of affording evidence as to any matters arising out of the examination of the Bill.

In pursuance of the powers conferred on them by Your Honourable House, Your Committee have carefully enquired into all matters arising out of the Bill, and have examined a number of witnesses upon oath.

On the 7th of August last, at the commencement of the investigation into the charges made by Counsel for Opposants, Mr. M. S. Lonergan aforesaid, one of the directors of the Company, stated on behalf of the promoters that they desired to withdraw the Bill, but Your Committee decided not to recommend that leave be granted to withdraw the Bill and proceeded to the hearing of evidence, which decision was maintained by Your Honourable House by a vote taken on Friday the 7th of August last.

The Company and their Counsel thereafter ceased to appear before Your Committee to promote the Bill, and formally notified Your Committee that they had so ceased to appear, as is shown by the letters from the Secretary of the Company and from Mr. Lonergan, which are printed at page 34 of the Minutes of Proceedings, and marked "D" and "E" respectively. Before receiving these letters Your

Committee had summoned Messrs. Lonergan and A. M. Thom to give evidence and, after some delay, they, as well as the President of the Company, Mr. James Cooper, of Montreal, attended as witnesses. The reasons given by them for having desired to withdraw the Bill were, in substance, that in their opinion the sale of the Company's bonds would be rendered so difficult by the disclosures in the enquiry then to be made by Your Committee, as to make it useless for them to proceed with the undertaking; and that any amendment restricting the bond issuing power or recognizing the priority of Henry Macfarlane's lien would have a similar effect.

The Opposants in reply maintained that to allow the Bill to be withdrawn would be, in effect, to leave them and other privileged creditors at the mercy of the Company and liable to be deprived, by such illegal and improper practices as those alleged by their counsel and herein above mentioned, of the assets, by way of subsidies and otherwise, which should go to the satisfying of any final judgment that may be rendered in Henry Macfarlane's favour; and further, that in view of the subsidies granted to the Company by the Parliament of Canada the Bill should be passed, so as to bring the Company entirely within the legislative jurisdiction of the Parliament of Canada.

The Honourable François Langelier, Q.C., appeared before Your Committee on the seventh of August, as Counsel for the Government of the Province of Quebec, at the special request of the Honourable Honoré Mercier, Premier of the Province of Quebec, as appears by the telegram to be found at page 10 of the Minutes of Proceedings, and represented that Government throughout the subsequent proceedings. Mr. Langelier took no exception to the action of Your Committee until Tuesday, the 11th August, when, upon Charles N. Armstrong, one of the witnesses under examination, being questioned with respect to certain Orders in Council made by the Government of Quebec, Mr. Langelier objected formally on the ground that the Government of the Province of Quebec is responsible to the Legislature of that Province and not to the Parliament of Canada; and he also objected to any evidence being gone into, which might have for its object to prove anything done officially by the Government of the Province of Quebec. He further objected to any question intended to investigate the official acts of the Government of the Province of Quebec, and he denied the jurisdiction of the Senate of Canada and of Your Committee to make any inquiry into the charges made by the Counsel for the Opposants.

As the result of the examination made, and of the evidence given before them, Your Committee find that the following facts have been proved :—

FINDINGS OF FACTS.

The Baie des Chaleurs Railway Company was incorporated in 1882 by the Act of the Legislature of the Province of Quebec, 45 Victoria, Chapter 53.

By this Act the Company was vested with rights to build a railway from some point on the Intercolonial Railway in the vicinity of the Restigouche River, or connecting with the Intercolonial Railway, and extending to New Carlisle or Paspébiac Bay, with the right of continuing the line to Gaspé Basin.

This Act also enacted that it should, for all purposes whatsoever, be deemed to be valid and in full force and effect as to such portion or portions of the railway as should be commenced within five years and completed within ten years from the passing of the Act (1st May, 1882).

By another Act of the Legislature of the Province of Quebec passed in the same Session, 45 Victoria, Chapter 23, the Lieutenant-Governor in Council was authorized to grant a subsidy of 10,000 acres of land per mile for a railway from Metapédia station, in the County of Bonaventure, on the Intercolonial Railway, to Gaspé Basin, passing by the Port of Paspébiac in the County of Bonaventure, on the Baie des Chaleurs, provided that the length of such road did not exceed 180 miles.

A subsequent Act of the Legislature of the Province of Quebec passed in 1886, 49-50 Victoria, Chapter 76, authorized the conversion of the land subsidy granted by the Act passed in 1882, into a money subsidy by paying 35 cents per acre when the lands allotted to the Company were sold and paid for.

By another Act of the Legislature of the Province of Quebec, passed in 1888, 51-52 Victoria, Chapter 91, the Lieutenant-Governor in Council was empowered to apply upon the 80 miles extending from the 20th mile to the east of Metapedia as far as Paspébiac, the first 35 cents per acre of the subsidy which was converted into a subsidy in money in respect of the 80 miles of the road from Paspébiac to Gaspé Basin. This Act provided that, in the event of such application, the second 35 cents of the subsidy for the 80 miles to the east of Metapedia as far as Paspébiac, should apply upon the 80 miles from Paspébiac to Gaspé; and this Act also provided that the 35 cents so applied upon the 80 miles between Metapedia and Paspébiac should be payable in the same manner as the first 35 cents to be paid in respect of the said portion.

In 1883, by the Act 46 Victoria, Chapter 25, a subsidy was granted by the Parliament of Canada for the section of the road from Metapedia to Paspébiac, a distance of 100 miles, not exceeding \$3,200 per mile, and not exceeding in the whole \$320,000. The work not having been commenced, and the prospects of its being commenced in the near future under the above Act not being considered favourable, it was determined to undertake the first 20 miles from Metapedia Station as a Government work, and for this purpose a sum of \$300,000 was voted by Parliament in 1884, by 47 Victoria, Chapter 8. Tenders were invited and received, but none of them coming within the amount of the above appropriation of \$300,000, and an offer having been made by the Baie des Chaleurs Railway Company to build and operate this 20-mile section, the offer was accepted by an Order in Council dated 18th September, 1885, and a contract was entered into on the 7th November, 1885. A provisional contract was also made on the same date for the construction of the balance of 80 miles, subsidized at \$3,200 per mile, if the subsidy of \$3,200 per mile on the first 20 miles were applied to the second 20 miles, making a subsidy on the second 20 miles of \$6,400 per mile. In 1886, by the Act 49 Victoria, Chapter 17, this doubling up of the subsidy was ratified and the term for completion extended to 1st December, 1888.

The road not having been completed on 1st December, 1888, the balance of subsidy unpaid (\$244,500) lapsed, and was revoked in 1889 by the Act 52 Victoria, Chapter 3. By this same authority the subsidy of \$3,200 per mile on the 30 miles from the 71st to 100th mile was doubled up on the 30 miles from 41st to 70th mile, making the subsidy on this section \$6,400 per mile, the Company depositing with the Government bonds of the Company to the value of £83,000, as security for the fulfilment by the Company of their undertaking to build the section from the 70th to the 100th mile without any subsidy from the Parliament of Canada.

The total subsidy granted by the Parliament of Canada was...	\$620,000
On which has been paid.....	524,175
Leaving a balance unearned of.....	95,825

All payments have been made upon the report of the Chief Engineer of Government Railways, after inspection.

On the 9th June, 1886, Charles N. Armstrong entered into a contract with the Baie des Chaleurs Railway Company to build and equip the railway from Metapedia to Paspébiac, for the sum of \$20,000 per mile, payable as follows:—\$6,400 to be paid out of the Dominion subsidies and \$13,600 per mile in the first mortgage bonds of the Company. The agreement provided that, if the Legislature of the Province of Quebec authorized the payment of cash in lieu of the lands granted to the Company, Armstrong should be paid such cash in lieu of an equivalent amount of such bonds of the Company, and the amount necessary to make \$13,600 per mile should be paid in cash or in mortgage bonds as the Company might elect.

On the 8th June, 1888, Henry Macfarlane entered into a contract with Charles N. Armstrong, which was confirmed and ratified by the Baie des Chaleurs Railway Company, whereby Macfarlane agreed to finish the first 40 miles of the railway then partially constructed, and to build and complete the next 20 miles of road in extension of the said 40 miles.

To secure the payments to be made to Henry Macfarlane the contract with him provided that the 60 miles of railway, with all the rolling stock thereon, should remain in his possession and under his control, as security for, and until the final payment of, all sums of money to which he might be entitled under the agreement.

Henry Macfarlane finished the first 40 miles of the railway and partially built the next 20 miles, but left unfinished on the section between the 50th and 60th miles the ballasting, certain bridges in course of erection, stations, water tanks, etc. The track on the section between the 1st and the 60th miles was in sufficiently workable order to permit the running of regular passenger and freight trains.

By Macfarlane's sub-contract he was to receive, for all labour required to complete the first 40 miles of road, twelve and one-half per cent. in addition to the actual cost of the same, and in order to secure such payments a portion of the Provincial subsidy, amounting to \$70,000, was assigned to him.

Macfarlane took over the work when the snow was deep in the cuttings, when he was unable by examination to judge of the extent of the work to be done, and he acted upon C. N. Armstrong's statement of the amount of work to be done.

Upon the above 40 miles the work to be done greatly exceeded the quantity which it was represented to Macfarlane there was to be done.

Upon the certificates of work done by Macfarlane under his contract, the Company obtained payments of \$70,000, part of the Provincial subsidy of \$3,500 per mile in respect of the 80 miles from the 100th to 180th miles, which was applied on the 80 miles from the 20th to the 100th mile. The Company and C. N. Armstrong did not pay to Macfarlane the amount due him under his sub-contract.

In consequence of the above facts Macfarlane was compelled to suspend payment, and on the 30th of November, 1889, he executed an abandonment of his property.

Messrs. Riddell and Watson, of Montreal, are now the curators of Macfarlane's estate.

A large sum of money is claimed by Macfarlane to be due in respect of his contract. The question of amount is now pending before the Superior Court of the Province of Quebec, sitting in and for the District of Montreal. The amount due to Macfarlane is a privileged debt due by the Baie des Chaleurs Railway Company, and as such is payable out of the subsidy of 800,000 acres of land converted into money, amounting to \$280,000 hereinafter mentioned, the misapplication of which forms the subject of the charges made by the Counsel for the Opposants.

An Act of the Legislature of the Province of Quebec, passed in 1890, 54 Victoria, Chapter 37, enacts that "It shall be lawful for the Lieutenant Governor in Council, at any time, upon the report of the Railway Committee of the Executive Council, to cancel the charter of any railway company incorporated under the laws of this Province, when the said company has not complied with the terms of its charter as to the commencement and completion of its works within the prescribed time, or when the said company has become insolvent, or when the company does not, or is not able to proceed with the work, or for any other cause which, in the opinion of the Lieutenant Governor in Council, is sufficient to justify such cancellation."

This Act was introduced in the Legislature of the Province of Quebec with the avowed intention of annulling the charter of the Baie des Chaleurs Railway Company, and of compelling the shareholders to sell their rights at reasonable prices in order to enable other persons to construct the road.

Another Act of the Legislature of the Province of Quebec, passed in 1890, 54 Victoria, Chapter 88, authorized the Lieutenant Governor in Council to grant the following subsidies:—(1) To contribute to the cost of constructing the bridge to be built over the Grand Cascapediae River, on the Baie des Chaleurs Railway, a subsidy not exceeding in all \$50,000, upon condition that the said bridge be built at the place fixed by the Lieutenant Governor in Council, who may order that such bridge be built for the passage of vehicles and foot passengers as well as for the passage of railway trains, if he deems it in the public interest.

“(2) To aid in completing and equipping the Baie des Chaleurs Railway, throughout its whole length, for the part not commenced and that not finished, about 80 miles, going to or near Gaspé Basin, a subsidy of 10,000 acres of land per mile, not to exceed in all 800,000 acres.

“Payable to any person or persons, company or companies, establishing that they are in a position to carry out the said works and to supply the rolling stock for the whole road and keep it in good working order, and also upon condition that the balance of the privileged debts due by the Baie des Chaleurs Railway Company be paid, the whole to the satisfaction of the Lieutenant Governor in Council.”

In the month of October, 1890, Mr. Heaton Armstong, a banker of London, England, and Mr. John J. McDonald, contractor, were requested by the Honourable Mr. Mercier to make an offer to complete the railway from Metapedia to Paspebiac (100 miles).

In the month of November, 1890, Mr. John J. McDonald made a careful examination of the road, and subsequently, in an interview with the Honourable Mr. Mercier, Messrs. Heaton Armstong and John J. McDonald were offered by the Honourable Mr. Mercier a subsidy of \$10,000 a mile for the 40 miles of road to be built from Cascapedia to Paspebiac.

Subsequently, Messrs. Heaton Armstrong and John J. McDonald offered to complete the road from Metapedia to Cascapedia (1st to 60th mile), and build the road from Cascapedia to Paspebiac (60th to 100th mile), for a subsidy of \$400,000 to be granted by the Province of Quebec. The road to be bonded for \$2,000,000, and the interest at five per cent. for ten years upon the bonds to be guaranteed by the Province of Quebec, which guarantee was to be secured by a cash deposit with the Government, to be made by Messrs. Heaton Armstrong and John J. McDonald, amounting to \$840,000.

In the month of December 1890, Mr. John J. McDonald met Mr. Ernest Pacaud, who acted as intermediary between him and the Provincial Government, and who, in view of Mr. McDonald's past experience, was considered by him the best man to employ as solicitor or agent in any negotiations or business which Mr. McDonald had as a contractor with the Provincial Government. It was then agreed that Messrs. Heaton Armstrong and John J. McDonald were to enter upon the contract to complete the road from Metapedia to Paspebiac, were to pay the existing debts on the works in full, (the claim of C. N. Armstrong being stated to be about \$20,000), and were to receive a subsidy of \$400,000, payable as follows: \$200,000 on the completion of the 60th to the 80th mile section, and \$200,000 on the completion of the remaining section to Paspebiac; and a further subsidy of \$50,000 for building the Cascapedia Bridge.

About the end of the month of January or beginning of February, 1891, an agreement was come to with Mr. L. J. Riopel, then the Managing Director of the Baie des Chaleurs Railway Company, whereby the sum of \$175,000 was to be paid into the Bank of Montreal by Messrs. Heaton Armstrong and John J. McDonald; the existing debts on the works were to be satisfied therefrom, and whatever balance remained was to be paid to Mr. Riopel for the shareholders of the Company.

It was also agreed that Messrs. Heaton Armstrong and John J. McDonald were to bind themselves to operate the road for five years after its completion.

Mr. John J. McDonald, in arriving at the probable cost of the road, allowed in his estimate a sum of \$50,000, which he believed he would be compelled to pay to Mr. Pacaud during the progress of the work, for Mr. Pacaud's assistance with the Provincial Government.

In the month of March, 1891, Mr. John J. McDonald learned that Mr. Angus M. Thom and others had an option to undertake, and were likely to enter upon, the work of completing the road, and were to receive therefor a subsidy of \$560,000, in addition to the sum of \$50,000 for building the Cascapedia Bridge.

About the end of the month of January, 1891, Mr. Charles N. Armstrong had an interview with Mr. Ernest Pacaud, who is described by Mr. Armstrong as being

the go-between in the dealings of Mr. Armstrong as a contractor with the Provincial Government. At that interview Mr. C. N. Armstrong stated to Mr. Pacaud that the arrangement with Mr. John J. McDonald appeared to have fallen through, and asked whether, if any other persons could be found to do the work, the Provincial Government would be prepared to deal with such persons on the same terms as had been offered to Mr. John J. McDonald. Mr. Armstrong asked Mr. Pacaud on what terms the latter would obtain a settlement of the matter, and Mr. Pacaud stated that he would obtain a settlement for \$100,000. It was thereupon agreed between Mr. Armstrong and Mr. Pacaud that the latter should make the arrangement for Mr. Armstrong and that Mr. Pacaud should be paid therefor \$100,000.

On the 13th March, 1891, the Hon. Messrs. Mercier, Robidoux, Charles Langelier and Shehyn, all members of the Government of the Province of Quebec, together with Mr. Ernest Pacaud, left Montreal for New York by train. Mr. Armstrong went to St. John's, P.Q., by the same train, it having been arranged that Mr. Pacaud should then interview the above-mentioned members of the Government and inform Mr. Armstrong, before the train reached St. John's, whether the Government would deal with the new syndicate. Mr. Pacaud accompanied the members of the Provincial Government in their private car, and at St. John's informed Mr. Armstrong that no doubt the matter would be arranged satisfactorily as soon as they knew that the arrangement with Mr. McDonald was off, but that there was no positive information then from Mr. McDonald on that point.

On the 17th April, 1891, Mr. Angus M. Thom submitted an offer to the Hon. Pierre Garneau, Commissioner of Public Works and Premier *ad interim*, which will be found printed in full in Exhibit No. 13, to go on with the works, complete the railway, and have it ready for traffic on or before 31st December, 1892 as far as Paspébiac, and thence to Gaspé Basin as soon as circumstances would permit. This offer contemplated the reorganization of the Company and was conditional upon payment to the Company, as reorganized, of the various subsidies granted by the Legislature of the Province of Quebec. It provided that the legitimate and privileged claims then existing should be paid by a person appointed by the Government for that purpose, after they had been approved and certified by Mr. Thom as representing the Company; and as a guarantee for the carrying out of the offer a deposit of \$500,000 of bonds was to be made. This offer was accepted, and, by an Order in Council, passed on the 23rd of April, 1891, which is also to be found printed in full in Exhibit No. 13, provision was made for carrying into effect the terms of Mr. Thom's offer, it being made one of the conditions that the subsidy of 800,000 acres of land granted by the Legislature of the Province of Quebec, 54 Victoria, chapter 88, section I, sub-section J, should be kept by the Government of the Province of Quebec, and employed by it to pay the actual debts of the Baie des Chaleurs Railway Company, and that the said debts and claims, after they had been approved of and certified to by Mr. Thom, representing the Company, should be paid by a person named for that purpose by the Government.

On the 28th April, 1891, a statement of estimates of work done and remaining unpaid to C. N. Armstrong in accordance with the terms of his contract with the Company was certified to by L. J. Riopel, Managing Director, and L. A. Robitaille, Secretary-Treasurer of the Company, showing a total of \$298,943.62. No such sum has been shown to be due to C. N. Armstrong by the Company.

The amount claimed by Armstrong is not a privileged debt due by the Baie des Chaleurs Railway Company and therefore is not payable out of the subsidy of 800,000 acres of land converted into money.

By Order in Council dated 23rd April, 1891, Mr. J. Chrysostome Langelier, Assistant Registrar of the Province of Quebec, was named Commissioner to pay the claims against the Baie des Chaleurs Railway Company in conformity with the dispositions of the Order in Council, No. 237 aforesaid.

On the 23rd April, 1891, a letter of credit authorizing La Banque Nationale to advance the sum of \$75,000 to J. Chrysostôme Langelier was signed by the Hon. P. Garneau, in his capacity as representative of the Premier and of the Treasurer of the Province of Quebec. This letter of credit was payable on the 10th July, 1891.

On the same day, the 23rd April, 1891, a letter of credit was signed by the Hon. P. Garneau in his capacity as representative of the Premier and of the Treasurer of the Province of Quebec, authorizing the Union Bank of Canada to advance the sum of \$100,000 to J. Chrysostome Langelier.

Mr. J. Chrysostome Langelier, the Commissioner named by the Order in Council of the 23rd April 1891, was informed by the Hon. Mr. Garneau, Commissioner of Public Works of the Province of Quebec, and by Mr. Siméon Lesage, the Deputy Commissioner of Public Works for the Province of Quebec, that the letters of credit for \$100,000 and \$75,000 had been issued as above set forth, and he was by them directed to endorse over and pay the proceeds of such letters of credit to Mr. Charles N. Armstrong.

Mr. J. Chrysostome Langelier made no enquiry as to the amount due by the Company to Mr. C. N. Armstrong, nor as to whether such debt, if any, was a privileged debt due by the Company within the meaning of the terms of the Act granting the subsidy of 800,000 acres of land (54 Victoria, Chapter 88). He states that he exercised no discretion with regard to such payment, that he had nothing to do with the determination of the amount of the payment, but made the same in obedience to the directions of his superior officer, and with the approval and by the direction of Mr. A. M. Thom, the Secretary Treasurer of the re-organized Company.

Mr. C. N. Armstrong contends that the \$175,000, the amount of such letters of credit, was payable to him and was paid to him, he being entitled thereto out of the converted subsidy.

The said C. N. Armstrong was not entitled to be paid any amount out of such subsidy of \$280,000, and the sum of \$175,000 was so paid to him only in consideration of his promise to pay and payment to Ernest Pacaud of \$100,000 out of the said \$175,000.

On the 29th April, 1891, the letter of credit for \$100,000 was offered for discount to the Union Bank of Canada. The Bank refused to discount this letter of credit, having learned from Mr. Pacaud the manner in which the proceeds thereof were to be appropriated, and believing that such would be a misappropriation.

On the 29th April, 1891, J. C. Langelier, C. N. Armstrong, and Ernest Pacaud met at the office of Ernest Pacaud in the City of Quebec; at this meeting J. C. Langelier drew five cheques of \$20,000 each, which cheques the said C. N. Armstrong then and there endorsed over to Ernest Pacaud and delivered to him in pursuance of the above-mentioned arrangement between Armstrong and Pacaud.

On the 29th April 1891 the letter of credit for \$75,000 was endorsed by J. C. Langelier to the Banque Nationale and was discounted by him with such Bank, and the sum of \$71,750, the proceeds of such discount, was withdrawn from the Bank by cheques of Mr. J. C. Langelier and was paid to certain former shareholders and creditors of the old Company for their rights.

On the 6th May, 1891, Ernest Pacaud discounted with La Banque du Peuple his note for \$20,000 endorsed by P. Vallière, due July 18th, 1891, secured by one of the cheques for \$20,000 which were drawn by J. C. Langelier, Commissioner, on the Union Bank in favour of C. N. Armstrong, payable when the amount of the letter of credit for \$100,000 should be paid and placed to the credit of J. C. Langelier, Commissioner, at the Union Bank.

On the 6th day of May, 1891, Ernest Pacaud, out of the proceeds of such discount, paid a note of one A. F. Carrier, endorsed by Ernest Pacaud, for \$150, and a note of one James Carrel for \$150 due on the 8th May.

On the 11th of May Ernest Pacaud paid, out of such proceeds, a note of G. M. Deschene for \$150 and a note of J. I. Tarte for \$1,000. On the 16th of May out of such proceeds he paid \$7,000, on account of the purchase of a house fronting on the Dufferin Terrace, Quebec.

On the 15th of May Ernest Pacaud discounted with La Banque Nationale his note for \$20,000 endorsed by P. Vallière, due July 15th, 1891, secured by another of the five cheques for \$20,000 above mentioned, and on that day, out of the proceeds of such discount, paid a note for \$5,000, made by himself and endorsed by the Hon.

Messrs. C. A. P. Pelletier, Honoré Mercier, Charles Langelier and François Langelier, which note fell due on the 18th May.

On the same day, the 15th May, Ernest Pacaud, out of such proceeds, purchased and remitted to the Hon. Honoré Mercier, in Paris, a Bill of Exchange for 25,500 francs, \$5,000.

The three remaining cheques for \$20,000 each were held by the Union Bank on collection, on account of Ernest Pacaud, until the 11th day of July, when they were paid, and the proceeds thereof placed to his credit.

On that day Ernest Pacaud, out of the proceeds of such three cheques, paid a note for \$5,600 dated March 10th, and due July 13th, which had been made by himself and endorsed by the Hon. Honoré Mercier, J. I. Tarte, the Hon. C. A. P. Pelletier, and the Hon. Charles Langelier.

On the same day, 11th July, Ernest Pacaud, out of such proceeds, paid a note for \$3,000 made by himself, endorsed by the Hon. Honoré Mercier and others, dated April 1st, and due August 4th.

On the same day, out of such proceeds, he paid to the Hon. Charles Langelier \$3,000.

On the 10th August Ernest Pacaud withdrew from the Union Bank the sum of \$25,000.

The proceeds of such letters of credit amounting to \$175,000 have been applied as follows:—

Paid to the promoters and creditors of old Company.....	\$71,750.00
Paid C. N. Armstrong.....	111.64
Paid James Cooper.....	2,250.00
Paid Hon. Honoré Mercier and E. Pacaud, and in retiring personal obligations of Hon. Honoré Mercier, Hon. C. A. P. Pelletier, Hon. Charles Langelier, Hon. François Langelier, J. I. Tarte, Ernest Pacaud, and others.....	54,700.00
Bank discount	1,435.76
There has been drawn from the Banks, in addition, by cheques of Ernest Pacaud.....	44,752.60

\$175,000.00

It was stated before Your Committee that the notes, signed by Ernest Pacaud and endorsed by the Hon. Honoré Mercier, the Hon. C. A. P. Pelletier, the Hon. Charles Langelier and others, were discounted with a view to form a fund towards contesting some of the last Federal elections in the Province of Quebec and producing counter contestations; but the evidence proves that a note of \$5,000 was discounted by the same parties at La Banque du Peuple, Quebec, on the 28th February, 1891, and Mr. Webb, the cashier of the Union Bank of Canada, Quebec, states that another note of \$5,000 was discounted on the same date, five days before the said elections.

It is not possible to trace how such sum of \$44,752.60 was divided, as the cheques representing such sum were withdrawn from the Banks by Ernest Pacaud on the 6th, 7th, and 8th August, 1891, after Your Committee had begun their investigation and after Ernest Pacaud had become aware that a summons had been issued by Your Committee requiring him to appear before them and give evidence in this matter.

On the 12th of October, 1889, \$54,000, part of the subsidy voted to the Railway by the Parliament of Canada, became due and payable. This sum was due to the Ontario Bank, having been assigned to the Bank to secure advances made to Macfarlane to enable him to proceed with his work of construction. There were then wages due to Macfarlane's men, to the amount of \$13,000, for work on the first sixty miles of the Railway; and this sum of \$54,000 was paid to the Ontario Bank upon the Bank undertaking to see the above wages paid.

There was also then due and payable a sum of \$28,545 as part of the subsidy voted by the Legislature of the Province of Quebec. This sum was also due to the

Ontario Bank, having been assigned to that Bank to secure advances made to Macfarlane to enable him to proceed with his work of construction.

On the 23rd of October, 1889, the Hon. Charles Langelier, in his capacity of Commissioner named by letters patent issued by the Government of the Province of Quebec, began taking evidence with a view to fixing the amount due to Macfarlane's workmen.

On the 28th November, 1889, J. Chrysostome Langelier began paying such workmen, and, between that date and the 31st of October, 1890, expended the whole balance of such Provincial subsidy due to the Bank; amounting to \$28,545.

The wages due to Macfarlane's workmen have been paid in full, and the Ontario Bank have fully complied with their undertaking to that effect.

On Tuesday the 25th day of August last, Walter Barwick, Esquire, Counsel for the Opposants, declared his case closed. Upon the 27th of August last the Hon. François Langelier, Q.C., Counsel for the Government of the Province of Quebec, declared his case closed and was asked by the Chairman of Your Committee whether he desired to call and examine any witnesses, and declared that he did not.

Upon the above facts and upon the evidence, oral and written, produced in support of them, Your Committee find that out of the said sum of \$280,000 the Company was illegally deprived of the sum of \$175,000 which was appropriated and disposed of as above stated, and that the assets of the Company applicable to the payment of its debts and the completion of the railway, have been improperly and illegally diminished to the extent of the said sum of \$175,000.

Your Committee further report as follows:—

On the 25th August last, during the course of the enquiry by Your Committee into the matters above reported upon, Jean Chrysostome Langelier, a witness then under examination, produced a document purporting to be an affidavit sworn to by one George A. Taylor, of Brockville, before the said Jean Chrysostome Langelier, Justice of the Peace, at Quebec, on the twenty-seventh day of January, 1891, which document was subsequently filed, as Exhibit No. 68.

The Honourable François Langelier, Q.C., Counsel for the Government of the Province of Quebec, thereupon made the following statements, in substance:—

That out of certain subsidies granted to the Baie des Chaleurs Railway Company by the Parliament of Canada, the sum of \$118,000 had been embezzled by the said Company, of which the Honourable Théodore Robitaille, then and now a Senator of Canada, was President at the time of such embezzlement; that criminal proceedings had been threatened against the Company; that the Company had been obliged to repay the said sum under such threat of criminal proceedings; that his said statement as to the embezzlement of the said sum was borne out by statutory declaration, namely by the document above mentioned; and that the charge of embezzlement so made by him was made from information he had that, if the said George Taylor and other persons mentioned by the said the Honourable François Langelier were summoned by Your Committee as witnesses, it would be proved by them that the sum of \$118,000 out of the subsidies so granted had been so embezzled.

On the 27th August, the Honourable Théodore Robitaille, Senator, appeared before Your Committee and replied to the statements herein above mentioned as having been made by the Honourable François Langelier, Counsel for the Government of the Province of Quebec, and stated that at the previous meeting of Your Committee the Honourable François Langelier had preferred a charge of embezzlement against him and his associates acting as directors of the Baie des Chaleurs Railway Company, and requested Your Committee to institute a searching investigation into the said charges and to afford every facility for such investigation to the Honourable François Langelier. The Honourable Théodore Robitaille also expressed a desire that the said investigation should extend to all the doings of the Company since its inception, stating that he was prepared to stand by the consequences.

The Honourable François Langelier, Counsel for the Government of the Province of Quebec, thereupon stated that he was prepared to prove the said charges made by him.

As it appeared from the statements made before Your Committee that the sum of \$118,000, in respect of which the said charges were made, was a portion of certain subsidies voted by the Parliament of Canada in aid of the construction of the first 20 miles of the Baie des Chaleurs Railway, and that such embezzlement or misappropriation of the said sum would have been a direct violation of the conditions upon which the said subsidies were granted, Your Committee thereupon resolved to enquire into the said charges.

Such witnesses were summoned and attended before Your Committee, and such other evidence was adduced as was desired by the Honourable François Langelier in support of the said charges made by him.

On the 28th day of August, during the course of the enquiry by Your Committee, the Honourable François Langelier, Counsel for the Government of the Province of Quebec, again stated that he would prove the charges he had made against the former directors of the company, of whom the Honourable Théodore Robitaille was one, and that the money alleged to have been so embezzled had been restored only under a threat of criminal proceedings.

The only documentary evidence in support of the said charges produced by the Honourable François Langelier is the document above referred to, Exhibit No. 68, which is not a statutory declaration lawfully made, but, on the contrary, a document sworn to and executed in contravention of the "Act respecting Extra-judicial Oaths," and the only oral testimony adduced in support of the said charges is that of the said George A. Taylor and of George B. Burland.

Neither the said document, nor the evidence of the said Taylor and Burland bear out the said charges or afford any foundation for the same. On the contrary, the said document is simply a statement as to the disposal made of certain moneys deposited as security for the payment of work to be done by the firm of sub-contractors of which the said Taylor was a member upon the first 20 miles of the railway. And as appears by the evidence given upon oath by the said Taylor, the said work was duly paid for to the full satisfaction of the said firm out of the subsidies.

The said Taylor further testified that neither he nor the firm of which he was a member had ever had any idea of making such charges, that the use to which the said document had been put was an unfair and false use thereof, and that such use thereof was entirely without his knowledge or consent.

After the examination of the said Taylor, the Honourable François Langelier, Counsel for the Government of the Province of Quebec, stated that he meant, not an embezzlement in the sense of the criminal law, but a misapplication, that he had used the word in the charges made by him as equivalent to the French expression "*détournement de fonds*" or "misapplication," and that he withdrew the word "embezzlement."

The Honourable François Langelier, Counsel for the Government of the Province of Quebec, made no attempt to produce before Your Committee any proof in support of the charge made by him that under the threat of criminal proceedings being instituted, the Honourable Théodore Robitaille and his associates as directors of the Baie des Chaleurs Railway Company had restored the amount which by the said charge it was alleged they had embezzled. It was proved however by the evidence of the witness Taylor, who was summoned at the instance of the Honourable François Langelier, given under cross-examination by Counsel for the Honourable Theodore Robitaille, that the said charge was totally unfounded.

The further evidence given before Your Committee by the witnesses examined on behalf of the Honourable Théodore Robitaille, also showed that the said charges and each of them were unfounded in fact.

Your Committee find that the \$118,000, which formed the subject of the charges made by the Honourable François Langelier, were fully and honourably accounted for through Messrs. Burland and Murray Smith, the trustees appointed to disburse the same.

On Tuesday the first of September instant, the Counsel for the Government of the Province of Quebec declared that he had no further charges to make and that the

charges made by him were made against the Baie des Chaleurs Railway Company and in no respect against the said Honourable Théodore Robitaille personally, but, upon being asked if he wished to withdraw the same in view of the evidence given with respect thereto, he, the said Counsel for the Government of the Province of Quebec, declared that he persisted therein. He further stated that every facility had been afforded him by Your Committee to make proof in support of the said charges made by him and that he desired to adduce no further evidence in support thereof.

On Monday the third of September instant, the Chairman of Your Committee enquired whether any member of the Committee or any other person present desired any additional witnesses to be summoned to give evidence in the matter of this Bill, and, no response being made to such enquiry, the investigation was declared to be closed.

Your Committee further report that, in obedience to the order made by Your Honourable House on Friday, the 7th August last, Charles N. Armstrong, of the City of Montreal, contractor, has appeared and given evidence before Your Committee; that in obedience to the order made by Your Honourable House on Friday, the 14th August last, the said Charles N. Armstrong has answered the questions put to him, his refusal to answer which was on the last mentioned date reported by Your Committee in their Fourth Report to Your Honourable House; and that the said Charles N. Armstrong has been by Your Committee discharged from further attendance before them.

Your Committee again report that certain witnesses for whose appearance to give Evidence before Your Committee, summonses were issued, namely:—

Ernest Pacaud, of the city of Quebec, editor of *L'Electeur* newspaper;

The Honourable Pierre Garneau, of the city of Quebec, Commissioner of Public Works of the Province of Quebec;

Gustave Grenier, of the City of Quebec, Clerk of the Executive Council of the Province of Quebec;

Philippe Vallière, of the city of Quebec, furniture manufacturer; and

Siméon Lesage, of the city of Quebec, Assistant Commissioner of Public Works of the Province of Quebec,

have failed to appear before Your Committee in obedience to such summonses.

As reported at greater length in the Sixth Report made by Your Committee on Thursday the 3rd September instant, Ernest Pacaud, upon being summoned at his own request, left Canada immediately and went *via* New York to France; the Honourable Pierre Garneau has declined to appear, giving as his reasons, firstly his being in ill-health and subsequently that his colleagues in the Government of the Province of Quebec are of opinion that he and they are responsible only to the Legislature of the Province of Quebec; Gustave Grenier left Quebec upon being informed by telegram from Your Committee of the issue of a summons for his appearance, and could, therefore, not be served with a second summons; Philippe Vallière has made no excuse for his non-appearance; and Siméon Lesage has informed Your Committee that he had received instructions from the members of the Quebec Government not to appear.

Your Committee in reporting the continued default of the above mentioned witnesses to appear before them, assert the right of your Committee to issue summonses to the said witnesses, and repeat the opinion expressed in the said Sixth Report that it is the undoubted right of the Senate to compel the appearance of the said witnesses before your Committee.

With respect to the said Bill Your Committee beg leave further to report as follows:—

On Wednesday the 9th September instant, the Honourable Mr. Ogilvie, a member of the Committee, stated to Your Committee on behalf of the promoters of the Bill, that the promoters no longer desire to withdraw the Bill, but, on the contrary, desire to proceed therewith.

Your Committee recommend that the amendments be made to the Bill, which are set forth in the Schedule "A" annexed to this Report.

The said amendments were proposed by the opposants and have been agreed to by the promoters of the said Bill, and are recommended by Your Committee as being, in the opinion of Your Committee, of a character to ensure the carrying out of the undertaking of the Company, to protect the rights of the opposants, and as being required by the public interest in view of the large sums of money granted to the Baie des Chaleurs Railway Company by the Parliament of Canada as subsidies in furtherance of their undertaking.

Your Committee submit herewith the minutes of their proceedings in the matter of this Bill, the evidence of the witnesses examined upon oath before them, and all documents and vouchers produced before Your Committee.

All which is respectfully submitted.

A. VIDAL,
Chairman.

SCHEDULE A.

Proposed Amendments to the Bill from the House of Commons (No. 82) intituled "An Act respecting the Baie des Chaleurs Railway Company."

Page 1, line 40.—After "3" insert "Except as otherwise provided by this Act."

Page 2, line 1.—After "privileges" insert "and be subject to the same obligations and liabilities."

Page 2, line 5.—Leave out from "Canada" to the end of clause Three.

Page 2, line 12.—After "5" insert "Except as otherwise provided by this Act."

Page 2, line 14.—Leave out from "Company" to the end of clause Five.

Page 2, line 16.—After clause Five insert clause "A."

" Clause A."

"Whereas the Company have admitted that by a certain contract made on the eighth day of June, A.D. 1888, by one Charles N. Armstrong with one Henry Macfarlane, for the construction, equipment and completion of certain portions of the railway of the Company, which contract was duly confirmed and ratified by the Company on the fourteenth day of June, A.D. 1888, and for the fulfilment of which the Company thereby obligated themselves jointly and severally with the said Charles N. Armstrong, a possessory lien (*droit de rétention*) was constituted upon the said portions, and upon all rolling stock and appurtenances of the said portions, as security for the rights of the said Henry Macfarlane under the said contract, and have also admitted that, under the said lien, the said Henry Macfarlane and the Curators of his insolvent estate were and are entitled to the possession of the said portions of the railway, and all rolling stock and appurtenances of the said portions, until discharge of all claims by him or the said Curators in respect thereof, and whereas the Company and the said Charles N. Armstrong, of the one part, in consideration of the relinquishment of such possession, and the said Macfarlane and the Curators of his insolvent estate, of the other part, in consideration of such admissions and of the provisions herein made for the further security of their rights, have agreed together and asked that by this Act such admissions shall be declared and the following provisions of this section be made:

"The company shall, for the purpose of their undertaking, have full possession, occupation, and enjoyment of all such portions of the railway and the rolling and other stock and moveable plant used in the working thereof, as are subject to or affected by the said lien; and, as further security for the preservation of the rights now possessed by, or which may hereafter be possessed by the said Henry Macfarlane or his legal representatives in virtue of such contract, and for payment by

“ the Company and the said Charles N. Armstrong, or either of them, for all work done and rolling stock, materials and supplies furnished by the said Henry Macfarlane or his legal representatives, upon or in respect of the said portions of the railway, he and they are hereby declared to have had, since the eighth day of June, A.D. 1888, and shall have a first preferential claim and charge upon that part of the railway of the Company, extending from its junction with the Intercolonial Railway at or near Metapedia to the Cascapedia River, and upon all lands, works, buildings, materials, rolling stock, and other property, moveable or immoveable, to the said part of the railway, at the date of the passing of this Act, appurtenant or belonging.

“ 2. The said claim and charge has had and shall have priority over all mortgages, hypothecs, charges and encumbrances whatsoever, created by the Company, before or after the passing of this Act, for any purpose whatsoever, upon the said part of the railway, or upon the said lands, works, buildings, materials, rolling stock or other property, moveable or immoveable, to the said part appurtenant; and no registration in any manner whatsoever shall be necessary in order to preserve such priority.

“ 3. If the Company deposit a sum of not less than one hundred and eighty thousand dollars in any chartered bank in Canada, to the joint credit of the General Manager of the Ontario Bank and of the President of the Company and their respective successors in office, in trust, as security for and to be applied towards the payment of any sum, which may, by any final judgment, agreement or arbitration between the said Henry Macfarlane or his legal representatives, and the Company or the said Charles N. Armstrong, be found to be due to the said Henry Macfarlane or his legal representatives in virtue of the said contract, or for work done, or rolling stock, materials or supplies furnished by the said Henry Macfarlane or his legal representatives, then, and so soon as such deposit has been made, the said claim, charge and lien shall cease to exist.

“ 4. The Company shall, within ten days of making such deposit, file with the Minister of Railways and Canals a deposit receipt or other sufficient certificate of such deposit, and shall give notice of such filing by advertisement in the ‘*Canada Gazette*.’”

Page 2, line 30.—After “ Act ” insert “ and of this Act.”

Page 2, line 41.—After “ board ” insert clause “ B.”

“ Clause B.”

“ Notwithstanding the provisions of the next preceding section, the Governor in Council may appoint two persons to be directors of the Company in addition to the number already authorized by the Act of Incorporation and by this Act; such directors shall not require to be qualified by the holding of any shares, and shall have all the rights, powers and authority conferred upon directors of the Company by “ *The Railway Act*,” or by this Act.

“ 2. If the Governor in Council exercises the power of appointing two directors, five directors shall constitute a quorum.”

An Act respecting the Baie des Chaleurs Railway Company.

WHEREAS by an Act of the Legislature of the Province of Quebec passed in the forty-fifth year of Her Majesty's reign, chapter fifty-three, the Baie des Chaleurs Railway Company, hereinafter called the Company, was incorporated, with all the powers, rights and privileges in the said Act mentioned, for the construction of a railway from some point on the Intercolonial Railway in the vicinity of the Restigouche River, or connecting with the said Intercolonial Railway, and extending to New Carlisle or Paspébiac Bay, with the right of continuing the line to Gaspé Basin; and whereas the said Act was amended by an Act passed in the session of the same Legislature held in the forty-ninth and fiftieth years of Her Majesty's reign, chapter eighty; and whereas the Company has, under the powers conferred upon it by the said Acts, constructed and completed in part a considerable portion of its line of railway from the point of commencement on the Intercolonial Railway towards Paspébiac, and desires to complete and extend its line to Gaspé Basin; and whereas the Company has, by its petition, prayed to become a railway corporation under and within the jurisdiction of the Parliament of Canada, with such amendments to the provisions of the said Acts respecting the Company as to the Parliament of Canada seem proper, and it is expedient to grant the prayer of the said petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. The Baie des Chaleurs Railway is hereby declared to be a work for the general advantage of Canada.

2. From and after the passing of this Act, the Baie des Chaleurs Railway Company shall be and is hereby declared to be a body corporate subject to the legislative authority of the Parliament of Canada, with all and every the powers, rights, immunities, privileges, franchises and authorities from time to time conferred upon the said Company under and by virtue of the above recited Acts of the Legislature of the Province of Quebec, and each of them, as set out in the schedule to this Act, in as full and ample a manner in all respects as though the several provisions of the said Acts of the Legislature of the Province of Quebec were incorporated into and re-enacted by this Act.

3. The Company shall in all transactions and matters occupy a like position, and shall in all respects stand in a like light and condition, and shall in all things and to the fullest

extent have and possess the same rights, powers and privileges as the said railway company incorporated under the said above recited Acts of the Legislature of the Province of Quebec before the said railway was declared to be a work for the general advantage of Canada, excepting in so far as its powers may be affected by the provisions of this Act.

4. The provisions of "*The Railway Act*" shall apply to the Company in the same manner as if the Company had been originally incorporated by the Parliament of Canada, and shall be read and construed herewith in the same manner as though forming part hereof and expressly incorporated herein.

5. Nothing herein contained shall alter, diminish or prejudice in any manner or form the rights, powers or privileges of any creditor of the Company, or of any person or corporation having any claim or lien of any nature or sort against the Company or undertaking.

6. The rights, powers, privileges and obligations of the Company respecting the construction of its line shall apply to the extent in mileage from the junction with the Intercolonial Railway at Metapedia to Gaspé Basin, a total distance of about one hundred and eighty miles.

7. The time for the completion of the railway to Paspébiac is hereby extended for two years, and to Gaspé Basin for four years from the passing of this Act; and if the railway is not then completed and in operation, then the powers granted for such construction shall cease and be null and void as respects so much of the railway as then remains uncompleted.

8. The Company may make and issue, in the manner provided by and subject to the provisions of "*The Railway Act*," bonds not exceeding in the whole twenty thousand dollars per mile of its railway, constructed or under contract to be constructed, and may secure such bonds in the manner provided by "*The Railway Act*;" Provided that the total amount of the bonds issued, or to be issued, shall not in any case exceed the said sum.

9. General meetings and special general meetings of the shareholders of the Company may be held, from time to time, at the head office of the Company at Montreal.

10. The Board of Directors of the Company shall not exceed nine members, the increase beyond seven to be determined by a resolution of the said board.

SCHEDULE.
STATUTES OF THE PROVINCE OF QUEBEC.

Year and Chapter.	Title of Act.
45 Vic., cap. 53.....	An Act to incorporate the Baie des Chaleurs Railway Company.
49-50 Vic., cap. 80.....	An Act respecting the Baie des Chaleurs Railway Company.

1891.

THE SENATE OF CANADA.

SELECT COMMITTEE

ON

RAILWAYS, TELEGRAPHS AND HARBOURS.

IN RE THE BILL FROM THE HOUSE OF COMMONS (No. 82)
INTITULED "AN ACT RESPECTING THE BAIE DES
CHALEURS RAILWAY COMPANY."

ORDER OF REFERENCE, ORDERS

AND

MINUTES OF PROCEEDINGS.



OTTAWA :
PRINTED BY BROWN CHAMBERLIN, PRINTER TO THE QUEEN'S MOST
EXCELLENT MAJESTY.

1891.

1891

THE STATE OF TEXAS

COUNTY OF DALLAS

RAILROADS, TELEGRAPHS AND HARBOURS

IN SENATE, FEBRUARY 18, 1891.

ORDER OF SENATE

RESOLUTION

RELATIVE TO

THE RAILROADS, TELEGRAPHS AND HARBOURS

1891.

THE SENATE OF CANADA.

SELECT COMMITTEE

ON

RAILWAYS, TELEGRAPHS AND HARBOURS.

In Re THE BILL FROM THE HOUSE OF COMMONS (No. 82) INTITULED : "AN ACT
RESPECTING THE BAIE DES CHALEURS RAILWAY COMPANY."

ORDER OF REFERENCE.

EXTRACT FROM THE MINUTES OF PROCEEDINGS OF THE SENATE
OF CANADA, WEDNESDAY, 29TH JULY, 1891.

Pursuant to the Order of the Day, the Bill (82) intituled : "An Act respecting the Baie des Chaleurs Railway Company," was read a second time.

On motion of the Honourable Mr. Ogilvie, seconded by the Honourable Mr. Ross, it was

Ordered, That the said Bill be referred to the Committee on Railways, Telegraphs and Harbours.

Attest,

EDOUARD J. LANGEVIN,
Clerk of the Senate.

EXTRACT FROM MINUTES OF PROCEEDINGS OF THE SELECT
COMMITTEE OF THE SENATE ON RAILWAYS,
TELEGRAPHS AND HARBOURS.

THE SENATE,
COMMITTEE ROOM No. 8,
TUESDAY, 4th August, 1891.

Pursuant to adjournment and notice, the Committee met this day at half-past ten o'clock in the forenoon.

PRESENT :

The Honourable Messieurs Vidal, *Chairman*,

Allan,	McDonald (Cape Breton),	Perley,
Almon,	McInnes (British Columbia),	Power,
Bellerose,	McKay,	Robitaille,
Boucherville, de,	McMillan,	Read (Quinté),
Boulton,	Macdonald (Victoria, B.C.),	Smith,
Clemow,	MacInnes (Burlington),	Stevens,
Girard,	Montgomery,	Snowball,
Kaulbach,	Miller,	Tassé,
McCallum,	O'Donohoe,	Scott.—30.
McClelan,	Ogilvie,	

The Bill from the House of Commons (No. 82), "An Act respecting the Baie des Chaleurs Railway Company," was considered.

On clause 1,

Hector Cameron, Esq., Q.C., heard on behalf of the promoters.

The Honourable Theodore Robitaille, Senator, was heard in personal explanation touching his connection with the said company.

The Honourable Mr. Tassé, Senator, submitted to the Committee a certain letter addressed by Mr. J. Chrysostome Langelier, of Quebec, to *L'Étandard* newspaper, of Quebec, as published in the said newspaper in the issue thereof dated 5th June, 1891.

Mr. Charles N. Armstrong, contractor, of the City of Montreal, was called, and was examined by the Honourable Mr. Tassé as to the contents of said letter.

Walter Barwick, Esq., Barrister-at-law, was heard to oppose the Bill on behalf of the Ontario Bank, the Eastern Townships Bank and the curators of the insolvent estate of Henry MacFarlane, a sub-contractor for the construction of the said railway, and to ask that some amendment be made to the eighth clause thereof, relating to the powers of the Company to issue bonds, in order to prevent the impairment of the rights of the said opposants.

On motion of the Honourable Mr. Miller, the further consideration of the said Bill was postponed until Thursday next.

Attest,

J. G. AYLWIN CREIGHTON,

*Law Clerk of the Senate,
Clerk of Committees.*

EXTRACT FROM THE MINUTES OF THE SELECT COMMITTEE OF THE
SENATE ON RAILWAYS, TELEGRAPHS AND HARBOURS.

THE SENATE,

COMMITTEE ROOM No. 8,

THURSDAY, 6th August, 1891.

Pursuant to notice and adjournment, the Committee met this day at half-past ten o'clock in the forenoon.

PRESENT :

The Honourable Messieurs Vidal, *Chairman*,

Allan,	McDonald (Cape Breton),	Perley,
Almon,	McInnes (British Columbia),	Power,
DeBoucherville,	McKay,	Robitaille,
Boulton,	McKindsey,	Read, (Quinte),
Clemow,	McMillan,	Smith,
Drummond,	Macdonald (Victoria, B.C.),	Stevens,
Girard,	MacInnes (Burlington),	Snowball,
Kaulbach,	Miller,	Tassé.—29.
McCallum,	O'Donohoe,	
McClellan,	Ogilvie,	

The Bill from the House of Commons (No. 82), "An Act respecting the Baie des Chaleurs Railway Company," was further considered.

Walter Barwick, Esquire, Barrister-at-law, further heard of Counsel for the opposants, and states that he is able to prove and will prove that out of certain moneys amounting to \$280,000, authorized to be paid to the Company on account of the subsidies granted by the Province of Quebec in consideration of the construction, completion and operation of the Baie des Chaleurs Railway, a sum of money amounting to \$175,000 has been improperly retained and improperly applied to purposes other than the construction, completion or operation of the said railway, and having no connection therewith; that such retention and improper application of these moneys was known to and acquiesced in by the present directors of the Company; that such retention was effected by the intermediation of one Charles N. Armstrong, a Contractor for building a certain portion of the railway who nominally received the said sum of \$175,000; that the security in respect of the said lien and the amount secured thereby has already been impaired by such retention and improper application of the said sum; and that it would not be just or proper to entrust further power of issuing bonds to the Company, and especially to the present directors thereof, without some express provision for the protection of the rights of the said Estate and the said creditors thereof.

These statements are denied by the promoters of the Bill and by their Counsel.

The Honourable Mr. Miller moved that further consideration of the said Bill be postponed until to-morrow, the 7th instant, and that such witnesses as may be named by the promoters and by the opposants of said Bill be summoned to attend on that day to give evidence as to any matters within their knowledge relating to the said Bill; that a report be made to the Senate recommending that this Committee be empowered to send for persons, papers and records relating to any question arising out of the examination into the said matter; and further, that the Committee be authorized to employ a short-hand writer.

M. S. Lonergan, Esquire, of Montreal, Barrister-at-law, a director of the said company, and Hector Cameron, Esquire, Q.C., were heard on behalf of the promoters.

And the question being put on the motion of the Honourable Mr. Miller, it was *Resolved*, accordingly.

The Committee then adjourned until to-morrow, the 7th inst., at ten o'clock in the forenoon.

Attest,

J. G. AYLWIN CREIGHTON,

Law Clerk of the Senate,

Clerk of Committees.

EXTRACT FROM MINUTES OF THE PROCEEDINGS OF THE SENATE OF
CANADA, THURSDAY, 6TH AUGUST, 1891.

The Honourable Mr. Vidal, from the Committee on Railways, Telegraphs and Harbours, to whom was referred the Bill (82) intituled: "An Act respecting the Baie des Chaleurs Railway Company," reported as follows:—

THE SENATE,
COMMITTEE ROOM No. 8,
THURSDAY, 6th August, 1891.

The Select Committee on Railways, Telegraphs and Harbours, to whom was referred the Bill from the House of Commons intituled: "An Act respecting the Baie des Chaleurs Railway Company," have, in obedience to the Order of Reference of Wednesday, the twenty-ninth day of July last, examined the said Bill and now beg leave to report with respect thereto as follows:—

1. That your Committee be empowered to send for persons, papers and records required for the purpose of affording evidence as to any matter arising out of the examination of the said Bill.
2. That for the purpose of such examination your Committee be authorized to employ a short-hand writer.

All of which is respectfully submitted.

A. VIDAL,
Chairman.

On motion of the Honourable Mr. Vidal, seconded by the Honourable Mr. Ogilvie, it was

Ordered, That the said Report be adopted.

On motion of the Honourable Mr. Miller, seconded by the Honourable Mr. Almon, it was

Ordered, That the Select Committee on Railways, Telegraphs and Harbours be and are hereby empowered to send for such persons, papers and records, as may from time to time be required by the said Committee for the purpose of affording evidence under oath as to any matter arising out of the examination by the said Committee of the Bill from the House of Commons (No. 82) intituled: "An Act respecting the Baie des Chaleurs Railway Company;" and that the said Committee be and are hereby authorized to employ a short-hand writer for the purposes of said examination.

Attest,

EDOUARD J. LANGEVIN,
Clerk of the Senate.

EXTRACT FROM THE MINUTES OF THE PROCEEDINGS OF THE SELECT
COMMITTEE ON RAILWAYS, TELEGRAPHS AND HARCOURS.

THE SENATE,
COMMITTEE ROOM No. 8,
FRIDAY, 7th August, 1891.

Pursuant to adjournment and notice, the Committee met this day at ten o'clock in the forenoon.

PRÉSENT :

The Honourable Messieurs Vidal, *Chairman*,

Allan,	McClelan,	Ogilvie,
Almon,	McDonald (Cape Breton),	Perley,
Bellerose,	McInnes (British Columbia),	Power,
Boucherville, de	McKay,	Robitaille,
Boulton,	McKindsey,	Read (Quinté),
Carling,	McMillan,	Scott,
Clemow,	Macdonald (Victoria, B.C.),	Smith,
Girard,	MacInnes (Burlington),	Stevens,
Kaulbach,	Miller,	Snowball,
McCallum,	O'Donohoe,	Tassé.—31.

The Bill from the House of Commons (No. 82), "An Act respecting the Baie des Chaleurs Railway Company," was further considered.

Mr. M. S. Lonergan, one of the directors of the said company, was heard on behalf of the promoters and stated that they desired to withdraw the said Bill.

It was moved by the Honourable Mr. Ogilvie,
That the Committee report recommending that leave be given to withdraw the said Bill.

In amendment thereto, it was moved by the Honourable Mr. Miller,
That Mr. Cockburn, M.P., be heard on behalf of the opposants.

In further amendment thereto, it was moved by the Honourable Mr. Tassé,
That the Committee proceed at once to the hearing of the evidence.

Mr. Cockburn, M.P., was heard on behalf of the Ontario Bank.

By leave of the Committee, the amendment of the Honourable Mr. Tassé was withdrawn.

And the question being put on the motion of the Honourable Mr. Ogilvie, the Committee divided, and the names being called for, they were taken down as follow :—

YEAS :

The Honourable Messieurs

Allan,	McClelan,	McInnes (Victoria, B.C.),	Scott,
Bellerose,	McDonald (Cape Breton),	Power,	Vidal.—9.
Girard,			

NAYS :

The Honourable Messieurs

Almon,	Kaulbach,	Macdonald (B.C.),	Robitaille,
Boucherville, de,	McCallum,	MacInnes	Read (Quinté),
Boulton,	McKay,	(Burlington),	Smith,
Carling,	McKindsey,	Miller,	Tassé.—17.
Clemow,	McMillan,		

So it was resolved in the negative.

On motion of the Honourable Mr. Tassé, it was
Resolved, That the Committee do now proceed to take evidence.

Mr. Barwick, of Counsel for the opposants, produces and fyles Exhibit No. 1, being a written statement as to the position and resources of the Baie des Chaleurs Railway Company.

Mr. M. S. Lonergan states that the said Exhibit No. 1 is in his handwriting.

The Chairman submits the following telegram :—

(Telegram.)

“ August 7th, 1891.

“ From Quebec.

“ To Hon. F. LANGELIER, M.P.,

“ Chambre des Communes,

“ Ottawa.

“ Veuillez représenter mon gouvernement dans l'enquête au Sénat re Baie des Chaleurs, qui doit commencer paraît-il ce matin.

“(Signé) HONORÉ MERCIER.”

The Hon. François Langelier, Q.C., appears of Counsel for the Government of the Province of Quebec.

Charles N. Armstrong is called but does not appear.

Peter Dunn, house-keeper of the Senate, is duly sworn by the Chairman, and is examined on oath.

Exhibit No. 2, a letter from the Law Clerk of the Senate to Charles N. Armstrong, dated 6th August, 1891, is produced and fyled.

Charles N. Armstrong is again called and does not appear.

Counsel for the opposants applies to the Committee to have Charles N. Armstrong required to appear.

Hon. Mr. Miller moved :—

That the non-appearance of Charles N. Armstrong in compliance with the request contained in the said letter, be reported to the Senate with the recommendation that an Order of the Senate do issue to require his attendance on Monday next before this Committee, to give evidence and to produce such documents as may be specified by Mr. Barwick.

Resolved accordingly.

The Committee then adjourned until Monday next, the 10th of August instant, at ten o'clock in the forenoon.

Attest,

J. G. AYLWIN CREIGHTON,

*Law Clerk of the Senate,
 Clerk of Committees.*

EXTRACT FROM THE MINUTES OF THE PROCEEDINGS OF THE SENATE
OF CANADA, FRIDAY, 7TH AUGUST, 1891.

The Honourable Mr. Vidal, from the Committee on Railways, Telegraphs and Harbours, to whom was referred the Bill (82) intituled: "An Act respecting the Baie des Chaleurs Railway Company," presented their Second Report, as follows:—

THE SENATE,

COMMITTEE ROOM No. 8,

FRIDAY, 7th August, 1891.

The Select Committee on Railways, Telegraphs and Harbours, to whom was referred Bill (No. 82) from the House of Commons, intituled: "An Act respecting the Baie des Chaleurs Railway Company," beg leave to make their Second Report with regard to said Bill, as follows:—

By Order of your Committee, made on Thursday, the 6th of August instant, Charles N. Armstrong, of the City of Montreal, in the Province of Quebec, then present in the City of Ottawa, was, by order of your Committee, by letter signed by the clerk of the said Committee, requested to attend before your Committee to-day, Friday, the 7th instant, at ten o'clock in the forenoon; that, as appeared by the evidence adduced on oath before your Committee, the said letter was delivered to the said C. N. Armstrong, personally on Thursday, the 6th instant, but notwithstanding such request, the said C. N. Armstrong failed so to appear before your Committee; that your Committee are informed that the evidence to be given by the said C. N. Armstrong is material to the determination of certain matters arising out of the examination by your Committee of the said Bill.

Your Committee, therefore, recommend that an order of the Senate do issue to the said C. N. Armstrong, to attend before your Committee on Monday, the 10th day of August instant, at ten o'clock in the forenoon, to give evidence as to the said Bill, and to produce with him all papers and documents in his possession relating to the alleged retention of a certain sum of money paid or payable to the said Railway Company as a subsidy voted by the Legislature of the Province of Quebec, and in particular the following documents, to wit:

All letters and copies of letters, all books, documents and papers containing any entry or memorandum relating to the passage of any and all Orders in Council passed by the Government of the Province of Quebec., together with copies of all or any such Orders in Council in any way dealing with or relating to the Baie des Chaleurs Railway Company and the charter of such railway company, and the formation of a new company to build such railway and the acquirement of the stock of such railway company; and the subsidies and the application of the proceeds of subsidies granted to such railway company or any aid for the completion of such railway, and for the payment of privileged claims due or at any time due by the said company or in respect of the said railway or the contractors or sub-contractors for the construction thereon; and especially all letters and copies of letters, documents and copies of documents, sent to or received from or exhibited by one Ernest Pacaud relative to such Orders in Council and to the necessity for the passage of the same, and the application of the proceeds of such subsidies or any portion thereof; and all letters, books, documents and writings relating to the payment of debts of anyone out of the proceeds of such subsidies, directly or indirectly.

All which is respectfully submitted.

A. VIDAL,

Chairman.

The Honourable Mr. Tassé moved, seconded by the Honourable Mr. Montplaisir, That the said Report be now adopted.

The Honourable Mr. Bellerose, in amendment, moved, seconded by the Honourable Mr. Wark,

That the said Report be not now adopted, but that it be referred back to the said Committee with instruction to report their proceedings fully on the said Bill.

The question of concurrence being put thereon, the House divided, and the names being called for, they were taken down, as follow :—

CONTENTS :

The Honourable Messieurs

Armand,	McClelan,	Pelletier,	Scott,
Bellerose,	McInnes,	Power,	Vidal,
Grant,	(Victoria, B.C.),	Reesor,	Wark.—11.

NON-CONTENTS :

The Honourable Messieurs

Abbott,	Flint,	Macdonald	Montgomery,
Bolduc,	Girard,	(Victoria, B.C.),	Montplaisir,
Boucherville, de,	Glasier,	Macdonald (P.E.I.),	Poirier,
Boulton,	Howlan,	MacInnes	Prowse,
Carling,	McCallum,	(Burlington),	Read (Quinté),
Clemow,	McKay,	Merner	Smith,
DeBlois,	McKindsey,	Miller,	Tassé.—27.
Dever,			

So it was resolved in the negative.

The question being then put on the main motion, the same was, on a division, resolved in the affirmative.

On motion of the Honourable Mr. Tassé, seconded by the Honourable Mr. Montplaisir, it was

Resolved, That an Order of the Senate do issue to the said C. N. Armstrong, of the City of Montreal, in the Province of Quebec, contractor, to attend before the Select Committee on Railways, Telegraphs and Harbours on Monday the 10th day of August instant, at ten o'clock in the forenoon, to give evidence as to the said Bill and to produce with him all papers and documents in his possession relating to the alleged retention of a certain sum of money paid or payable to the said railway company as a subsidy voted by the Legislature of the Province of Quebec, and in particular the following documents, to wit :

All letters and copies of letters, all books, documents and papers containing any entry or memorandum relating to the passage of any and all Orders in Council passed by the Government of the Province of Quebec, together with copies of all or any such Orders in Council in any way dealing with or relating to the Baie des Chaleurs Railway Company and the charter of such railway company, and the formation of a new company to build such railway and the acquirement of the stock of such railway company ; and the subsidies and the application of the proceeds of subsidies granted to such railway company or any aid for the completion of such railway, and for the payment of privileged claims due or at any time due by the said company, or in respect of the said railway, or the contractors or sub-contractors for the construction thereof ; and especially all letters and copies of letters, documents and copies of documents sent to or received from or exhibited by one Ernest Pacaud relative to such Orders in Council and to the necessity for the passage of the same, and the application of the proceeds of such subsidies or any portion thereof ; and all letters, books, documents and writings relating to the payment of debts of anyone out of the proceeds of such subsidies, directly or indirectly, and

Ordered accordingly.

Attest,

EDOUARD J. LANGEVIN,
Clerk of the Senate.

MINUTES OF THE SELECT COMMITTEE OF THE SENATE ON RAILWAYS
AND HARBOURS.

THE SENATE, COMMITTEE ROOM No. 8,
MONDAY, 10th August, 1891.

Pursuant to adjournment and notice, the Committee met this day at 10 o'clock in the forenoon.

PRESENT :

Messieurs Vidal, Chairman.

Allan,	McClelan,	Miller,
Almon,	McDonald (C.B.),	Perley,
Boulton,	McInnes (B.C.),	Power,
Clemow,	MacKay,	Read (<i>Quinté</i>),
DeBoucherville,	McKindsey,	Smith,
Girard,	McMillan,	Snowball,
Kaulbach,	Macdonald (B.C.),	Tassé.—23.
McCallum,		

The Bill from the House of Commons (No. 82) "An Act respecting the Baie des Chaleurs Railway Company," is further read and considered.

The petitioners do not appear either personally or by counsel.

Walter Barwick, Esquire, Barrister-at-law, appears of Counsel for the opposants.

The Hon. François Langelier, Q.C., appears of Counsel for the Government of the Province of Quebec.

The Chairman laid before the Committee the following letters and telegrams sent and received :

THE SENATE, OTTAWA, 7th August, 1891.

To the Honourable PIERRE GARNEAU,
Commissioner of Public Works,
Quebec.

A summons has been sent to-day for you to appear before the Senate Railway Committee at ten o'clock, Monday morning next. Documents you are required to produce are mentioned therein.

(Signed) A. VIDAL,
Chairman Senate Railway Committee.

The above telegram was sent on Friday, 7th August, at 8.45 p.m., and a telegram in the same words at the same time to :—

Ernest Pacaud, *L'Electeur*, Quebec.

Gustave Grenier, Clerk of the Executive Council, Quebec.

Angus Thom, No. 2 Overdale Avenue, Montreal.

C

THE SENATE, OTTAWA, 10th August, 1891.

To the Honourable
The Speaker of the Senate.

SIR.—I have the honour to state that in obedience to your instructions, viz., that I should proceed to Montreal, either in person or by my deputy with a view of serving one C. N. Armstrong of that city a summons to appear at ten o'clock on the morning of the 10th inst., before the Select Committee of the Senate on Railways, Telegraphs and Harbours, to give evidence in the matter of the Baie des Chaleurs Railway Company, I appointed Mr. D. O'Leary my deputy for that purpose, who

proceeded to Montreal at the earliest opportunity, and upon his return he reported to me that notwithstanding his earnest efforts to discover the whereabouts of the said Armstrong, he was unable to find him, and for that reason the said summons has not been served.

I have the honour to be, Sir,
Your most obedient servant,

R. EDWARD KIMBER,
Gentleman Usher of the Black Rod.

D

THE BAIE DES CHALEURS RAILWAY COMPANY.

" MONTREAL, 8th August, 1891.

" SIR,—I am directed by the Board of this company to inform you that they have decided to take no part in the proceedings pending before your Committee in connection with their Bill.

"In view of the circumstances of the case and their application to withdraw owing to the expense and loss of time which this enquiry would involve them in, they do not feel justified in appearing by Counsel or unnecessarily prolonging the investigation.

" I have the honour to be, Sir,
" Your obedient servant,

A. M. THOM,
Secretary-Treasurer.

Hon. A. VIDAL,
Chairman Senate Railway Committee,
Ottawa.

E

MONTREAL, 8th August, 1891.

MY DEAR SIR.—When Mr. Barwick stated his intention of examining me for the prosecution I then desired to say that I had made arrangements to leave town next week, and in consequence to request the Committee to examine me then, but was prevented from doing so by the Honourable Mr. Miller. It being uncertain how long my examination may be deferred and my company having decided to take no part in this proceeding, I have come to the conclusion to follow my original intention, and go to the seaside; but will have pleasure in returning to suit the convenience of the Committee, upon receiving reasonable notice. My address will be "Old Orchard House, Maine." I regret that in my quality of *locum tenens* of the party put upon trial, I was not permitted to make this explanation in your presence and save any further trouble.

Thanking you for your personal courtesy in connection with this matter.

I am, yours very truly,
M. S. LONERGAN.

The Honourable A. VIDAL,
Chairman, the Senate,
Ottawa.

F

QUEBEC, 8th August, 1891.

(From Quebec, Que.)
To Hon. Mr. VIDAL,
Chairman, Senate.

Cannot be in Ottawa Monday morning, as list of documents announced in your telegram of yesterday has not been received.

GUSTAVE GRENIER.

G

DALHOUSIE, N.S., 9th August, 1891.

(From Inch Arran.)
To Senator VIDAL,
Chairman Railway Committee.

Will appear before your Committee on Wednesday morning.

C. N. ARMSTRONG.

H

AUGUST 10th, 1891.

(From Pointe au Pic, Que.)
To Hon. A. VIDAL,
Chairman, Senate.

Telegram transmitted from Quebec informs me summons sent requesting me to appear before Committee Wednesday morning. Summons not received here. However, my state of health does not allow me to go to Ottawa at present. Will send doctor's certificate if required.

P. GARNEAU.

I

10th August, 1891.

From Montreal, Que.,
To Hon. A. VIDAL.

Message for Mr. Thom received; he is out of town, but will be here Tuesday.

E. J. SIMPSON.

COUNSEL for the opposants moves that an order of the Committee do issue to the following witnesses to attend upon the days respectively mentioned opposite the name of each witness and to remain in attendance from day to day until discharged, namely:—

Ernest Pacaud, of the City of Quebec, editor of *L'Electeur* newspaper—Wednesday, the 12th August instant.

Gustave Grenier, Clerk of the Executive Council of the Province of Quebec. Wednesday 12th August instant.

Angus Thom, of the City of Montreal, Secretary of the Baie des Chaleurs Railway Company—Wednesday, the 12th August instant.

M. S. Lonergan, of the City of Montreal, Advocate, Director of the Baie des Chaleurs Railway Company—Wednesday, the 12th August instant.

A. Gaboury, of the City of Quebec, President of La Banque Nationale—Thursday, the 13th August instant.

P. Lafrance, of the City of Quebec, Cashier of La Banque Nationale—Thursday, the 13th August instant.

E. E. Webb, of the City of Quebec, Manager of the Union Bank of Canada—Thursday, the 13th August instant.

P. B. Dumoulin, of the City of Quebec, Manager of La Banque du Peuple—Thursday, the 13th August instant.

J. Chrysostome Langelier, of the City of Quebec, Advocate and Deputy Registrar—Thursday, the 13th August instant.

H. T. Machin, of the City of Quebec, Assistant Treasurer of the Province of Quebec—Thursday, the 13th August instant.

The Honourable Pierre Garneau, of the City of Quebec, Commissioner of Public Works of the province of Quebec—Friday, the 14th August instant.

A. P. Bradley, of the City of Ottawa, Secretary of the Department of Railways Canals—Thursday, the 13th instant.

On motion of the Hon. Mr. POWER it was

Resolved, That any order which Counsel may require to be inserted in the summonses for the said witnesses may be made by the Clerk of this Committee.

Ordered, That the said witnesses be also communicated with by telegrams, informing them that their presence is required before the Committee, and that the said telegrams be repeated by the telegraph company.

Ordered, That a telegram be sent to Mr. Charles N. Armstrong, at the Inch Arran Hotel, Dalhousie, New Brunswick, informing him that the Committee will meet on Wednesday next at 10 a.m., and that he is required to be present, and that the said telegram be repeated by the telegraph company.

On motion of the Hon. Mr. MILLER it was

Resolved, That the Clerk of Committees be empowered to send messengers of the Senate, or such other proper persons as he may select to serve the summonses on witnesses to appear before the Committee.

On motion of the Hon. Mr. MILLER,

Ordered, That the Clerk of the Senate do furnish the necessary funds from time to time for the expenses of such person or persons as may be appointed by the Clerk of Committees to serve summonses upon witnesses required to attend and give evidence before the Committee in the matter of the Bill intituled: "An Act respecting the Baie des Chaleurs Railway Company."

On motion of the Hon. Mr. Miller the Committee adjourned until to-morrow the 11th instant, at 10 o'clock in the forenoon.

Attest,

J. G. AYLWIN CREIGHTON,
Law Clerk of the Senate and Clerk of Committees.

MINUTES OF THE SELECT COMMITTEE OF THE SENATE ON RAILWAYS, TELEGRAPHS AND HARBOURS.

THE SENATE, COMMITTEE ROOM No. 8,

TUESDAY, 11th August, 1891.

Pursuant to adjournment and notice the Committee met this day at 10 o'clock in the forenoon.

Present: The Honourable Messieurs Mr. Vidal, Chairman, Almon, Bellerose, deBoucherville, Boulton, Clemow, Kaulbach, McCallum, McKay, McKindsey, McMillan, Macdonald (B.C.), MacInnes (Burlington), Montgomery, Miller, O'Donohoe, Ogilvie, Perley, Read (Quinté), Stevens, Snowball, Tassé.—23.

The Bill from the House of Commons (No. 82) "An Act respecting the Baie des Chaleurs Railway Company," was further read and considered.

The Chairman laid before the Committee the following telegrams sent and received:—

J

THE SENATE,

OTTAWA, 10th August, 1891.

By order of the Senate Railway Committee made to-day, you are required to attend before them on Thursday morning the thirteenth instant at ten o'clock, to testify in the matter of the Baie des Chaleurs Railway Company's Bill, and to attend till discharged. Documents you are required to produce are mentioned in summons.

A. VIDAL,

Chairman of the Senate Railway Committee.

Copies of the above sent to:—

E. E. Webb, Manager of the Union Bank, Quebec.
A. Gaboury, Manager of La Banque Nationale, Quebec.
P. Lafrance, Cashier of La Banque Nationale, Quebec.
P. B. Dumoulin, Manager of La Banque du Peuple, Quebec.

J 2

Copy addressed to each of the following persons (see below):—

THE SENATE,

OTTAWA, 10th August, 1891.

By order of the Senate Railway Committee made to-day, you are required to attend before them on Wednesday morning the twelfth instant at ten o'clock, to testify in the matter of the Baie des Chaleurs Railway Company's Bill, and to attend till discharged. Documents you are required to produce are mentioned in summons.

A. VIDAL,

Chairman of the Senate Railway Committee.

Copies of the above sent to:—

Ernest Pacaud, *L'Electeur*, Quebec, 1.15 p.m., 10th Aug., 1891.
Gustave Grenier, Clerk of the Executive Council, Quebec, 1.15 p.m., 10th Aug., 1891.
Angus Thom, No. 2, Overdale Avenue, Montreal, 1.15 p.m., 10th Aug., 1891.
M. S. Lonergan, Advocate, New York Life Building, Montreal; and also to Old Orchard House, Orchard Beach, Maine, 1.15 p.m., 10th Aug., 1891.
And to Webb, Gaboury, Lafrance and Dumoulin for Thursday, 13th.

J 3

THE SENATE,

OTTAWA, 10th August, 1891.

To the Honourable P. GARNEAU,

Point au Pic, Murray Bay, P.Q.

Your telegram was received and laid before the Senate Railway Committee. By order of the Committee made to-day, you are to appear before them on Friday morning at ten o'clock, and to attend till discharged. Documents you are required to produce are mentioned in summons.

A. VIDAL,

Chairman Senate Railway Committee.

J 4

10th August, 1891.

From MONTREAL, QUE.,
To MGR., Ottawa.

Yours to-day C. N. Armstrong, signed Vidal, delivered at Armstrong's office, 2 p.m., and signed for by L. Armstrong; see reply just sent.
MONTREAL, QUE., 10.

K

From MONTREAL, QUE.,
10th August, 1891.

To A. VIDAL,

Chairman of the Senate Railway Committee.

C. N. Armstrong out of town. Will be in Ottawa Wednesday morning without fail.

LOUIS ARMSTRONG.

L

From QUEBEC, QUE.,
10th August,

To Hon. Mr. VIDAL,

Chairman, Ry., Com., Ottawa.

Mr. Pacaud had left town when message was received.

L'ELECTEUR.

M

10th August, 1891.

To Ottawa.

Yours date, Lonergan, signed Vidal, is undelivered, Lonergan is at Old Orchard Beach, Me.

To Montréal, file on.

N

To OTTAWA,
10th August, 1891.

Yours date, Webb, Lafrance and Dumoulin, signed Vidal, all delivered personally. Time 9.45, 10.05 and 9.25 p.m. respectively.
Quebec 10.

To OTTAWA,
10th August, 1891.

Yours date, Thom, signed Vidal, undelivered. Angus Thom at Valois.
Montreal 10.

O

August 10th, 1891.

From Quebec

To HON. A. VIDAL, Senator.

Hon. P. Garneau is at Murray Bay your letter requesting him to appear as witness delivered only this morning, will forward it to him by to-day's mail.

S. LESAGE.

The further consideration of the said bill was postponed until to-morrow.

The Bill from the House of Commons (No. 120) "An Act respecting the Salisbury and Harvey Railway Company" was further read and considered.

Claused 3 amended.

Remaining clauses adopted.

Resolved, to report the said bill as amended.

The Committee adjourned until to-morrow, Wednesday the 12th instant, at ten o'clock in the forenoon.

Attest.

J. G. AYLWIN CREIGHTON,

Law Clerk of the Senate and Clerk of Committees.

MINUTES OF THE SELECT COMMITTEE OF THE SENATE ON RAILWAYS,
TELEGRAPHS AND HARBOURS.

THE SENATE, COMMITTEE ROOM No 8,
WEDNESDAY, 12th August, 1891.

Pursuant to adjournment and notice the Committee met this day, at 10 o'clock in the forenoon.

Present, the Honourable Messrs. Vidal (Chairman), Allan, Almon, Bellerose, de Boucherville, Boulton, Carling, Clemow, Girard, Kaulbach, McCallum, McClelan, McDonald (C.B.), McInnes (B.C.), McKay, McKindsey, McMillan, Macdonald (B.C.), MacInnes (*Burlington*), Montgomery, Miller, O'Donohoe, Ogilvie, Perley, Power, Price, Robitaille, Smith, Snowball, Stevens, Tassé—31.

The Bill from the House of Commons (No. 82), intituled "An Act respecting the Baie des Chaleurs Railway Company," was further read and considered.

WALTER BARWICK, Barrister at Law, appears of counsel for the opposants.

The Honourable FRANÇOIS LANGELIER appears of counsel for the Government of the Province of Quebec.

The CHAIRMAN laid before the Committee the following telegrams:—

P

From Quebec

To A. VIDAL,

Chairman of the Senate Railway Committee, Ottawa.

August 12th, 1891.

Have your telegram tenth am ready to comply with request but have not received summons mentioning documents required.

E. WEBB,

Cashier Union Bank of Canada.

Q

From Quebec

To Hon. A. VIDAL, Chairman the Senate Railway Committee.

August 11th, 1891.

I have not yet received summons you refer to in your telegram of yesterday and cannot be in Ottawa to-morrow morning not knowing what documents I have to produce.

P. B. DUMOULIN,

Manager.

R

From Quebec

August 11th, 1891.

To HON. A. VIDAL, Chairman Senate.

Telegram received President and Cashier cannot possibly attend at same time please say whom you want first—answer.

P. LAFRANCE,
Cashier.

S

THE SENATE, OTTAWA, 11th August, 1891.

To P. LAFRANCE, Cashier La Banque Nationale, Quebec.

Your telegram received, Mr. Gaboury is wanted first on Thursday morning. He had better bring a clerk with him to explain entries in Books. You will remain subject to summons until notified when to come.

A. VIDAL,
Chairman Senate Railway Committee.

On motion of the Honourable MR. TASSÉ, it was

Resolved, That a report be made to the Senate recommending that the minutes of proceedings and the evidence taken before this Committee be printed from day to day for the use of Senators and members of Parliament, and that sufficient copies for such use, not exceeding five hundred thereof, be printed daily.

Ordered, That all the witnesses except Charles N. Armstrong do withdraw from the Committee Room.

CHARLES N. ARMSTRONG, of the City of Montreal, in the Province of Quebec, contractor, is duly sworn and examined, and his evidence taken down by the shorthand writers.

During the examination of Charles N. Armstrong he is asked the following questions by Counsel for the Opposants, and makes answer thereto as follows:—

“ *Question*. Do you remember an Order in Council forfeiting the charter of the “ Baie des Chaleurs Railway Company under that Act ?

“ *Answer*. No, sir.

“ *Question*. Have you any copies of these Orders in Council ?

“ *Answer*. No.

“ *Question*. Have you seen them ?

“ *Answer*. No, sir.

“ *Question*. Have you heard how many Orders in Council ?

To which Counsel for the Government of the Province of Quebec objects on the ground that the Government of the Province of Quebec is responsible to the Legislature of that Province only, and not to the Parliament of Canada. He also objects to any evidence being gone into which may have for its object to prove anything done officially by the Government of the Province of Quebec.

The CHAIRMAN rules that in the matter at issue between the parties before the Committee as to a railway bill, Counsel for the Opposants is entitled to obtain information as to the relations between the contractor, the sub-contractor and the railway company, and that the questions as such may be properly asked.

Counsel for the Government of the Province of Quebec objects not to that particular question alone, but to any question trying to investigate the official acts of the Government of the Province of Quebec.

During the examination of the said Charles N. Armstrong certain papers and documents were produced and fyled, and were marked as Exhibits Nos. 3, 4, 5 and 6 respectively.

The said Charles N. Armstrong refuses to answer several questions put to him by Counsel for Opposants, and persists in his refusal to answer.

On motion of the Hon. Mr. Miller the Committee adjourned until to-morrow, Thursday, the 13th August, at 10 o'clock in the forenoon.

Attest.

J. G. AYLWIN CREIGHTON,
*Law Clerk of the Senate,
Clerk of Committee.*

EXTRACT FROM MINUTES OF PROCEEDINGS OF THE SENATE OF CANADA.

OTTAWA, Wednesday, 12th August, 1891.

The Honorable Mr. Vidal, from the Committee on Railways, Telegraphs and Harbours, to whom was referred the Bill (82) intituled: "An Act respecting the Baie des Chaleurs Railway Company," presented their Third Report, as follows:—

THE SENATE,
COMMITTEE ROOM No. 8,
WEDNESDAY, 12th August, 1891.

The Select Committee on Railways, Telegraphs and Harbours, to whom, by order of your Honorable House made on Wednesday, the twenty-ninth day of July last, was referred the Bill from the House of Commons (No. 82) intituled "An Act respecting the Baie des Chaleurs Railway Company," and who, by order of your Honourable House made on Thursday, the sixth day of August instant, were empowered to send for such persons, papers and records as may from time to time be required by the said Committee for the purpose of affording evidence under oath, as to any matter arising out of the examination by the said Committee on the said Bill, beg leave to make their Third Report with regard to the said Bill, as follows:—

Your Committee recommend that the Minutes of their proceedings and the Evidence taken on oath before them be printed from day to day for the use of Senators and Members of the House of Commons, and that a sufficient number of copies thereof not to exceed five hundred be furnished daily for such use.

All which is respectfully submitted.

A. VIDAL,
Chairman.

On motion of the Honourable Mr. Vidal, seconded by the Honourable Mr. MacInnes (Burlington), it was

Ordered, That the said Report be adopted.

MINUTES OF THE SELECT COMMITTEE OF THE SENATE ON RAILWAYS, TELEGRAPHS AND HARBOURS.

THE SENATE,
COMMITTEE ROOM No. 8,
THURSDAY, 13th August, 1891.

Pursuant to adjournment and notice the Committee met this day at ten o'clock in the forenoon.

Present: The Hon. Messrs. Vidal, (Chairman), Abbott, Allan, Almon, Bellerose, Boulton, Clemow, Girard, Kaulbach, McClelan, McDonald (C.B.), McInnes (B.C.), McKay, McKindsey, McMillan, MacDonald (B.C.), MacInnes (Burlington), Miller, Murphy, O'Donohoe, Ogilvie, Perley, Power, Robitaille, Read (Quinté), Smith, Snowball, Tassé.—30.

WALTER BARWICK, Esq., Barrister at Law, appears of Counsel for the Opposants.

The Hon. FRANÇOIS LANGELIER, Q.C., appears of Counsel for the Government of the Province of Quebec.

The Chairman lays before the Committee the following telegram received by him :—

Telegram.

The Great North Western Telegraph Company of Canada.
No. 116.

HON. A. VIDAL,
Chairman Senate.

Aug. 12, 1891.

From Old Orchard House, Me :—

Telegram just received. Summons specifying documents will not reach me in time for first train must then stop in Montreal for those papers and it will be thus impossible to appear before Committee this week—can appear with papers Monday morning will follow your instructions.

M. S. LONERGAN.

Ordered, that a telegram be sent to Mr. Lonergan instructing him to attend on Monday, and informing him that the list of documents required to be produced by him will be sent to his office in Montreal to-day.

A. P. BRADLEY Esq., of the city of Ottawa, secretary of the Department of Railways and Canals, is duly sworn and examined upon oath.

During the examination of the said witness certain documents are produced and filed as Exhibits No. 7, No. 8, No. 9, No. 10, No. 11, and No. 12.

DANIEL O'LEARY, of the city of Ottawa, inspector of Dominion Police, is duly sworn and examined.

WILLIAM JACKSON, of the city of Ottawa, constable of the Dominion Police, is duly sworn and examined.

AUGUSTE GABOURY, of the city of Quebec, president of La Banque Nationale, is duly sworn and examined.

During the evidence of said witness certain documents and papers were produced and filed and marked as Exhibits No. 13, No. 14, No. 15, No. 15a, No. 15b, No. 15c, No. 15d, No. 15e, No. 16, No. 17, No. 18, No. 19, No. 20, and No. 21.

On motion of the HONOURABLE MR. OGILVIE, it was

Resolved, That after evidence is taken it shall be read over to the witness and he shall have an opportunity of correcting it, and it shall be considered sufficient without necessity for the evidence being signed by the witness.

JACQUES EMILE HUOT, of the city of Quebec, accountant of La Banque Nationale, is duly sworn and examined.

Ordered, That Mr. Jacques Emile Huot be discharged from further attendance before this committee.

E. E. WEBB, of the city of Quebec, manager of the Union Bank of Canada, and P. B. DUMOULIN of the city of Quebec, manager of La Banque du Peuple, are called as witnesses, but do not appear.

Ordered, That the evidence shall be read over to the witnesses in presence of the chairman.

CHARLES N. ARMSTRONG, of the city of Montreal, in the Province of Quebec, is further examined upon oath.

The said C. N. ARMSTRONG persists in his refusal to answer the questions put to him by counsel for the Opposants, which he yesterday refused to answer.

Ordered, That the said C. N. Armstrong remain in attendance upon the committee.

Ordered, That the said C. N. Armstrong be recalled.

The said C. N. Armstrong is recalled.

Ordered. That the said C. N. Armstrong do answer the above mentioned questions.

The witness persists in his refusal to answer, on the ground that the questions asked relate to his own private affairs, into which the Committee have no right to examine.

On motion of HONOURABLE MR. MILLER, it was

Resolved, That the Committee is of opinion that Mr. Armstrong should answer all the questions put to him yesterday and to-day, which he has refused to answer, and that his refusal should be reported to the Senate.

On motion of the HONOURABLE MR. MILLER, it was

Resolved, That the Chairman prepare a draft of a report to be made to the Senate with respect to the refusal of C. N. Armstrong to answer the questions put to him yesterday and to-day, and submit the same to the Committee at its next meeting.

Counsel for the Opposants desires that the failure of the Hon. Pierre Garneau to appear before the Committee be reported to the Senate.

On motion of HONOURABLE MR. TASSÉ, it was

Resolved, on division, that an officer be despatched at once with a summons for HONOURABLE MR. GARNEAU, to be served personally.

Mr. Carroll, M.P., is heard to deny certain statements alleged by him to be in newspaper reports of yesterday's proceedings of the Committee and offers to submit himself to examination under oath.

Ordered, That summons be issued for such witnesses as may be named in a list to be submitted by counsel for the Opposants.

The Committee then adjourned until to-morrow, Friday the 14th inst., at 10 o'clock in the forenoon.

Attest

J. G. AYLWIN CREIGHTON.

Law Clerk of the Senate, Clerk of the Committee.

THE SENATE, COMMITTEE ROOM No. 8,
Friday, 14th August, 1891.

Pursuant to adjournment and notice, the Committee met this day at ten o'clock in the forenoon.

Present: The Honourable Messrs. Vidal (Chairman); Abbott, Almon, Bellerose, De Boucherville, Boulton, Clemow, Girard, Kaulbach, McCallum, Macdonald (B.C.), McInnes (B.C.), McKay, McKindsey, McMillan, McDonald (C.B.), MacInnes (Burlington), Montgomery, Miller, Murphy, O'Donohoe, Ogilvie, Perley, Power, Robitaille, Read (Quinté), Smith, Snowball and Tassé.—28.

The Bill from the House of Commons (No. 82) intituled "An Act respecting the Baie des Chaleurs Railway Company" was further considered.

WALTER BARWICK, Esquire, barrister at law, appears of Counsel for the Opposants.

The Honourable FRANÇOIS LANGELIER, Q.C., appears of Counsel for the Government of the Province of Quebec.

Resolved,—That the stenographers shall be sworn before taking down the evidence of witnesses.

The Chairman reads the following telegrams sent and received:—

Telegram.

THE SENATE, OTTAWA, 12th August, 1891.

To M. S. LONERGAN,

Old Orchard House,

Orchard Beach, Maine.

New York Life Building, 11 Place d'Armes, Montreal.

In reply to yours of yesterday I am instructed to inform you to attend on Monday next. The list of documents required has been sent to-day, addressed to you at your office in Montreal, with instructions to keep it till your arrival.

A. VIDAL,

Chairman Senate Railway Committee.

Telegram.

THE SENATE, OTTAWA, 13th August, 1891.

To the Postmaster,

Pointe au Pic, Murray Bay, P.Q.

Has Honourable Mr. Garneau received letter posted and registered at the Senate, Ottawa, on 11th August. If so, please send by registered letter a certified copy of his receipt for it. Telegraph your reply at once.

A. VIDAL,

Chairman Senate Railway Committee.

X.

Telegram.

August 13th, 1891.

To A. VIDAL, Chairman, The Senate, from Pointe au Pic, Que.

Hon. Garneau a signé et retiré une lettre aujourd'hui venant d'Ottawa passant par Québec.

HUBERT WARREN,

Maître de poste.

Y.

Telegram.

13th August, 1891.

Hon. A. VIDAL, Senate Railway Committee, from Pointe au Pic, Que.

Since sending my first telegram I am informed my colleagues are of opinion we are responsible to the Legislature only, therefore I respectfully decline to appear.

P. G.

Z.

Telegram.

THE SENATE,

OTTAWA, 13th August, 1891.

To D. O'LEARY, Inspector of Dominion Police.

Passenger on C. P. R. train Montreal to Quebec.

Passenger on G. T. R. train Montreal to Quebec.

Passenger on Steamer from Quebec to Murray Bay.

Do not serve any summons on Honourable Mr. Garneau either at Quebec or Pointe au Pic. Leave your man to serve the other summonses in Quebec. Return yourself as soon as possible. Wire me when you get this, when you will get back. You are wanted here to-morrow noon if possible.

A. VIDAL,
Chairman Senate Railway Committee.

A 1.

14th August, 1891.

Hon. A. VIDAL, Chairman. From Richmond, Que.

Your message received, will be there to-day at noon.

D. O'LEARY.

Counsel for the Government of the Province of Quebec reads a letter received by him from the Honourable Pierre Garneau, and enclosing a medical certificate, also, a telegram received by said Counsel from the Honourable Mr. Garneau on the 13th of August instant.

Translation.

Copy of the telegram which I received yesterday, the 13th instant.

Hon. A. VIDAL,
Chairman Senate Railway Committee,
Ottawa.

Since sending my first telegram I am informed my colleagues are of opinion we are responsible to the Legislature only therefore I respectfully decline to appear.

P. GARNEAU,
Cpm. Public Works, P. Q.

MEDICAL CERTIFICATE.

Translation.

QUEBEC, 10th August, 1891.

The Hon. P. GARNEAU,
Minister of Public Works.

HON. SIR,—Your son has just told me that you are obliged to go to Ottawa on business. Being your doctor I believe it my duty to tell you that I cannot advise this journey for you at this period of the year; for you know that the two last times you were there, you returned ill; you will therefore allow me in this season of excessive heat to tell you that I am of opinion that you would do better to remain at Murray Bay, if you do not wish to risk your health.

I remain, with respect, Honourable, Sir,
Your most obedient,

(Sgd.) A. C. HAMEL, *M.D.L.*

The HONOURABLE P. GARNEAU,
Murray Bay.

CHARLES N. ARMSTRONG, of the City of Montreal, Province of Quebec, contractor, is called and is informed that if he desires to say anything further as to his refusal to answer the questions which he yesterday refused to answer, he will now be afforded an opportunity of doing so.

The witness states that he has nothing further to say.

The Chairman submits a draft report to be presented to the Senate in the matter of the said Charles N. Armstrong's refusal to answer.

On motion of Hon. Mr. Miller, it was,
Resolved, That the said draft be adopted and presented as the report of this Committee.

A. J. MCGURN, shorthand writer, is duly sworn to take down and transcribe the evidence given by witnesses.

PHILIPPE B. DUMOULIN, of the City of Quebec in the Province of Quebec, manager of La Banque du Peuple, is duly sworn and examined.

In the course of the examination of this witness certain papers and documents are produced and fyled and are marked as Exhibits Nos. 22, 23, 24, 25, 26, 27, respectively.

The witness states that he has not brought with him certain books of La Banque du Peuple which by his summons he was required to produce.

The HONOURABLE MR. MILLER moved:—That the witness be ordered to produce the Registers, Deposit Registers and Note Diaries of La Banque du Peuple as soon as possible.

After discussion the said motion is withdrawn by leave of the Committee, on the undertaking by the witness that Counsel for the Opposants, his book-keeper, and Mr. Cockburn, M. P., shall have free access to the Books of La Banque du Peuple and be furnished with certified copies of all such extracts therein as he may desire to have.

A. C. CAMPBELL, shorthand writer, is duly sworn to take down and transcribe the evidence given by witnesses.

Mr. J. B. DUMOULIN is permitted to return home, and is ordered to be in attendance when required.

ELLIOTT E. WEBB, of the City of Quebec, in the Province of Quebec, cashier of the Union Bank of Canada, is duly sworn and examined.

During the examination of this witness certain papers and documents are produced and fyled, and are marked as Exhibits 28a, 28b, 28c, 28d and 28e, 29, 30, 31, 32, 33, 34, 35.

The witness being asked a certain question about the reasons why the Union Bank of Canada declined to discount certain letters of credit, asks whether he is required to disclose information about the dealings of the bank with its customers and submits himself to the order of the Committee.

Ordered, That the witness shall answer the question.

The Committee then adjourned until eight o'clock this evening.

Attested. J. G. AYLWIN CREIGHTON,
Law Clerk of the Senate and Clerk of Committees.

EXTRACT FROM MINUTES OF PROCEEDINGS OF THE SENATE
 OF CANADA, FRIDAY, 14TH AUGUST, 1891.

The Honourable Mr. Vidal, from the Committee on Railways, Telegraphs and Harbours, to whom was referred the Bill (82) intituled: "An Act respecting the Baie des Chaleurs Railway Company," presented their Fourth Report, as follows:—

THE SENATE,
 COMMITTEE ROOM No. 8,
 FRIDAY, 14th August, 1891.

The Select Committee on Railways, Telegraphs and Harbours, to whom, by Order of your Honourable House made on Wednesday, the 29th day of July last, was

referred the Bill from the House of Commons (No. 82) intituled: "An Act respecting the Baie des Chaleurs Railway Company," and who, by Order of your Honourable House made on Thursday, the 6th day of August instant, were empowered to send for such persons, papers and records as may from time to time be required by your Committee for the purpose of affording evidence under oath, as to any matter arising out of the examination by your Committee of the said Bill, beg leave to make their Fourth Report with regard to the said Bill, as follows:—

That the Ontario Bank and the Eastern Townships Bank, as creditors of the insolvent Estate of Henry Macfarlane, a Contractor having a privileged lien upon the railway of the said Baie des Chaleurs Railway Company, and the Curators appointed to the said Estate, have appeared before your Committee by their Counsel, Walter Barwick, Esquire, Barrister-at-law, and have opposed the passage of the said Bill without some amendment to the eighth clause thereof, relating to the powers of the Company to issue bonds, in order to prevent the impairment of their rights.

That in the course of the examination by your Committee into this matter the said Counsel stated that he was able to prove and would prove that out of certain moneys amounting to \$280,000, authorized to be paid to the Company on account of the subsidies granted by the Province of Quebec in consideration of the construction, completion and operation of the Baie des Chaleurs Railway, a sum of money amounting to \$175,000 had been improperly retained and improperly applied to purposes other than the construction, completion or operation of the said railway, and having no connection therewith; that such retention and improper application of these moneys was known to and acquiesced in by the present directors of the Company; that such retention was effected by the intermediation of one Charles N. Armstrong, a Contractor for building a certain portion of the railway who nominally received the said sum of \$175,000; that the security in respect of the said lien and the amount secured thereby has already been impaired by such retention and improper application of the said sum; and that it would not be just or proper to entrust further power of issuing bonds to the Company, and especially to the present directors thereof, without some express provision for the protection of the rights of the said Estate and the said creditors thereof. These charges were denied by the promoters of the Bill and by their Counsel.

That your Committee being of opinion that the determination of the truth of these statements made by Counsel for the opposants is material, not only to the question whether the eighth clause of the Bill should be amended in order to preserve the rights of the said Estate and of the creditors thereof, but also to the question whether other clauses of the Bill should be adopted, especially the first-class thereof, which declares the Baie des Chaleurs Railway to be a work for the general advantage of Canada, have inquired and are inquiring further into the truth of the said statements.

In the course of the inquiry now pending the aforesaid Charles N. Armstrong, of the City of Montreal, Contractor, appeared as witness before your Committee, and was examined upon oath.

During his examination on the 12th of August instant, the witness was repeatedly asked to explain details of the payment of certain sums of money which were, as he stated, paid to him at Quebec by cheques to the total amount of \$175,000, in settlement of his account against the Baie des Chaleurs Railway Company, and to explain what disposition he had made of the said cheques or of the proceeds thereof. These questions he declined to answer, alleging as his reasons that the questions are regarding matters which he considers have no bearing upon the subject of inquiry, and that the Committee have no right to inquire into what disposition he has made of his own money.

The witness was further examined upon oath before your Committee on the 13th August instant, and stated that he persisted in his refusal to answer the questions put to him upon the preceding day, giving as his reasons that he was not in any way obliged to give Your Committee information relating to his own personal affairs. And

being thereupon ordered by your Committee to answer, he persisted further in his refusal.

The testimony of the witness will appear more in detail by the Exhibits hereto annexed, "A" and "B," being the Minutes of the Proceedings of your Committee and the short-hand writer's notes of the evidence.

Your Committee being of the opinion that the questions should be answered, report the refusal of the said Charles N. Armstrong to comply with the Order of your Committee in these particulars, and request the action of the Senate thereon.

All which is respectfully submitted.

A. VIDAL,
Chairman.

On motion of the Honourable Mr. Vidal, seconded by the Honourable Mr. MacInnes (Burlington), it was

Ordered, That the said Report be adopted.

On motion of the Honourable Mr. Miller, seconded by the Honourable Mr. Read (Quinté), it was

Ordered, That Charles N. Armstrong, of the City of Montreal, Contractor, the witness named in the Fourth Report of the Select Committee on Railways, Telegraphs and Harbours, do attend at the Bar of the Senate forthwith.

Then, C. N. Armstrong being conducted to the Bar, His Honour the Speaker said: "The Senate has decided that you do appear at the Bar of this House and answer the questions which were put to you before the Committee. A remark has been made that after this decision you might be willing to answer those questions before the Committee, instead of at the Bar of the House. Have you anything to say or answer to give?"

Mr. ARMSTRONG.—"I am still of the same opinion that I should not be called upon to answer questions relating to matters of a personal nature; but after the resolution which has just been passed in this House, I will no longer refuse to answer the questions. I am prepared to answer them before the Committee, or here as the House may desire."

Then, on motion of the Honourable Mr. Miller, seconded by the Honourable Mr. Read (Quinté), it was

Ordered, That the said C. N. Armstrong be allowed to withdraw.

Then the said C. N. Armstrong withdrew.

MINUTES OF PROCEEDINGS OF THE SELECT COMMITTEE OF THE SENATE ON RAILWAYS TELEGRAPHS AND HARBOURS.

THE SENATE,

COMMITTEE ROOM No. 8,

FRIDAY, 14th August 1891, 8 p.m.

Pursuant to adjournment and notice, the Committee met again this day at 8 o'clock in the evening.

Present, the Honourable Messieurs:

Vidal, *Chairman*, Almon, DeBoucherville, Carling, Girard, Kaulbach, McCallum, McClelan, McDonald (C.B.), McInnes (B.C.), McKay, McKindsey, McMillan, Macdonald (B.C.), MacInnes (Burlington), Miller, Perley, Power, Read, Smith, Snowball, Tassé.—22.

The Bill from the House of Commons (No. 82) intituled "An Act respecting the Baie des Chaleurs Railway Company," was further considered.

Walter Barwick, Esquire, Barrister-at-law, appears of Counsel for the opposants.

The Petitioners do not appear either in person or by Counsel.

The Chairman reads the following letter received by him from the Honourable François Langelier, Q. C., Counsel for the Government of the Province of Quebec, en-

closing a copy of a telegram received by him from the Honourable Mr. Pierre Garneau :

HOUSE OF COMMONS,
14th August, 1891.

Honourable Mr. VIDAL,
Chairman Railway Committee Senate.

DEAR SIR,—I enclose a telegram I have just (2.15 P.M.) received from the Honourable P. Garneau. As you may see, he is too unwell to come up. My telegram to which he replies was to this effect: Unless you are unable to do so through illness, I believe you should come. When here if any question is put to you to elicit information obtained in your official capacity you may then object and decline to answer.

Yours respectfully,
F. LANGELIER.

P.S.—I would have communicated the telegram to the Committee myself, but am compelled to leave for Quebec where I am called for an Election case fixed for to-morrow.

(Sgd) F. L.

THE GREAT NORTH-WESTERN TELEGRAPH COMPANY OF CANADA.

(Telegram).

To Hon. F. LANGELIER, M. P. _____ 189__
From Point au Pic, Que., 14th August.

Not well enough to think of going to Ottawa.

(Sgd). P. GARNEAU.

E. E. Webb, of the City of Quebec, Manager of the Union Bank of Canada, is further examined upon oath.

On a division it was

Ordered, That Counsel for the Opposants, Mr. King, of the Ontario Bank, Montreal, and Mr. Cockburn, M.P., be allowed to inspect the books of the Quebec office of the Union Bank of Canada, so far as the accounts and transactions referred to in the evidence of Mr. E. Webb are concerned.

The witness is permitted to go to Quebec and is ordered to attend when required.

Charles N. Armstrong, of the City of Montreal, contractor, is called and is further examined upon oath.

The Chairman informs the Committee that he is obliged to leave for Sarnia this evening on urgent business.

On motion of the Honourable Mr. Miller, the Honourable Mr. Read (Quinté) is elected to be Chairman of the Committee until the return of the Honourable Mr. Vidal.

The Honourable Mr. Read (Quinté) takes the chair.

Charles N. Armstrong is ordered to remain in attendance until discharged.

On motion of the Honourable Mr. Miller, the Committee then adjourned until Tuesday, the 18th instant, at 10.30 in the forenoon.

Attest,

(Sgd). J. G. AYLWIN CREIGHTON,

Law Clerk of the Senate,
Clerk of Committees.

THE SENATE,
COMMITTEE ROOM No. 8,
TUESDAY, 18th August, 1891.

Pursuant to adjournment and notice, the Committee met this day at half past ten o'clock in the forenoon.

Present, the Honourable Messrs. Read (*Quinté*) (Acting-Chairman), Allan, Almon, Bellerose, DeBoucherville, Carling, Clemow, Girard, Kaulbach, McCallum, McClelan, McDonald (*Cape Breton*), McInnes (*British Columbia*), McKay, McKindsey, McMillan, Macdonald (*British Columbia*), MacInnes (*Burlington*), Montgomery, Miller, Murphy, O'Donohoe, Ogilvie, Perley, Power, Robitaille, Smith, Stevens, Snowball, Tassé.

Further consideration of the Bill from the House of Commons (No. 82): "An Act respecting the Baie des Chaleurs Railway Company," was postponed until next meeting of the Committee.

The Bill from the House of Commons (No. 136): "An Act to incorporate the Inverness and Victoria Railway and Mining Company," was read and considered.

Hector Cameron, Esquire, Q.C., is heard of Counsel for the promoters.

The Honourable Mr. Miller, seconded by the Honourable Mr. McDonald (*C.B.*), moved,

That the Chairman be instructed to report that this Committee find the preamble of the said Bill has not been proven, on the ground that the passage of the Bill would not be in the public interest, and would be an interference with the rights of the Inverness and Richmond Railway Company.

The Committee divided thereon as follows:—

YEAS—The Honourable Messrs. Allan, Carling, Clemow, Girard, Kaulbach, McDonald (*Cape Breton*), McKindsey, McMillan, Macdonald (*British Columbia*), MacInnes (*Burlington*), Miller, Murphy, Ogilvie, Perley, Read (*Quinté*), Smith—16.

NAYS—The Honourable Messrs. Almon, Bellerose, McCallum, McClelan, McInnes (*British Columbia*), Montgomery, O'Donohoe, Power, Robitaille, Stevens, Snowball—12.

So it passed in the affirmative, and was
Resolved accordingly.

The witnesses present in the matter of the Baie des Chaleurs Railway Company's Bill were ordered to remain in attendance until discharged.

The Committee then adjourned until to-morrow, Wednesday, 19th August, at 10 o'clock in the forenoon.

Attest

J. G. AYLWIN CREIGHTON,
Law Clerk of the Senate, Clerk of Committees.

THE SENATE,
COMMITTEE ROOM No. 8,
WEDNESDAY, 19th August, 1891.

Pursuant to adjournment and notice, the Committee met this day at ten o'clock in the forenoon.

Present, the Honourable Messrs. Vidal (Chairman), Abbott, Allan, Almon, Bellerose, deBoucherville, Boulton, Carling, Clemow, Girard, Kaulbach, McCallum, McDonald (*Cape Breton*), McInnes (*British Columbia*), McKay, McKindsey, McMillan, Macdonald (*British Columbia*), MacInnes (*Burlington*), Montgomery, Miller, Murphy, O'Donohoe, Ogilvie, Perley, Power, Robitaille, Read (*Quinté*), Smith, Sutherland, Snowball, Tassé.—32.

On motion of the Honourable Mr. Read (*Quinté*), it was,
Resolved, That the meeting of the Committee be held in Room "J."
The Committee accordingly removed to Room "J."

The Bill from the House of Commons (No. 82) entitled: "An Act respecting the Baie des Chaleurs Railway Company," was further considered.

Walter Barwick, Esq., Barrister-at-Law appears of Counsel for the Opposants.
The Honourable F. C. Langelier, Q.C., appears of Counsel for the Government of the Province of Quebec.

E. E. Webb, of the City of Quebec, in the Province of Quebec, Manager of the Union Bank of Canada, is recalled and further examined upon oath.

During the re-examination of this witness certain documents and papers were produced and filed, and were marked as Exhibits Nos. 36, 37, 38, respectively.

P. B. Dumoulin, of the City of Quebec, in the Province of Quebec, Manager of La Banque du Peuple, is recalled and further examined upon oath.

During the re-examination of this witness a certain document is produced and filed, and marked as Exhibit No. 39.

Pierre George Lafrance, of the City of Quebec, in the Province of Quebec, Cashier of La Banque Nationale, being duly sworn, is examined upon oath.

During the examination of this witness certain documents are produced and filed, and marked as Exhibits Nos. 40 and 41, respectively.

P. B. Dumoulin, of the City of Quebec, in the Province of Quebec, Manager of La Banque du Peuple, is re-called and further examined upon oath.

During the re-examination of this witness a certain document is produced and filed, and marked as Exhibit No. 42.

E. E. Webb, of the City of Quebec in the Province of Quebec, Manager of the Union Bank of Canada, is re-called and further examined upon oath.

During the re-examination of this witness a certain document is produced and filed, and marked as Exhibit No. 43.

Pierre George Lafrance, of the City of Quebec, in the Province of Quebec, is recalled and further examined upon oath.

During the re-examination of this witness a certain document is produced and filed, and marked as Exhibit No. 44.

On application of Counsel for the Opposants; it was

Ordered, That the witness, P. B. Dumoulin, Manager of La Banque du Peuple, do produce all papers and documents in his possession relating in any way to the Baie des Chaleurs Railway Company, or to the subject of the present investigation by this Committee.

The Committee then adjourned till to-morrow, Thursday, the 20th August, instant, at ten o'clock in the forenoon, the meeting to be held in Room No. 8.

Attest,

J. G. AYLWIN CREIGHTON,
Law Clerk of the Senate, Clerk of Committees

THE SENATE,
 COMMITTEE ROOM No. 8,
 THURSDAY, 20th August, 1891.

Pursuant to adjournment and notice, the Committee met this day at ten o'clock in the forenoon.

Present the Honourable Messrs. Vidal (Chairman), Allan, Almon, Bellerose, deBoucherville, Boulton, Carling, Clemow, Girard, Kaulbach, McCallum, McClelan, McDonald (*Cape Breton*), McInnes (*British Columbia*), McKay, McKindsey, McMillan, Macdonald (*British Columbia*), MacInnes (*Burlington*), Miller, Murphy, O'Donohoe, Ogilvie, Perley, Power, Robitaille, Read (*Quinté*), Smith, Stevens, Sutherland, Snowball, Tassé.—32.

The Bill from the House of Commons (No. 82) intituled: "An Act respecting the Baie des Chaleurs Railway Company," was further considered.

Walter Barwick, Esq., Barrister-at-Law, appears of Counsel for the Opposants.

The Honourable François Langelier, Q.C., appears of Counsel for the Government of the Province of Quebec. It was,

Ordered, That a telegram be sent to Mr. J. Chrysostome Langelier, a witness summoned to appear on Wednesday, the twenty-sixth instant, requesting him say whether he will appear on Tuesday, the twenty-fifth instant.

Philippe B. Dumoulin, of the City of Quebec, in the Province of Quebec, Manager of La Banque du Peuple, is re-called and further examined upon oath.

Louis Cyrille Marcoux, of the City of Quebec, in the Province of Quebec, Secretary-Treasurer of La Caisse d'Economie de Notre-Dame de Québec, being duly sworn is examined upon oath.

During the examination of this witness certain documents and papers are produced and fyled, and marked as Exhibits Nos. 45, 46, 47, 48 and 49 respectively.

Ordered, That Messrs. P. B. Dumoulin and L. C. Marcoux be discharged from further attendance before the Committee.

John J. Macdonald, of Rivière du Loup (*en bas*), in the Province of Quebec, Contractor, being duly sworn, is examined upon oath.

Ordered, That the witness, John J. Macdonald, be discharged from attendance on the Committee.

P. G. Lafrance, of the City of Quebec, in the Province of Quebec, Cashier of La Banque Nationale, is recalled and further examined upon oath.

During the examination of this witness certain documents and papers are produced and fyled, and are marked as Exhibits Nos. 50, 50a, 50b, 50c, 50d, 50e, 50f, 50g, 50h, 50i, 50j, 50k, 50l, 50m, 50n, 50o, 50p, 50q, 50r, 50s, 50t, respectively.

Auguste Edge, of the City of Quebec, in the Province of Quebec, Advocate, Private Secretary to Mr. Ernest Pacaud, of the said city, being duly sworn, is examined upon oath.

During the examination of this witness a certain document is produced and fyled, and is marked as Exhibit No. 51.

Ordered, That the witnesses, P. G. Lafrance and Auguste Edge, be discharged from attendance on the Committee.

The Committee then adjourned till to-morrow, Friday, the 21st August instant, at ten o'clock in the forenoon.

Attest,

J. G. AYLWIN CREIGHTON,
Law Clerk of the Senate, Clerk of Committees.

THE SENATE, COMMITTEE ROOM No. 8,
FRIDAY, 21st August, 1891.

Pursuant to adjournment and notice, the Committee met this day at ten o'clock in the forenoon.

Present: The Hon. Messrs. Vidal (Chairman), Almon, Bellerose, deBoucherville, Boulton, Carling, Clemow, Girard, Kaulbach, McCallum, McInnes (*British Columbia*) McKay, McKindsey, McMillan, Macdonald (*British Columbia*), MacInnes (*Burlington*), Miller, Murphy, O'Donohoe, Ogilvie, Perley, Power, Robitaille, Read (*Quinté*), Smith, Stevens, Tassé.

The Bill from the House of Commons (No. 82), intituled "An Act respecting the Baie des Chaleurs Railway Company," was further considered.

Walter Barwick, Esquire, Barrister-at-Law, appears of Counsel for the Opposants.

The Honourable François Langelier, Q.C., appears of Counsel for the Government of the Province of Quebec.

Counsel for the Opposants produces certain extracts from public documents of the Province of Quebec, which are filed and marked as Exhibits Nos. 56, 57, 58, 59, 60 and 61, respectively.

A. L. Light, of the City of Quebec, in the Province of Quebec, Civil Engineer, being duly sworn, is examined upon oath.

Charles N. Armstrong, of the City of Montreal, in the Province of Quebec, contractor, is recalled and further examined upon oath.

Ordered, That the original document filed as Exhibit No. 5 be returned to Mr. C. N. Armstrong, a true copy thereof to be retained by the Law Clerk.

On motion of the Honourable Mr. Miller, the Committee then adjourned till Tuesday, the 25th of August instant, at half past ten o'clock in the forenoon.

Attest.

J. G. AYLWIN CREIGHTON,
Law Clerk of the Senate, Clerk of Committees.

THE SENATE, COMMITTEE ROOM No. 8,
TUESDAY, 25th August, 1891.

Pursuant to adjournment and notice, the Committee met this day at half-past ten o'clock in the forenoon.

Present: The Hon. Messrs. Vidal (Chairman), Allan, Almon, Bellerose, de Boucherville, Boulton, Clemow, Girard, Kaulbach, McCallum, McClelan, McDonald, (*Cape Breton*), McInnes (*British Columbia*), McKay, McKindsey, McMillan, Macdonald (*British Columbia*), MacInnes (*Burlington*), Miller, Murphy, O'Donohoe, Ogilvie, Perley, Power, Robitaille, Read (*Quinté*), Smith, Sutherland, Snowball and Tassé.

The Bill from the House of Commons (No. 82) intituled "An Act respecting the Baie des Chaleurs Railway Company," was further considered.

The Petitioners do not appear.

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Walter Barwick, Esquire, Barrister-at-law, appears of Counsel for the Opposants.

The Honourable François Langelier, Q.C., appears of Counsel for the Government of the Province of Quebec.

Jean Chrysostome Langelier, of the City of Quebec, in the Province of Quebec, Advocate, Deputy-Registrar of the Province of Quebec, being duly sworn, is examined upon oath.

The witness declares that he wishes to give his evidence in the French language.

J. O. Marceau, of the City of Ottawa, is duly sworn to interpret the evidence given in French.

During the examination of this witness, certain documents are produced and fyled, and are marked as Exhibits Nos. 62, 63, 63a and 64 respectively.

During the cross-examination of this witness by Counsel for the Government of the Province of Quebec, a certain document is produced, purporting to be an affidavit by George A. Taylor, of Brockville, sworn to before J. C. Langelier, Justice of the Peace, at Quebec, the twenty-seventh day of January, A.D. 1891.

Counsel for the Opposants objects on the ground that the document is not evidence of its contents, and that the said Taylor should be produced as a witness.

Counsel for the Government of the Province of Quebec makes the following statements:—

That out of certain subsidies granted directly to the Baie des Chaleurs Railway Company by the Parliament of Canada the sum of \$118,000 has been embezzled by the said Company, of which the Honourable Théodore Robitaille, then and now a Senator of Canada, was President at the time of such embezzlement; that criminal proceedings had been threatened against the Company; that the Company have been obliged to pay the said sum under such threat of criminal proceedings; that the said statement as to the embezzlement of the said sum is borne out by statutory evidence, namely, by the document above mentioned; and that the charge so made by him is made from information he has that, if the said George Taylor and other persons mentioned by the said Counsel are summoned by the Committee, it will be proved by them that the sum of \$118,000 out of the subsidies so granted has been so embezzled.

On motion of the Honourable Mr. Bellerose, it was

Resolved, That the document be received as an indication of evidence to be given by George A. Taylor, the person purporting to have made the affidavit.

On motion of the Honourable Mr. McInnes (B.C.), it was

Resolved, That George A. Taylor, of Brockville, be summoned to give evidence before this Committee.

Counsel for the opposants submits certain statements prepared by him to show the transactions as to the letters of credit and promissory notes referred to in the evidence, and the same are fyled and marked as Exhibits 65a, 65b, 65c, 65d, 65e respectively.

George Ralph R. Cockburn, of the City of Toronto, in the Province of Ontario, a Member of the House of Commons of Canada, one of the directors of the Ontario Bank, is, at his own request, duly sworn and is heard to make a statement upon oath.

Counsel for the opposants declares his case closed.

On motion of the Honourable Mr. McInnes (B.C.) it was,

Resolved, that the Honourable C. A. P. Pelletier, Senator, be requested to attend at the next meeting of this Committee, to explain the references made to his name in the evidence already given.

Ordered, that Jean Chrysostome Langelier be discharged from further attendance upon the Committee.

At the request of Counsel for the Government of the Province of Quebec, it is, *Resolved*, that George Ralph R. Cockburn, the witness above mentioned, be requested to be in attendance at the next meeting of this Committee.

The Committee then adjourned until Thursday the twenty-seventh of August instant, at half-past ten o'clock in the forenoon.

Attest,

J. G. AYLWIN CREIGHTON,
Law Clerk of the Senate, Clerk of Committees.

THE SENATE, COMMITTEE ROOM No. 8,
THURSDAY, 27th August, 1891.

Pursuant to adjournment and notice, the Committee met this day at half-past 10 o'clock in the forenoon.

Present: The Honourable Messrs. Vidal, Chairman; Allan, Almon, Bellerose, De Boucherville, Boulton, Clemow, Drummond, Girard, Kaulbach, McCallum, McClelan, McDonald (Cape Breton), McInnes (British Columbia), McKay, McKindsey, McMillan, Macdonald (B.C.), MacInnes (Burlington), Miller, Murphy, O'Donohoe, Ogilvie, Perley, Power, Robitaille, Read (Quinté), Smith, Tassé, Vidal.

The Bill from the House of Commons (No. 82) "An Act respecting the Baie des Chaleurs Railway Company," was further considered.

The Petitioners do not appear either in person or by Counsel.

WALTER BARWICK, Esquire, Barrister-at-Law, appears of Counsel for the Opposants.

The Hon. F. C. LANGELIER, Q. C., appears of Counsel for the Government of the Province of Quebec.

The examination upon oath of George R. R. Cockburn, Esquire, M. P., Director of the Ontario Bank, is continued.

During the examination of this witness certain documents are produced and filed, and marked as Exhibits Nos. 66 and 67, respectively.

Counsel for the Opposants is heard to address the Committee on their behalf.

The Honourable THÉODORE ROBITAILLE, Senator, makes the following statement to the Committee:—"At the last meeting of this Committee, the Honourable François Langelier, a gentleman of high standing, who occupies the high position of Professor in Law in Laval University, and who has the honour to occupy a seat in the House of Commons of Canada, who was a member of the Government of Quebec when I was Lieutenant-Governor, has felt it his duty to prefer a charge of embezzlement against me and my associates, acting as directors of the Baie des Chaleurs Railway Company. I asked you to institute a searching investigation into the charge, and I am here to-day to repeat the request that you shall investigate the matter and probe it to the very bottom, nay, I desire that you should extend your investigation into all the doings of the company since its inception, and that every facility should be afforded and extended to the accuser. Should you, in the course of your investigations, find out any wrong-doing on the part of the railway company I am prepared to stand by the consequences, but if not, and should the investigation prove that everything is right, as I know it is, I would ask that I should be reinstated in the position I occupied before the public before the charge was made, namely, a position of trust and honour, esteem, respect and good-will among my fellow-men. Now, Honourable Gentlemen, I will ask that Mr. Barwick be permitted to act as my counsel for the present."

JEAN CHRYSOSTOME LANGELIER, of the City of Quebec, in the Province of Quebec, advocate, Deputy Registrar of the Province of Quebec, is re-called and further examined upon oath.

Counsel for the Government of the Province of Quebec asked whether he desires to summon any further witnesses, and declares that he does not.

Counsel for the Government of the Province of Quebec declares his case closed, and is heard to address the Committee on the evidence adduced relating to the charges made by Counsel for the Opposants.

Counsel for the Government of the Province of Quebec states that he is prepared to prove the allegations made by him and herein above mentioned,

The Committee decided to hear evidence as to the matter of the said allegations to-morrow.

The Honourable C. A. P. PELLETIER, Senator, being duly sworn, is examined upon oath touching certain promissory notes referred to in the evidence already given as having been made by Ernest Pacaud and endorsed by the said Honourable C. A. P. Pelletier.

The Committee then adjourned until to-morrow, Friday, the 28th August instant, at half-past ten o'clock in the forenoon.

Attest.

J. G. AYLWIN CREIGHTON,
Law Clerk of the Senate and Clerk of Committees.

THE SENATE, COMMITTEE ROOM No. 8,
FRIDAY, 28th August, 1891.

Pursuant to adjournment and notice the Committee met this day at half-past ten o'clock in the forenoon.

Present: The Honourable Messrs. Vidal (Chairman), Allan, Almon, Bellerose, de Boucherville, Boulton, Clemow, Drummond, Girard, Kaulbach, McCallum, McClelan, McDonald (Cape Breton), McInnes (British Columbia), McKay, McKindsey, McMillan, Macdonald (B.C.), MacInnes (Burlington), Miller, Murphy, Ogilvie, Perley, Power, Robitaille, Read (Quinté), Smith, Stevens, Sutherland, Tassé.—30.

The Bill from the House of Commons (No. 162) "An Act to correct a clerical error in the Act fifty-third Victoria, chapter eighty-one, intituled, 'An Act respecting the Great North-West Central Railway,'" was read and considered, and it was

Resolved, To report the said Bill without any amendment.

The Bill from the House of Commons (No. 82) "An Act respecting the Baie des Chaleurs Railway Company," was further considered.

The Hon. François Langelier, Q.C., appears of Counsel for the Government of the Province of Quebec.

Walter Barwick, Esq., Barrister-at-Law, appears of Counsel for the Hon. Theodore Robitaille, Senator, formerly President of the Baie des Chaleurs Railway Company.

Mr. Barwick states that he desires to correct a statement made by him in his argument before the Committee yesterday, respecting an alleged discrepancy between Exhibit No. 5, as produced by C. N. Armstrong, and Exhibit No. 63, as produced by J. C. Langelier, and to withdraw the statement in so far as it reflects upon the credibility of Mr. Armstrong.

Ordered, That the portion of Mr. Barwick's address which contains the said statement be not printed.

On motion of the Honourable Mr. Tassé, it was
Ordered, That the Mr. Siméon Lesage, Deputy Minister of Public Works of the Province of Quebec, be summoned to attend and give evidence on Tuesday next.

At the request of Counsel for the Government of the Province of Quebec, it was,
Ordered, That Messrs. M. S. Lonergan, Angus Thom and James Cooper, witnesses already summoned, do attend, in obedience to their summonses, at the next meeting of this Committee, and that this order be communicated to them by telegram.

The Committee then proceeded to the investigation of the charges made by the Hon. François Langelier, Counsel for the Government of the Province of Quebec, against the Baie des Chaleurs Railway Company.

George A. Taylor, of the Town of Brockville, in the Province of Ontario, contractor, being duly sworn was examined upon oath.

During the Examination of this witness, certain documents and papers were produced and, filed and marked as Exhibits Nos. 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81 and 82.

The Hon. Mr. Miller moved,
 That the Committee adjourn until Tuesday next the 1st September at ten o'clock in the forenoon.

In amendment thereto the Hon. Mr. Clemow moved that the Committee adjourn until eight o'clock this (Friday) evening.

The motion and amendment were withdrawn by leave of the Committee.

George B. Burland, of the City of Ottawa, President and Manager of the British American Bank Note Company, was duly sworn and examined upon oath.

Then, on motion of the Hon. Mr. Miller, the Committee adjourned until Monday next the 31st August instant, at eight o'clock in the evening.

Attest.

J. G. AYLWIN CREIGHTON,
*Law Clerk of the Senate,
 Clerk of Committees.*

THE SENATE, COMMITTEE ROOM No. 8,
 MONDAY, 31st August, 1891.

Pursuant to adjournment and notice, the Committee met this day at eight o'clock in the evening.

Present: The Honourable Messieurs Vidal (Chairman), Bellerose, de Boucherville, Boulton, Carling, Clemow, Kaulbach, McCallum, McLelan, McDonald (Cape Breton), McInnes (British Columbia), McKay, McKindsey, McMillan, Macdonald (B.C.), MacInnes (Burlington), Miller, O'Donohoe, Ogilvie, Perley, Power, Robitaille, Read (Quinté), Smith, Stevens, Tassé.—26.

The Bill from the House of Commons, (No. 82) "An Act respecting the Baie des Chaleurs Railway Company," was further considered.

The Honourable FRANÇOIS LANGELIER, Q.C., appears of Counsel for the Government of the Province of Quebec.

WALTER BARWICK, Esquire, Barrister-at-Law, appears of Counsel for the Honourable THÉODORE ROBITAILLE, Senator.

GEORGE A. TAYLOR, of the Town of Brockville, in the Province of Ontario, Contractor, is further examined upon oath.

During the examination of this witness a certain document is produced and filed, and marked as Exhibit No. 83.

Ordered, That George A. Taylor be discharged from attendance before the Committee.

Counsel for the Honourable Mr. ROBITAILLE produces and files as Exhibit No 84 the shorthand writer's notes of the statements made by the Counsel for the Government of the Province of Quebec on Tuesday, 25th August, in reference to the embezzlement or misapplication of certain sums of money by the Baie des Chaleurs Railway Company and by the then Secretary of the Company, Mr. L. A. Riopel.

Counsel for the Government of the Province of Quebec declares that by the term "embezzlement" he meant not an embezzlement in the sense of the criminal law, but a misapplication. And he withdraws the word "embezzlement."

HENRY MACFARLANE, of the Town of Sherbrooke, in the Province of Quebec, Contractor, is duly sworn and examined upon oath.

ANGUS M. THOM, of the City of Montreal, in the Province of Quebec, Secretary of the Baie des Chaleurs Railway Company, is duly sworn and examined upon oath.

Ordered, That Angus M. Thom be discharged from attendance before the Committee.

On motion of the Honourable Mr. MILLER, the Committee adjourned until tomorrow, Tuesday, 1st September, at half past ten o'clock in the forenoon.

Attest.

J. G. A. CREIGHTON,
Law Clerk of the Senate, Clerk of Committees.

THE SENATE, COMMITTEE ROOM No. 8,
TUESDAY, 1st September, 1891.

Pursuant to adjournment and notice, the Committee met this day at half-past ten o'clock in the forenoon.

Present: The Honourable Messieurs Vidal (Chairman), Allan, Almon, Belle-rose, deBoucherville, Boulton, Clemow, Drummond, Girard, Kaulbach, McCallum, McDonald (C.B.), McInnes (B.C.), McKay, McKindsey, McMillan, Macdonald (B.C.), MacInnes (Burlington), Miller, Murphy, O'Donohoe, Ogilvie, Perley, Power, Robitaille, Read (Quinté), Stevens, Sutherland, Tassé.—39.

The Bill from the House of Commons (No. 82) "An Act respecting the Baie des Chaleurs Railway Company," was further considered.

The Hon. FRANÇOIS LANGELIER, Q.C., appears of Counsel for the Government of the Province of Quebec.

WALTER BARWICK, Esq., Barrister-at-Law, appears of Counsel for the Hon. Théodore Robitaille, Senator.

HENRY MACFARLANE, of the Town of Brockville, in the Province of Ontario, contractor, is further examined upon oath.

During the examination of this witness a certain document is produced and filed, and marked as Exhibit No. 85.

Ordered, That Henry Macfarlane be discharged from attendance before the Committee.

JAMES COOPER, of the City of Montreal, in the Province of Quebec, merchant, President of the Baie des Chaleurs Railway Company, is duly sworn and examined upon oath.

Counsel for the Government of the Province of Quebec declares that he has no further witnesses to produce.

Counsel for the Government of the Province of Quebec, declares that he has no further charges to make, and that the charges made by him were made against the Baie des Chaleurs Railway Company and in no respect against the Honourable Théodore Robitaille personally.

CHARLES N. ARMSTRONG, of the City of Montreal, in the Province of Quebec, contractor, is recalled and is further examined upon oath.

During the examination of this witness certain documents are produced and filed, and marked as Exhibits Nos. 86, 87 and 88, respectively.

Counsel for the Honourable Théodore Robitaille declares he has no further witnesses to produce.

On motion of the Honourable Mr. Power it was

Ordered, That Robert H. McGreevy, of the City of Quebec, contractor, presently of the City of Ottawa, be summoned to give evidence before the Committee to-morrow at half-past ten o'clock in the forenoon.

Ordered, That James Cooper be discharged from attendance before the Committee.

On motion of the Honourable Mr. Miller, the Committee adjourned till to-morrow, the 2nd September, at half-past ten o'clock in the forenoon.

Attest.

J. G. AYLWIN CREIGHTON,

Law Clerk of the Senate, Clerk of Committees.

THE SENATE, COMMITTEE ROOM No. 8,

WEDNESDAY, 2nd September, 1891.

Present: The Honourable Messrs. Vidal (Chairman), Allan, Almon, Bellerose, de Boucherville, Boulton, Clemow, Girard, Kaulbach, McCallum, McDonald (Cape Breton), McInnes (B.C.), McKay, McKindsey, McMillan, Macdonald (B.C.), MacInnes (Burlington), Miller, Murphy, O'Donohoe, Ogilvie, Perley, Power, Robitaille, Read (Quinté), Stevens, Tassé.—26.

The Bill from the House of Commons (No. 82) "An Act respecting the Baie des Chaleurs Railway Company," was further considered.

The Honourable F. LANGELIER, Q.C., appears of Counsel for the Government of the Province of Quebec.

WALTER BARWICK, Esquire, Barrister-at-Law, appears of Counsel for the Honourable Théodore Robitaille, Senator.

The Chairman informs the Committee that, in obedience to the order of the Committee made yesterday, the 1st of September instant, a summons had yesterday been issued for the attendance of Mr. Robert McGreevy, of Quebec, contractor, before the Committee this day, and that every effort had been made to serve the summons, but that Mr. McGreevy cannot be found in Ottawa, and consequently that the summons had not been served.

CHARLES N. ARMSTRONG, of the City of Montreal, contractor, is recalled and further examined upon oath.

During the examination of this witness certain documents and papers are produced and filed and marked as Exhibits Nos. 89a, 89b, 89c, 90, 91a, 91b, 91c, 91d, 92 and 93.

DANIEL O'LEARY, of the City of Ottawa, Inspector of Dominion Police, is recalled and further examined upon oath.

M. S. LONERGAN, of the City of Montreal, advocate, a director of the Baie des Chaleurs Railway Company, is duly sworn and examined upon oath.

Ordered, That Mr. M. S. Lonergan be discharged from attendance before the Committee.

On motion of the Honourable Mr. Tassé, it was

Resolved, To report to the Senate recommending that a Message be sent to the House of Commons, requesting that House to grant leave to the Honourable François Langelier, member of the House of Commons for the Electoral District of Quebec Centre, to attend and give evidence before this Committee as to the matters now being enquired into.

On motion of the Honourable Mr. Tassé, it was

Resolved, To report to the Senate the names of the witnesses who have been summoned and have failed to appear before the Committee.

A draft of a report to that effect was submitted and read.

The Honourable Mr. Miller moved that the said draft be adopted and presented to the Senate as the Report of this Committee.

After discussion it was

Resolved, That the said draft be further considered to-morrow.

The Committee then adjourned until to-morrow, the 3rd of September instant, at half past ten o'clock in the forenoon.

Attest.

J. G. AYLWIN CREIGHTON,
Law Clerk of the Senate, Clerk of Committees.

THE SENATE, COMMITTEE ROOM No. 8,
THURSDAY, 3rd September, 1891.

Pursuant to adjournment and notice the Committee met this day at half-past 10 o'clock in the forenoon.

Present: The Honourable Messieurs Vidal (Chairman) Allan, Almon, Bellerose deBoucherville, Boulton, Clemow, Girard, Kaulbach, McCallum, McDonald (*Cape Breton*), McInnes (*British Columbia*), McKay, McKindsey, McMillan, Macdonald (*British Columbia*), MacInnes (*Burlington*), Miller, Murphy, O'Donohoe, Ogilvie, Perley, Power, Robitaille, Read (*Quinté*), Tassé.—26.

The Bill from the House of Commons (No. 82) "An Act respecting the Baie des Chaleurs Railway Company," was further considered.

The Honourable FRANÇOIS LANGELIER, Q.C., appears of counsel for the Government of the Province of Quebec.

WALTER BARWICK, Esq., Barrister-at-Law, appears of counsel for the Honourable Theodore Robitaille, Senator.

L. P. GODIN, constable in the Dominion Police, was duly sworn and examined upon oath.

The Honourable Mr. Tassé states that in moving yesterday for the issue of a summons to Mr. Siméon Lesage, Assistant Commissioner of Public Works of the Province of Quebec, his object was to prove by the evidence of Mr. Lesage certain circumstances connected with the payment of the sum of \$100,000, the improper

retention and misapplication of which has formed one of the subjects of enquiry by the Committee; and further states that, his object having been attained by the evidence given by other witnesses, he has now no special reason for insisting upon the attendance of Mr. Lesage.

The promoters and the opposants of the Bill and Counsel for the Government of the Province of Quebec respectively state that they do not require Mr. Lesage's appearance as a witness.

The draft of a Report to be made to the Senate respecting the non-attendance of certain persons summoned as witnesses is again read and considered.

Resolved, On a division, that a Report in accordance with the said draft be presented as the Report of the Committee.

On the motion of the Honourable Mr. Tassé, certain portions of the evidence given by the Honourable C. A. P. Pelletier, Senator, are read, also Exhibit No. 41; also a telegram from Walter Barwick, Esq., Counsel for the Honourable Théodore Robitaille, Senator, to Mr. E. Webb, Manager of the Union Bank, Quebec, and a telegram received in reply thereto from Mr. Webb.

The Honourable Mr. Tassé states that in view of this evidence he does not require the evidence of the Honourable François Langelier; and it is

Resolved, That the Report ordered yesterday to be made to The Senate, recommending that a Message be sent to the House of Commons requesting that House to grant leave to the Honourable François Langelier, member of the House of Commons for the Electoral District of Quebec Centre, to appear and give evidence before this Committee, be not presented.

Ordered, That the two telegrams above mentioned, sent and received by Walter Barwick, Esq., Counsel for the Honourable Théodore Robitaille, be filed as Exhibits Nos. 94 and 95, respectively.

The Chairman enquires whether any member of the Committee or any other person present desires any additional witnesses to be summoned to give evidence in the matter of this Bill, and no response being made to such enquiry the investigation is declared to be closed.

Ordered, that all witnesses in attendance be discharged.

Mr. C. N. ARMSTRONG is heard to address the Committee on his own behalf.

Mr. C. N. ARMSTRONG produces a certain document, and it is

Ordered, That the same be filed as Exhibit No. 96, and be printed for information only, and with the note that Mr. Armstrong has not been cross-examined upon its contents.

Counsel for the Government of the Province of Quebec is heard to address the Committee on the charges made by him.

Counsel for the Honourable Théodore Robitaille, Senator, is heard to address the Committee on his behalf.

Counsel for the Government of the Province of Quebec is heard in reply.

Ordered, That the evidence be printed and laid before the Committee as speedily as possible.

On motion of the Honourable Mr. Tassé, it was

Resolved, To report to The Senate, recommending that the Chief French Translator be authorized to employ a sufficient number of competent persons to ensure the speedy translation into French of the proceedings of and evidence given before the Committee, and that the remuneration to be allowed for such translation be one dollar (\$1) per printed page, and twenty-five cents (25 cts.) additional for proof-reading.

The Committee then adjourned to the call of the Chairmen.

Attest.

J. G. AYLWIN CREIGHTON,
Law Clerk of the Senate, Clerk of Committees.

EXTRACT FROM MINUTES OF PROCEEDINGS OF THE SENATE OF
CANADA, THURSDAY 3RD SEPTEMBER, 1892.

The Honourable Mr. Vidal, from the Committee on Railways, Telegraphs and Harbours, to whom was referred the Bill (82) intituled: "An Act respecting the Baie des Chaleurs Railway Company," presented their Fifth Report, as follows:—

THE SENATE,
COMMITTEE ROOM No. 8,
THURSDAY, 3rd September, 1891.

The Select Committee on Railways, Telegraphs and Harbours, to whom, by order of your Honourable House, was referred the Bill intituled: "An Act respecting the Baie des Chaleurs Railway Company," beg leave to make their Fifth Report with respect thereto, as follows:—

Your Committee recommend that the Chief French Translator be authorized to employ a sufficient number of competent persons to secure the speedy translation of the proceedings of Your Committee and the evidence taken by them in their enquiry into certain matters arising out of the said Bill.

Your Committee recommend that one dollar per printed page be paid for such translation and an additional twenty-five cents for the correction of proofs.

All which is respectfully submitted.

A. VIDAL,
Chairman.

On motion of the Honourable Mr. Vidal, seconded by the Honourable Mr. MacInnes (Burlington), it was

Ordered, That the said Report be adopted.

EXTRACT FROM MINUTES OF PROCEEDINGS OF THE SENATE
OF CANADA, FRIDAY 4TH SEPTEMBER, 1891.

The Honourable Mr. Vidal, from the Committee on Railways, Telegraphs and Harbours, to whom was referred the Bill (82) intituled: "An Act respecting the Baie des Chaleurs Railway Company," presented their Sixth Report, as follows:—

THE SENATE,
COMMITTEE ROOM, No. 8,
THURSDAY, 3rd September, 1891.

The Select Committee on Railways, Telegraphs and Harbours, to whom, by Order of Your Honourable House made on Wednesday, the 29th day of July last, was referred the Bill intituled: "An Act respecting the Baie des Chaleurs Railway Company," and who, by Order of Your Honourable House made on Thursday, the 6th day of August instant, were empowered to send for such persons, papers and records as may from time to time be required by Your Committee for the purpose of affording evidence under oath, as to any matter arising out of the examination by Your Committee of the said Bill, beg leave to make their Sixth Report with respect thereto, as follows:—

On Friday, the 7th August last the Chairman of Your Committee received a telegram signed by Mr. Ernest Pacaud, of *L'Electeur* newspaper, Quebec, stating

that Mr. Pacaud was informed he would probably be required as a witness before your Committee, and requesting that in such case he might be summoned before Tuesday, the 11th August, as he proposed leaving on that day for a month's holidays.

On Friday the 7th August last Your Committee caused a summons to be sent by registered letter to Mr. Ernest Pacaud, at the City of Quebec, requiring him to appear before them on Monday, the 10th August, mentioning therein the documents he was required to produce with him, and Mr. Pacaud was notified by telegram on the same day of the issue and purport of the summons. As appears by a telegram received from the Postmaster of Quebec, the registered letter above referred to was delivered to the duly authorized agent of Mr. Pacaud on Monday, the 10th August. As Mr. Pacaud did not appear on Monday, the 10th August, Your Committee, on that day, issued another summons for his appearance on Wednesday, the 12th August, of the issue and purport of which summons Mr. Pacaud was also, on Monday, the 10th August, advised by telegram. Your Committee received on Monday, the 10th August, a telegram from the office of Mr. Pacaud's newspaper informing them that Mr. Pacaud had left town when the message was received. According to the evidence of Mr. Daniel O'Leary, Inspector of Dominion Police, the officer charged with the service of the summons issued on the 10th August, Mr. Pacaud left Quebec for New York early on the morning of Tuesday, the 11th August, so that the summons could not be served upon him. According to the evidence of Mr. Auguste Edge, Mr. Pacaud's private secretary, Mr. Pacaud was aware of the issue of the summons of the 7th August, and on the 10th August went to New York, and there took passage for France by a steamer which sailed on the 15th August.

On the 7th August last Your Committee caused to be sent to the Hon. Pierre Garneau, Commissioner of Public Works of the Province of Quebec, by registered letter, addressed to Quebec, a summons to appear before Your Committee on the 10th August, and notified the Hon. Mr. Garneau by telegram of the issue and purport of the said summons. The Hon. Mr. Garneau did not appear on the 10th August, on which day Your Committee received from Mr. S. Lesage, Deputy Commissioner of Public Works, a telegram informing them that the Hon. Mr. Garneau was at Murray Bay, and that the letter requesting him to appear as a witness had been delivered only on that day, but would be forwarded to the Hon. Mr. Garneau by that day's mail. On the same day, the 10th August, Your Committee also received a telegram from the Hon. Mr. Garneau, dated from Pointe au Pic on the Lower St. Lawrence, informing them that the summons had not been received there by him, that his state of health did not allow him to go to Ottawa, and that he would send a Doctor's certificate if required. These telegrams, marked "H" and "O" respectively, will be found printed on pages 33 and 36 of the Minutes of Proceedings. Thereupon another summons was issued requiring the Hon. Mr. Garneau to appear on Friday, the 14th August, which summons was sent to Pointe au Pic by registered letter on Tuesday, 11th August, and he was notified of the issue and purport thereof by telegram. As appears by the telegrams to and from the Postmaster at Pointe au Pic, printed on page 42 of the Minutes of Proceedings, the Hon. Mr. Garneau received this summons, and, in reply thereto, on the 13th August sent a telegram to Your Committee as follows:—"Since sending my first telegram I am informed my colleagues are of opinion we are responsible to the Legislature only, therefore I respectfully decline to appear." Your Committee, having for greater certainty sent an officer to serve the Hon. Mr. Garneau personally with a summons, had in the meantime received the Hon. Mr. Garneau's first telegram, saying that his health did not allow him to go to Ottawa, and had thereupon instructed the officer not to serve this summons. The Hon. Mr. Garneau did not appear on the 14th August, on which day Counsel for the Government of the Province of Quebec laid before Your Committee the telegram and medical certificate which are printed on page 43 of the Minutes of Proceedings, the said telegram being a copy of the one above cited, and the medical certificate being to the effect that his Doctor was of opinion that the Hon. Mr. Garneau would do better to remain at Murray Bay if he did not wish to risk his health. On the 14th of August the

Chairman of Your Committee received the letter from the Counsel for the Government of the Province of Quebec and also the telegram therein mentioned, which are printed at page 47 of the Minutes of Proceedings of your Committee.

The Honourable Mr. Garneau has not appeared before Your Committee, notwithstanding the summonses issued.

On the 7th August last a summons was sent by registered letter to Gustave Grenier, Esq., Clerk of the Executive Council, Quebec, to appear before Your Committee on the 10th August, and a telegram was also sent to Mr. Grenier on the 7th August advising him of the issue and purport of such summons. On the 8th August Your Committee received the telegram from Mr. Grenier which is printed at page 33 of the Minutes of their Proceedings. Mr. Grenier having failed to appear, another summons was issued on the 10th August requiring him to appear on the 12th August, and a telegram was also sent to Mr. Grenier on the 10th August advising him of the issue and purport of this summons, but, as appears by the evidence of Mr. Daniel O'Leary, Inspector of Dominion Police, the officer charged with the service thereof, Mr. Grenier had left Quebec, and could not be served.

On the 13th August last, by Order of Your Committee, a summons was issued to Philippe Vallière, Furniture Manufacturer, Quebec, requiring his appearance before your Committee on Friday, the 18th August. As appears by the evidence of L. P. Godin, Constable of the Dominion Police, the officer charged with the service of this summons, the same was duly served upon Mr. Vallière, but Mr. Vallière has failed to appear before Your Committee in obedience thereto.

The promoters and opposants of the Bill and the Counsel for the Government of the Province of Québec having stated to Your Committee that the attendance of certain of the above-mentioned witnesses, namely, of the Honourable Pierre Garneau and Messrs. Gustave Grenier and Philippe Vallière, is not required by any of them, Your Committee report the above facts for the information of Your Honourable House and for such further action as it may be pleased to take thereupon.

On the 28th day of August last, by order of Your Committee, a summons was issued to Mr. Siméon Lesage, of the City of Quebec, Deputy Commissioner of Public Works of the Province of Quebec, requiring him to appear and give evidence before Your Committee on Monday, the 31st of August last. As appears by the evidence of Mr. Daniel O'Leary, Inspector of Dominion Police, the officer charged with the service of the said summons, the same was duly served upon Mr. Lesage on Saturday, the 29th of August last. Upon the 31st day of August last the Chairman of Your Committee received the following telegram:—

“ MONTREAL, 31st August, 1891.

“ To Honourable A. VIDAL,
“ Chairman Committee of Railways,
“ Senate, Ottawa.

“ I received instructions from the members of the Quebec Government not to appear before the Senate Committee.

(Signed) “ S. LESAGE,
“ Assistant Commissioner of Public Works, P.Q.”

Mr. Lesage has not appeared before Your Committee in obedience to the summons.

The Honourable Mr. Tassé, Senator, on whose motion the Order for the issue of the said summons to Mr. Siméon Lesage was made, has stated to Your Committee that his object was to prove by the evidence of Mr. Lesage certain circumstances connected with the payment of the sum of \$100,000, the improper retention and misapplication of which has formed one of the subjects of inquiry by Your Committee, and has further stated that, his object having been attained by the evidence given by other witnesses, he has now no special reason for insisting upon the attendance of Mr. Lesage.

In view of the above statements made by the Honourable Mr. Tassé, and that the promoters and opposants of the Bill and Counsel for the Government of the Province of Quebec have also stated that Mr. Lesage's evidence is not required by them, the only other object Your Committee had in requiring his appearance would have been to afford him an opportunity to explain his action in respect of the payment of the said sum of \$100,000.

While Your Committee are of opinion that their Order should have been obeyed by Mr. Lesage, and that it is the undoubted right of the Senate to compel his appearance before Your Committee, they, nevertheless, in view of the facts that Mr. Lesage appears to have acted under the order of his superiors, and that the evidence which he was summoned to give has been obtained from other sources, refrain from recommending that any compulsory process be taken to compel his attendance or to punish his contempt, but report the above facts for the information of Your Honourable House and such action as may by it be deemed fit.

Your Committee submit herewith copies of the Minutes of their Proceedings and of the evidence which are referred to in this Report.

All which is respectfully submitted.

A. VIDAL,
Chairman.

On motion of the Honourable Mr. Vidal, seconded by the Honourable Mr. Montgomery, it was

Ordered, That the said Report be taken into consideration by the House on Monday next.

EXTRACT FROM MINUTES OF PROCEEDINGS OF THE SENATE OF
CANADA.

TUESDAY, 8th September, 1891.

The Order of the Day being read for the consideration of the Sixth Report of the Select Committee to whom was referred the Bill (82) intituled : " An Act respecting the Baie des Chaleurs Railway Company,"

The Honourable Mr. Vidal moved, seconded by the Honourable Mr. Gowan, That the said Report be adopted.

The question of concurrence being put thereon, the same was, on a division, resolved in the affirmative, and

Ordered accordingly.

MINUTES OF PROCEEDINGS OF THE SELECT COMMITTEE OF THE
SENATE ON RAILWAYS, TELEGRAPHS AND HARBOURS.

THE SENATE, COMMITTEE ROOM No. 8,

WEDNESDAY, 9th September, 1891.

Pursuant to adjournment and notice the Committee met this day at half-past ten o'clock in the forenoon.

Present : The Honourable Messieurs Vidal, (Chairman), Allan, Almon, Belle-rose, de Boucherville, Boulton, Clemow, Dickey, Girard, Kaulbach, McCallum, Mc-

Clelan, McInnes (B. C.), McKay, McMillan, Macdonald (B. C.), MacInnes (Burlington), Montgomery, Miller, O'Donohoe, Ogilvie, Perley, Power, Robitaille, Read (Quinté), Stevens, Sutherland, Tassé.—28.

The Bill from the House of Commons (No. 82) "An Act respecting the Baie des Chaleurs Railway Company" was further considered.

The Honourable Mr. Ogilvie, on behalf of the promoters of the Bill, states to the Committee that the promoters no longer desire to withdraw the Bill, but on the contrary desire to proceed therewith.

The Honourable Mr. Bellerose moves that the Bill be not further proceeded with.

Resolved in the negative.

A draft of a proposed report on the Bill and on the matters arising out of the examination thereof was submitted by the Chairman.

On motion of the Honourable Mr. Power,

The Committee adjourned until to-morrow, Thursday, the 10th September, at 10 o'clock in the forenoon.

Attest.

J. G. AYLWIN CREIGHTON,
Law Clerk of the Senate Clerk of Committees.

THE SENATE, COMMITTEE ROOM No. 8,
THURSDAY, 10th September, 1891.

Pursuant to adjournment and notice the Committee met this day at ten o'clock in the forenoon.

Present: The Honourable Messieurs Vidal, (Chairman), Allan, Almon, Bellerose, de Boucherville, Boulton, Clemow, Dickey, Girard, Kaulbach, McCallum, McClelan, McDonald (Cape Breton), McInnes (B.C.), McKay, McKindsey, McMillan, Macdonald (B.C.), MacInnes (Burlington), Miller, Murphy, Ogilvie, Power, Read (Quinté), Stevens, Sutherland, Tassé.—27.

The Bill from the House of Commons (No. 82) "An Act respecting the Baie des Chaleurs Railway Company" was further considered.

Walter Barwick, Esquire, Barrister-at-Law, appears of Counsel for the opposants.

Ordered, That the original of any Exhibit produced in this matter may be returned to the person who produced the same, if he so requests.

Counsel for the opposants submits certain proposed amendments to the Bill and states that the promoters and opposants have agreed thereto.

The Honourable Mr. Ogilvie, on behalf of the promoters, states that they have agreed to the said amendments.

The said amendments were then read and adopted, and it was

Resolved, to report, recommending that the said amendments be made to the Bill.

(See Schedule A to Report of Committee.)

Strangers are ordered to withdraw. The Committee deliberate with closed doors.

The draft of a proposed Report submitted yesterday by the Chairman was then considered.

The Honourable Mr. Power moved,

That the paragraph on page 7, beginning "In the month of December, 1890, Mr. John J. McDonald met Mr. Ernest Pacaud, who acted as intermediary between him and the Provincial Government, &c.," be amended by striking out "intermediary" and substituting "agent."

Resolved in the negative.

The Honourable Mr. Power moved,

That after the words "Provincial Government" on page 7 at line 49, the following paragraph be added:—

"In the end of January or beginning of February, 1891, the negotiations between Mr. McDonald and Mr. Riopel were broken off."

And the question being put, the Committee divided, and the names being called for were taken down as follows:—

YEAS—The Honourable Messrs. Allan, Bellerose, deBoucherville, Boulton, McInnes (*British Columbia*), Macdonald (*British Columbia*), Power, Vidal—8.

NAYS—The Honourable Messrs. Clemow, Girard, Kaulbach, McCallum, McKay, McKindsey, McMillan, MacInnes (*Burlington*), Miller, Murphy, Ogilvie, Sutherland, Tassé—13.

So it was *Resolved* in the negative.

The Honourable Mr. Power moved,

That the paragraph on page 8, reading as follows:—"The amount due to Armstrong is not a privileged debt due by the Baie des Chaleurs Railway Company and therefore is not payable out of the subsidy of 800,000 acres of land converted into money," be struck out.

On a division, it was

Resolved in the negative.

The said draft was further considered and was amended. The final consideration thereof was postponed until the next meeting of the Committee.

The Committee then adjourned until to-morrow, Friday, the 11th September instant, at half-past ten o'clock in the forenoon.

Attest,

J. G. AYLWIN CREIGHTON,

Law Clerk of the Senate, Clerk of Committees.

THE SENATE, COMMITTEE ROOM No. 8.

FRIDAY, 11th September, 1891.

Pursuant to adjournment and notice the Committee met this day at half past ten o'clock in the forenoon.

Present: The Honourable Messieurs Vidal (Chairman), Allan, Almon, Bellerose, de Boucherville, Boulton, Clemow, Dickey, Kaulbach, McCallum, McDonald (Cape Breton), McInnes (B. C.), McKay, McMillan, Macdonald (B. C.), MacInnes (Burlington), Montgomery, Miller, Murphy, O'Donohoe, Ogilvie, Stevens, Sutherland, Tassé.—24.

The Bill from the House of Commons (No. 82) intituled: "An Act respecting the Baie des Chaleurs Railway Company," was further considered.

The draft of a proposed report submitted by the Chairman was further considered.

The Honorable Mr. Tassé moved,

That the said draft, as amended by the Committee, be adopted and presented as the Report of this Committee.

And the question being put thereon, the Committee divided, and the names being called for, were taken down as follows :—

YEAS : The Honourable Messieurs Allan, Almon, de Boucherville, Boulton, Clemow, Dickey, Kaulbach, McCallum, McDonald (Cape Breton), McKay, McMillan, Macdonald (B. C.), MacInnes (Burlington), Montgomery, Miller, Murphy, Ogilvie, Sutherland, Tasé, Vidal—20.

NAYS : The Honourable Messieurs Bellerose, McInnes (B. C.), Stevens—3.

So it was,

Resolved in the affirmative.

The Committee adjourned *sine die*.

Attest.

J. G. AYLWIN CREIGHTON,

Law Clerk of the Senate and Clerk of Committees.

THE SENATE OF CANADA.

SELECT COMMITTEE

ON

RAILWAYS, TELEGRAPHS AND HARBOURS.

IN RE THE BILL INTITULED

“AN ACT RESPECTING THE BAIE DES CHALEURS RAILWAY COMPANY.”

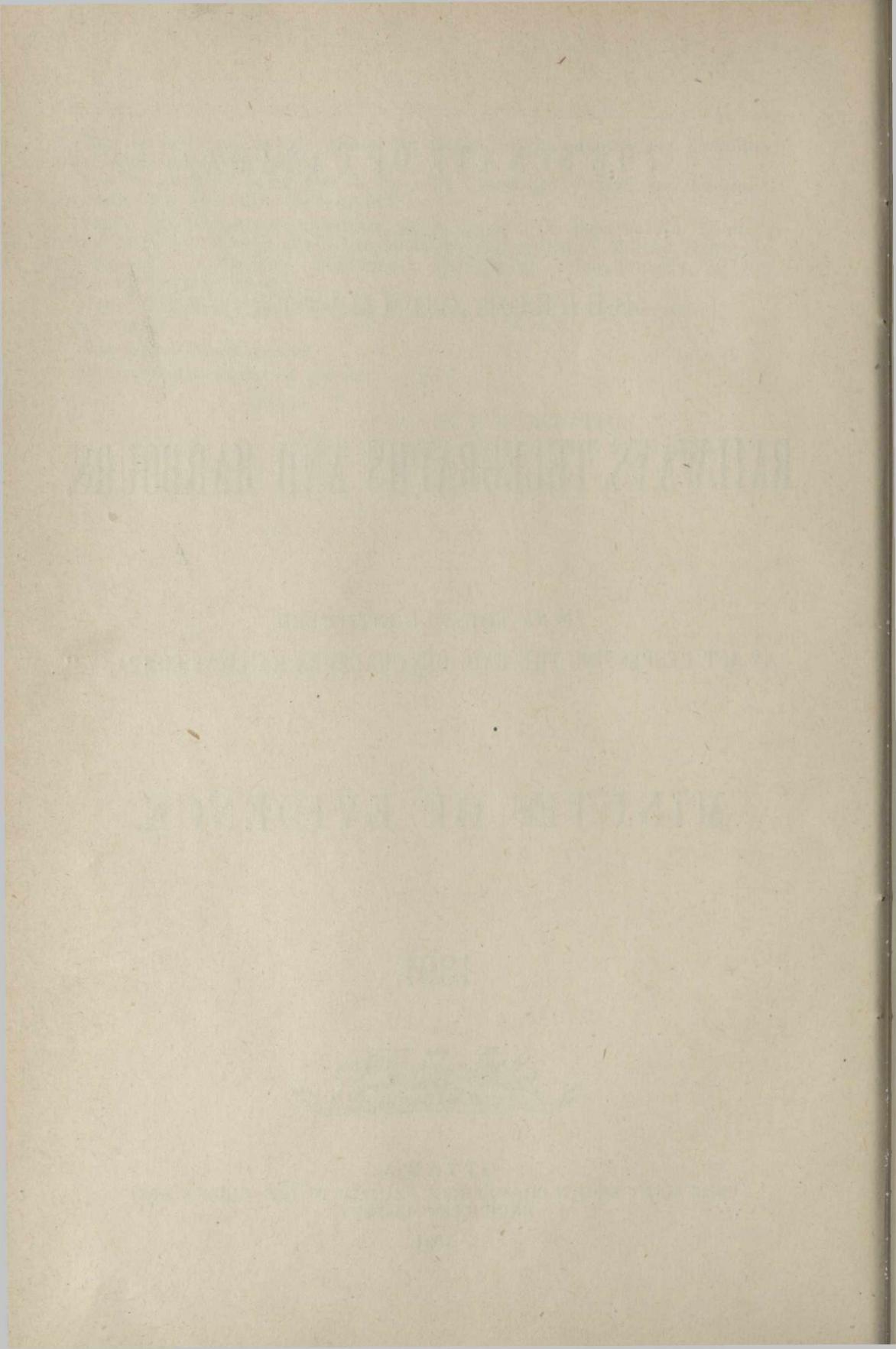
MINUTES OF EVIDENCE.

1891.



OTTAWA:
PRINTED BY BROWN CHAMBERLIN, PRINTER TO THE QUEEN'S MOST
EXCELLENT MAJESTY.

1891.



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MINUTES OF EVIDENCE.

FRIDAY, 7th August, 1891.

The Committee met at 10 a.m. ; Honourable Mr. VIDAL in the Chair.

Mr. BARWICK, of Counsel for opposants.—I only desire to ask one thing, Mr. Chairman, that I be permitted to conduct this case as I deem proper. I have my list of witnesses here and my statement, and I beg to proceed in my own way and to call the witnesses in the order I desire. The first piece of evidence that I put in is a memorandum written by Mr. Lonergan to the Government and dated 11th June, 1891. It is in Mr. Lonergan's handwriting and shows the position of this railway and the applicability in June of this year of the \$280,000 of which I have spoken.

Hon. Mr. POWER.—Is that statement in Mr. Lonergan's handwriting ?

Mr. BARWICK.—I believe so. It is in your handwriting, is it not, Mr. Lonergan ?

Mr. LONERGAN.—Let the investigation proceed in legal form.

Hon. Mr. MILLER.—This investigation does not proceed on strictly legal lines.

Mr. LONERGAN.—It is in my handwriting.

Mr. BARWICK.—This document, which as Mr. Lonergan admits is in his handwriting, shows the financial position of the road, and the ability of the company to build the road in June of this year. The concluding paragraph of this memorandum which I would put in as Exhibit 1, is as follows :—

“Quebec Subsidy Act of last session devotes 800,000 acres to payment of its labour claims, etc. This has been converted at 35 cents, equalling \$280,000. At present all claims in these counties for labour and all privileged debts of Estate MacFarlane are being paid out of this. When judgment in suit of MacFarlane is rendered it will be paid out of this also, and should there be a balance it will be accounted for to us at completion of 100 miles.”

I would call as my first witness, Charles N. Armstrong.

Hon. Mr. MILLER.—Has he been summoned ?

Mr. BARWICK.—He has ; the Clerk has a copy, and the messenger is here to prove the service.

Copy of the summons was then read. (Exhibit No. 2.)

Hon. Mr. POWER.—I wish to call attention to the fact, that the summons is informal. It calls upon Mr. Armstrong to come and testify with reference to the “said Bill,” but no particular Bill is mentioned. Of course inasmuch as the Committee does not go by the legal rules, perhaps that does not matter.

Hon. Mr. MILLER.—It is for the Committee to say whether they have sufficient ground to resort to compulsory process to bring Mr. Armstrong here.

PETER DUNN called and sworn.

By Mr. Barwick :

Q. I understand that you are Chief Messenger in the Senate ?—A. Yes.

Q. Did you deliver a summons, of which this is a copy, to Mr. C. N. Armstrong yesterday ?—A. Yes, sir.

Q. Where ?—A. In Sir Hector Langevin's house.

Q. At what time ?—A. Between one and two o'clock.

Q. Did you explain what it was to him ?—A. I read it to him.

Q. What did he say ?—A. He said : “You are very smart in serving me.”

Mr. BARWICK.—I beg that Mr. Armstrong be called in due form.

The Chairman called Charles N. Armstrong, but the person called did not respond

Hon. Mr. SCOTT put in a telegram which was written in French, and which was translated by the Clerk as follows :—

Hon. F. LANGELIER, M.P.,
House of Commons, Ottawa.

“ Please represent my Government in the enquiry in the Senate, in the matter of the Baie des Chaleurs, which it appears is to begin this morning.

(Signed) “ HONORÉ MERCIER.”

Mr. BARWICK.—I am not prepared to go on until I have Mr. Armstrong here ; he is my first witness.

Hon. Mr. POWER.—If there is no evidence on behalf of the prosecution, we might hear what the managing director of the company has to say.

The CHAIRMAN.—As I understand it, the Committee accorded to Mr. Barwick the privilege of conducting his case in his own way.

Mr. BARWICK.—Mr. Lonergan is on the list of witnesses I have handed in. He will have an opportunity of giving his evidence at a future time. The only other thing I have to ask, is that compulsory process issue to compel the attendance of Mr. Armstrong. Mr. Ernest Pacaud intimates that he is leaving Quebec next Tuesday for a month. He is on my list of witnesses, and is requested to produce a number of documents—important documents. It is essential that I have Mr. Pacaud here, and I desire that intimation be given him that he is required.

Hon. Mr. MILLER.—Did you subpoena him ?

Mr. BARWICK.—His name has been handed to the Law Clerk, with the list of documents I desire him to produce. I wish to secure his attendance before he leaves the Province.

Hon. Mr. KAULBACH.—Why did you not apply for a summons yesterday ?

Mr. BARWICK.—I only completed my list of documents late in the evening. The list of witnesses has been handed to the Clerk and the documents are being prepared in form with a view to save time in case the Committee make the necessary order this morning.

Hon. Mr. MILLER.—I move that Charles N. Armstrong's disobedience of the summons be reported to the Senate, and the authority of the Senate be asked to compel his attendance before this Committee.

Hon. Mr. POWER.—With a mention that the summons is informal.

The resolution was carried.

Committee adjourned until Monday, 10th instant, at ten o'clock.

THE SENATE OF CANADA.

THE SELECT COMMITTEE ON RAILWAYS, TELEGRAPHS AND HARBOURS.

Minutes of evidence in *re* the Bill intituled “ An Act respecting the Baie des Chaleurs Railway Company ” (No. 82).

On this twelfth day of August, in the year of Our Lord one thousand eight hundred and ninety-one, personally came and appeared Charles N. Armstrong, of the City of Montreal, in the District of Montreal, in the Province of Quebec, contractor, who being duly sworn and examined, deposed as follows :—

By Mr. Walter Barwick, Counsel for the Opponents .

Q. You have been for a long time connected with the Baie des Chaleurs Railway, have you not ?—A. I have been a contractor from 1866 until a few months ago.

Q. This company was incorporated in 1882, was it not ?—A. I think so.

Q. Subsequently in 1886 it got power to pay part of the contract price in bonds of the railway?—A. I think they had that power when they made the contract.

Q. When they made the contract with you?—A. Yes. I don't know when they got that power.

Q. Had the agreements with the Dominion Government been made before you made the contract with the railway?—A. Yes. I think so.

Q. The agreements were made in 1885, I think?—A. Yes.

Q. These governed the Dominion subsidies?—A. Yes, sir.

Q. When did you make your contract with the railway?—A. I think it was on the 8th of June.

Q. On the 9th of June, 1886, was it not?—A. Perhaps.

Q. For how many miles?—A. For 100 miles.

Q. From where to where?—A. From Metepedia to Paspébiac.

Q. That road has never been built yet?—Sixty miles were built with the exception of a few small works.

Q. Not absolutely built?—A. It was sufficiently built to be run over regularly.

Q. But not built within the meaning of the terms of the contract?—A. Not exactly within the meaning of the contract with the company. The contract with the Government called for wooden bridges, whereas under my agreement with the company we were to put in steel bridges. There were temporary wooden bridges put up, but these were to be replaced by steel bridges.

Q. In making the agreements with the view to the earning of the Quebec Government subsidy the road was divided into ten-mile sections, was it not?—A. There were no agreements with the Quebec Government, but simply the Act. The first twenty miles was a special contract.

Q. But the remainder was divided into ten-mile sections with respect to this subsidy?—A. Yes, sir.

Q. How were you to be paid under your contract?—A. I was to receive the whole of the subsidies and the balance of the contract price in bonds.

Q. Bonds of the railway?—A. Yes.

Q. You were to receive your cash payments out of the subsidies?—A. I was to receive the subsidies themselves.

Q. You were to receive 85 per cent. of the subsidies as the contract progressed?—A. I have the contract in my pocket, and if you will allow me I will refer to it.

Q. (Referring to a paper taken by the witness from his pocket.) What is this paper?—A. I don't think that is any of your business.

Q. I don't want to look at it; I only ask you what it is?—A. I don't think I am bound to tell you. I brought it here to produce it, and I will produce it when it is wanted.

THE COUNSEL.—I desire, Mr. Chairman, that the witness be directed to say what that paper is.

THE CHAIRMAN.—What is that paper?

THE WITNESS.—I have no objection to tell the Chairman; it is the statement of my claim against the company, certified by them, upon which my settlement was made.

THE COUNSEL.—I desire to put in this contract.

THE WITNESS.—I have not given that in; you have asked me with regard to the contract, and I want to refer to it. It is not my property.

Q. Is this a copy of the contract?—A. I want to see if it is certified. It is not a certified copy. I believe it, however, to be a true copy. (Exhibit No. 3.)

Q. You made your agreement with Mr. MacFarlane in 1888?—A. Yes, sir.

Q. The 8th of June, 1888. Have you got that agreement?—A. No, sir.

Q. Where is it?—A. It is in court being used in connection with the case.

Q. That contract with Mr. MacFarlane was confirmed by the railway, was it not?—A. I believe so.

Q. Is that apparently a copy of the contract with Mr. MacFarlane (Exhibit 4)?—A. Yes.

Q. And attached to it is the resolution of the railway directing the execution of a document for its confirmation by the president?—A. Yes. That is a resolution authorizing the signature of the contract between the company and me. This appears to be a copy of the contract.

Q. At the end of it is the ratification signed by Theodore Robitaille, President of the company?—A. Then President of the company.

Q. Under this contract Mr. MacFarlane was to build 60 miles of the road?—A. No, 20 miles.

Q. And to complete 40?—A. To complete the work to be done on 40 miles.

Q. That is, to complete the first 40 and build the third 20?—A. To build from miles 40 to 60.

Q. That is what I mean—the third 20. He was to be paid 5 per cent. advance on the cost of material and bank interest which he was compelled to pay in securing advances? Is that right?—A. I believe that is so.

Q. He was to get 12½ per cent. on the expenditure for labour?—A. That would apply for labour and material not provided for in schedule of prices.

Q. The schedule is attached to this agreement?—A. Yes, and for everything not mentioned in the schedule he was to be paid a commission.

Q. But I mentioned the correct figures?—A. You have the agreement there—from memory, I believe those are the correct figures.

Q. To secure the payment of amounts due to him he had an assignment of the subsidies?—A. They were not assigned to him,

Q. He was to secure the payment of certain subsidies?—A. By the transfer of the subsidies in trust.

Q. Do you remember the figures?—A. I think \$260,000.

Q. Sixty-two thousand transferred out of the Dominion subsidies for the first 40 miles?—A. I am not sure of that, but the total amount I think was \$260,000.

Hon. Mr. POWER.—If these things were in the contract the contract itself should be put in as evidence. We want the best evidence.

The COUNSEL.—They are all in the contract, but I am examining an unwilling witness and testing his memory.

The WITNESS.—I object, Mr. Chairman, to being called an unwilling witness. I am willing to tell everything the Committee has a right to ask; but when a matter occurred five or six years ago I think I have a right to refer to the documents. Anyone might make a mistake about a matter that took place so long ago.

Q. Is this the clause with regard to the payment of the subsidy—read it please?—A. (reading) “And for securing the said payment so to be made by said contractor to said sub-contractor, the said contractor hereby agrees to execute a notarial transfer of the subsidies granted by the Government of Canada towards the construction of said railway and applicable to said sixty miles of railway amounting to sixty-two thousand dollars upon the first forty miles, also the sum of one hundred and twenty-eight thousand dollars applicable to the twenty miles of new road in extension of the forty miles, that is to say, forty to sixty, and also the sum of seventy thousand dollars granted by the Quebec Government on said twenty miles of new road and furnished to said sub-contractor all necessary power and authority to obtain said subsidies, which subsidies shall be paid in trust into some chartered bank to be named by the said sub-contractor, and paid out to him as the work progresses and as the same shall have been earned from the Government, and upon the completion of said work and of this contract, whatever balance may remain of said subsidies, after paying said sub-contractor in full, shall be paid over to said company.”

Q. So that there was the \$62,000, and \$128,000 and \$70,000, making in all \$260,000, the amount you mentioned. Now, you remember of course the difficulties that arose with Mr. MacFarlane through his failure to go on with the contract?—A. Yes.

Q. That resulted in his making an assignment to a curator in Quebec?—A. In Montreal.

Q. That was in November, 1889?—A. About that time; I don't remember the exact date; I think it was December, 1889.

Q. It was November, 1889.—A. May be, my impression is December.

Q. Now, do you remember the Act introduced at the last session of Parliament providing for the cancellation of the charter of a railway by Order in Council?—A. I do.

Q. Were you in Quebec at the time?—A. I was in Quebec several times during the session.

Hon. Mr. MILLAR.—You speak of the Legislature of Quebec?

THE COUNSEL.—Yes; I may say that the Act is Chapter 37 of the Statutes of 1890.

Q. You were busying yourself opposing the passing of the Act?—A. Excuse me; I was not.

Q. You didn't take any interest in the question of the passing of the Act?—A. I took an interest because I was interested in companies that have charters or interested in charters which would be affected by the Act.

Q. Did you endeavour to influence the Legislature, by laying your views before them, against the passing of the Act?—A. I do not remember laying my views before them.

Q. Did you lay your views before individual members?—A. I don't remember, I may have spoken to them.

Q. Did you prepare and distribute a memorandum stating your views against it?—A. I do not remember.

Q. If anyone should say that you did, would you deny it?—A. I think I didn't do it.

Q. The Act passed, then representations were made to the Dominion Government requesting the disallowance of the Act. Did you ever hear that before?—A. I have heard that representations were made; I have read it in the papers, and have been told so.

Q. By whom?—A. By Mr. Robitaille, when he was pushing matters on behalf of the company.

Q. Were you connected with it at that time?—A. As contractor, I never had any other connection.

Q. You understood from Mr. Robitaille that the Department of Justice had decided that that Act should not be disallowed?—A. I never heard that.

Q. Did you ever hear that the Department of Justice had given an opinion that it was needless to disallow that Act because the Baie des Chaleurs Railway was already a Dominion work under the terms of the Dominion Railway Act?—A. I never heard that.

Hon. Mr. POWER objected to this as hearsay evidence.

The CHAIRMAN ruled that there was no objection to the question.

Q. Do you remember an Order in Council forfeiting the charter of the Baie des Chaleurs Railway Company under that Act?—A. No, Sir.

Q. Have you any copies of these Orders in Council?—A. No.

Q. Have you seen them?—No, sir.

Q. Have you heard how many charters were cancelled?

COUNSEL FOR THE GOVERNMENT OF THE PROVINCE OF QUEBEC.—I beg to object to that question. I take this position: The Quebec Government is responsible to the Legislature of Quebec, and not to what I may call a foreign Legislature. The Legislature of Quebec is independent of the Federal Parliament, as the Federal Parliament is independent of the Local Legislature, and I object to any evidence being gone into which may have for its object to prove anything done officially by the Government of the Province of Quebec.

The CHAIRMAN.—I understand that Mr. Barwick is not going into an investigation of what the Quebec Government has done. In the matter at issue between the parties before the Committee as to a railway Bill, he is entitled to obtain information as to the relations between the contractor, sub-contractor and the railway, and I think the questions are such as can be properly asked.

THE COUNSEL FOR THE GOVERNMENT OF THE PROVINCE OF QUEBEC.—My objection is not to that particular question alone, but to any question trying to investigate the official acts of the Government of the Province of Quebec.

Q. You were never informed of these terms?—A. I never knew such an Order in Council was passed.

Q. Have you heard it now?—A. No; I have not heard it now.

Q. Never heard it up to this time!—A. No; and don't hear it now.

Q. No one has told you that an Order in Council has been passed forfeiting the charter of that company?—A. No, Sir.

Q. Do you remember an Act of the same session of the Legislature granting a subsidy to the Baie des Chaleurs Railway?—A. I think there was no subsidy granted under that Act. It was a subsidy granted for the building of a bridge on the Baie des Chaleurs over the Grand Cascapediac.

Q. A subsidy of \$50,000?—A. Yes.

Q. But there was also a subsidy to assist in building and equipping the Baie des Chaleurs Railway?—A. And paying the privileged debts—yes.

Q. That was a subsidy of 800,000 acres of land?—A. Yes.

Q. Orders in Council subsequently were passed providing how these privileged claims were to be paid, were they not?—A. I have not seen those Orders in Council.

Q. But were they passed?—A. I have seen it stated that they were passed. I have not seen the Orders in Council. I think they must have been passed, because payments have been made.

Q. Payments have been made under the Orders in Council passed in pursuance of this Act whereby claims are to be paid on the approval of Angus Thom?—A. I understood that no claim could be paid without the approval of Mr. Thom, or a judgment being obtained, or an arbitration. If Mr. Thom refused to certify the claimant had a right to arbitration.

Q. Who is Mr. Thom?—A. He is the present secretary of the company.

Q. That is of the new company?—A. It is the same company; it has been re-organized.

Q. Do you remember what day Parliament opened—the 29th of April, was it not?—A. I don't remember.

Q. Were you in Quebec the day before the opening of Parliament?—A. I think I was.

Q. At the St. Louis Hotel?—A. I have no doubt I was there. I usually stay at the St. Louis.

Q. Do you remember the number of your room; was it 68?—A. I don't remember.

Q. Do you remember who occupied the next, number 66?—A. I don't know if it was the next room, and don't know who occupied it.

Q. Did Senator Robitaille?—A. I don't think I ever occupied the next room to Senator Robitaille.

Q. How close was Mr. Robitaille's room to yours?—A. I go to Quebec so often and have had so many different rooms—

Q. But this was rather an important occasion?—A. It had no importance in connection with the number of the room I occupied.

Q. Did you go to Quebec to complete the transfer of Mr. Robitaille's stock?—A. I saw him in connection with that when I was in Quebec.

Q. That was on the day before he left for the Dominion Parliament?—A. I think I had seen him before that too, but I think the last day I saw him was on the day you mention.

Q. Do you remember Mr. Robitaille's christian name?—A. Theodore.

Q. He is the president of the old company?—A. Yes.

Q. Do you remember anyone else being in the hotel on the same day?—A. There were a good many people in the Hotel whom I knew.

Q. Do you remember anyone in particular?—A. Mr. Thom was in the hotel at that time.

- Q. Angus Thom?—A. Yes.
- Q. The secretary of the new company?—A. He was not secretary then.
- Q. When did he come to Quebec in order to have that meeting?—A. I think he had been there, probably, a week or ten days before. He had been there several days before I went down.
- Q. Did you occupy the same room with Mr. Thom?—A. I think I came back to Montreal and then went back to Quebec and had a different room.
- Q. When you came back, did you and Mr. Thom occupy adjoining rooms?—A. I don't remember.
- Q. Mr. Thom went with you to complete the transfer of the stock held by Mr. Robitaille?—A. We went together on that occasion.
- Q. That was on the day I mentioned, was it not?—A. I am not sure.
- Q. Was it not on the day before Mr. Robitaille left to attend this Session of Parliament, that you met there?—A. My impression is, that it was on the last day of Mr. Robitaille's stay there that Mr. Thom and I saw him together.
- Q. In his room?—A. Yes.
- Q. About the transfer of stock?—A. Yes.
- Q. He had the transfer of a stock, had he not?—A. You mean the transfer blank—yes; I believe so.
- Q. You two went there to get it?—A. I don't know whether I went there to get it; I went there with Mr. Thom.
- Q. You brought it away?—A. I have no recollection of that.
- Q. Are you sure?—A. It is possible we did so.
- Q. If Mr. Robitaille says you did, you would not deny it?—A. No; nor anything else that Mr. Robitaille says.
- Q. Who carried the cheque for \$24,000 to that room, you or Mr. Thom? It was Mr. Thom?—A. I think it must have been Mr. Thom.
- Q. Angus Thom?—A. Angus Thom.
- Q. That cheque was marked good?—A. That I don't know.
- Q. Yes, you do.—A. Excuse me.
- Q. It was accepted by the bank?—A. I am not aware that it was.
- Q. If Mr. Robitaille says it was, will you deny it?—A. No; I will believe anything that he says.
- Q. Including that?—A. Yes.
- Q. Do you remember what bank it was on?—A. I think La Banque Nationale.
- Q. And whose cheque was it?—A. J. C. Langelier's.
- Q. That is Mr. Chrysostome Langelier?—A. Yes.
- Q. And the cheque was taken there by Mr. Thom, \$24,000 was it not.—A. Yes, \$24,000.
- Q. That was on the 28th of April?—A. I think so; I am not sure of the date.
- Q. It was not to be cashed until the 1st of May?—A. That I could not say.
- Q. Think now.—A. I don't remember that.
- Q. If Mr. Robitaille says that was the arrangement, will you deny it?—A. As I said before, I will deny nothing that he says. My impression is that if it was an accepted cheque it was liable to be cashed at any moment.
- Q. The \$24,000 being paid to Mr. Robitaille was part of \$75,000 to be paid to the old company—the old stockholders?—A. Yes; paid to the shareholders.
- Q. The shareholders being Mr. Robitaille, whom I have mentioned, his brother, what was his name?—A. L. A. Robitaille.
- Q. Mr. Riopel—that is all, I think?—A. There were several other shareholders.
- Q. The shareholders were to get \$75,000?—A. Yes.
- Q. Mr. Robitaille was to get \$24,000?—A. That was a matter between the shareholders.
- Q. The cheque that that was taken to Mr. Robitaille was for his share?—Yes.
- Q. That cheque was payable to the order of Charles N. Armstrong?—A. Yes, sir.
- Q. In the room you endorsed it?—A. I did endorse it, but I don't remember where.

Q. And handed it to Mr. Robitaille?—A. I don't remember whether I handed it to him; probably if I endorsed it in the room I would hand it over there.

Q. And Mr. Robitaille handed back the transfer of stock?—A. That was probably the way it was done.

Q. And you took it away with you?—A. I don't remember. If Mr. Thom was there I think it more likely he took it away.

Q. Mr. Thom didn't take it away?—A. I am under the impression that he did.

Q. What did you do with it after you brought it away?—A. I would hand it to Mr. Thom.

Q. Do you remember the incident that makes you think that you brought it away and handed it to Mr. Thom next day?—A. I do not remember.

Q. You do not remember the day you handed it to Mr. Thom?—A. My impression is he got it there himself. It would make but little difference whether he got it there or whether he got it next morning.

Q. You left the hotel next morning?—A. I think I left before Mr. Thom did. I think Mr. Thom was to leave that day, but by a later train; I left by the early train.

Q. Mr. Robitaille was to leave next day for Parliament?—A. I am not sure.

Q. You two had gone there to complete that arrangement with Mr. Robitaille?—A. I went down to complete my arrangement with the company. I did not go down for the purpose of the transfer.

Q. How did you hear of the \$34,000 cheque?—A. I say I was there, but I did not go down for that purpose.

Q. But you met in that room to complete the arrangement and to endorse the cheque?—A. I do not remember whether we met for that purpose, and I may have endorsed the cheque before I went into the room.

Q. That cheque was part of the \$75,000 which the old shareholders were to get, and part of the \$175,000 that you were to get?—A. Which I had got.

Q. So that \$75,000 of that \$175,000 went to the old shareholders?—A. No, sir

Q. What do you mean?—A. I mean what I say.

Q. Did the \$24,000 go?—A. The \$24,000 was simply a loan from me to Mr. Thom.

Q. To be paid to Mr. Robitaille?—A. Yes; to be paid to Mr. Robitaille, but to me later.

Q. Has it ever been returned?—A. Yes, sir.

Q. When?—A. Within a few days; part of it the next day.

Q. In cash?—A. Yes, and in payments on my account and at my request.

Q. Did he pay accounts for you?—A. Yes.

Q. How much cash did you get next day?—A. Next day, or perhaps it was the same day, I do not remember the exact date. I was handed some three or four thousand dollars in cash, and as I was leaving Mr. Thom paid several acceptances of mine due in Quebec.

Q. We will deal with the cash first. You got three or four thousand dollars in cash?—A. I think so.

Q. Who paid the hotel bills—Mr. Thom?—A. I don't remember; I left in a hurry to catch the 1.15 train, and I may have left him to pay the hotel bills; I think possibly I did. We have often travelled together and sometimes he paid the hotel bills for me; sometimes I paid them for him.

Q. Being connected with the same business, that is the way you arranged?—A. It is not for that.

Q. Where did you get that three or four thousand dollars?—A. From Mr. Thom.

Q. Where was it paid to you?—A. It might have been paid to me at the hotel; I am not sure of that. These things appear to me to be trivial.

Q. Did the receiving of \$24,000 seem to you a trifle?—A. No; but it was a trifle if it was paid in Room 66 or Room 68.

Q. But it was no trifle your being paid \$24,000?—A. No; I do not think that; I did not say that.

Q. Did the getting of three or four thousand dollars next day appear a trifle?—A. It was a trifle when it was paid.

Q. Was it paid in a hotel?—A. I am under the impression it was.

Q. In whose room?—A. I cannot say.

Q. Was it in your room?—A. I cannot say.

Q. Used you to meet in Mr. Thom's room or in your own?—A. Sometimes in one, sometimes in the other.

Q. It was in one of these rooms you got the money from Mr. Thom?—A. I am not sure.

Q. Did you get it in a cheque?—A. I think I got some cheques from him, but I do not remember whether they are in payment of the loan or not.

Q. Would it be in bills?—A. It would be in bills if it was not in a cheque.

Q. It was not in gold?—A. No.

Q. What did you do with the money?—A. That I decline to state: I don't think it makes any difference to the Committee what I did with my own money.

Q. What did you do with it? Look at me, if you please, Mr. Armstrong!—A. I am not here at your command; I will look where I please.

Q. Look at me, if you please?—A. I am not afraid to look at you.

Q. You got the cash: did you deposit it in a bank?—A. I may have deposited a portion of it.

Q. In what bank?—A. Perhaps I telegraphed some of that money to Montreal.

Q. To whom?—A. To my office.

Q. You went to the telegraph office and paid the money there?—A. No, I asked the bank to telegraph it to my order.

Q. La Banque Nationale?—A. I am not sure, sometimes I transferred money through the Banque Nationale, sometimes through La Banque du Peuple, and sometimes through the Merchants.

Q. It was one of these three?—A. I think those are the only three I have used for that purpose. I am not sure.

Q. Do you know any other bank that you used to transfer money from Quebec to Montreal?—A. I think I used the Union Bank.

Q. It was none of these?—A. I don't think there is any other bank by which I could have done it, except it was the Bank of Montreal.

Q. How much did you transfer?—A. I don't recollect.

Q. A large sum?—A. I don't recollect; I don't think it was a very large sum.

Q. A hundred dollars?—A. More than that.

Q. A thousand dollars?—A. It might have been a thousand.

Q. Or a larger sum?—A. Well, yes, perhaps even larger.

Q. I do not want to run up the gamut to learn the amount, but tell me as near as you can?—A. I would have no objection to telling if I knew; I have no object in hiding the amount.

Q. Was it two thousand do you remember?—A. I do not think so.

Q. To whose credit was it transferred?—A. It may have been to my credit, or it may have been to my book-keeper.

Q. What is your book-keeper's name?—A. Mr. Watson.

Q. In Montreal?—A. Yes.

Q. What did you do with the rest of the money that you did not transfer?—A. I used it for my own purpose.

Q. What purposes? Anything in connection with the railway?—A. It may have been in connection with the railway.

Q. Were any amounts paid in connection with the Baie des Chaleurs Railway?—A. I do not remember if I paid any amounts in Quebec in connection with the Baie des Chaleurs Railway or not. I had only a short time to catch my train. I don't remember whether I paid anything in connection with the Baie des Chaleurs.

Q. What did you do with the endorsed cheques for \$56,000 that were left?—A. What \$56,000?

Q. The difference between \$24,000 and the \$75,000; you got cheques for that, did you?—A. I got cheques for \$71,750 I think.

Q. In Quebec?—A. In Quebec.

Q. In that same room?—A. No; I did not get the cheques in that room.

Q. You got the \$24,000 in that room and endorsed it over?—A. No.

Q. Are you sure of that?—A. I never said I did.

Q. The question was whether you endorsed it; you said you endorsed the cheque in Mr. Robitaille's room?—A. No; I did not.

Q. Where did you get the \$71,750?—A. I got the whole at the same time in the office of the Banque Nationale.

Q. You went to the bank with Mr. Angus Thom?—A. With Mr. Langelier and Angus Thom.

Q. Is that Mr. Chrysostome Langelier?—A. Yes.

Q. Who carried the cheques to the bank?—A. I do not think they were carried there; I think they were made out there.

Q. Drawn by Mr. Chrysostome Langelier there?—A. I think the cheques were drawn by the manager of the bank.

Q. And signed by Chryostome Langelier?—A. Yes.

Q. In the bank parlor?—A. In the manager's office.

Q. And handed to you?—A. Yes.

Q. You got the \$71,750 that day?—A. Yes.

Q. The next day—or was it the same day—you handed over \$24,00 to Mr. Robitaille?—A. It may have been the same day or the next day.

Q. How many cheques were there?—A. I think there were three cheques.

Q. Twenty-four thousand dollars was one?—A. I think they were for \$24,000, \$16,000 and \$31,750.

Q. What did you do with the \$16,000 cheque?—A. I do not think I am bound to account for what I have been doing with my own money.

Q. I think so?—A. I think not.

Q. Did you hand it to some person, or deposit it in the bank?—A. I don't think I am bound to answer that.

Q. We won't pry into your private affairs?—A. I think that is my private affair.

Q. You decline to say whether you handed it to a man or deposited it in a bank?—A. Yes; I think you are going a little too far into matters that concern only myself.

Q. You decline to answer?—A. Yes.

Q. Why?—A. Because I do not think you have any right to go into my personal affairs.

Q. Did you give it to Mr. Robitaille's brother?—A. I give you the same answer.

Q. Did you give the \$31,750 to the same man to whom you gave the \$16,000?—A. That is only coming around it another way; I decline to answer.

Q. You won't answer that at all?—A. No.

Q. Because that is your private business?—A. Yes.

Q. Did you deposit it in some bank?—A. You need not ask me any questions; you will not catch me.

Q. This was part of the \$75,000 which was to go to the shareholders?—A. It was part of the \$175,000 which I received for work done on that road, and which was my own property.

Q. But \$24,000 went to one shareholder?—A. I loaned that money to Mr. Thom.

Q. Did you loan the other cheques to him?—A. No.

Q. To whom did you loan them?—A. I decline to answer.

Q. You endorsed them in blank?—A. No; I did not.

Q. They were payable to you, and you endorsed them generally?—A. I wrote my name on the back of them.

Q. And loaned them to somebody?—A. I did not say that.

Q. Did you hand them to anybody?—A. I must have handed them to somebody; I have not got them now.

Q. How long did you have them in your hand, or in your pocket?—A. That I decline to answer.

Q. These cheques were brought to you and endorsed by you and then taken away from you without your holding them at all; is not that so?—A. You seem to know more about it than I do.

Q. I think I do.—A. Then perhaps you had better be witness instead of counsel.

Q. I know all about it, and I am going to prove these facts.—A. I have no objection to your proving anything.

Q. But you are unwilling to prove it. You object to my proving it through you.—A. I object to your asking me questions regarding matters which I consider have nothing to do with this inquiry.

Q. We will confine ourselves to this question. I may be able to prove by others these facts, though I cannot by you. If anyone tells that story, will you deny it?—A. I don't think anyone will tell it.

Q. If anyone makes that statement, will you deny it?—A. It will depend upon who says it.

Q. Now, Mr. Armstrong we have got your story as far as it will go, with regard to the three cheques making up this \$71,750. There was then a balance of \$3,250; was that paid by cheque?—A. No.

Q. Is it still due?—A. It is still due to me.

Q. And the money is now in La Banque Nationale, I presume to the credit of Mr. Chrysostome Langelier?—A. I think if it had been lying to his credit he would have paid it.

Q. Was that \$71,750 the proceeds of a letter of credit discounted by La Banque Nationale?—A. I do not know. Of course I had nothing to do with any letter of credit, except that I understood that there was a letter of credit.

Q. A letter of credit of the Quebec Government?—A. I do not know whose it was. I understood that a letter of credit was being discounted for the purpose of paying me.

Q. Chrysostome Langelier told you that?—A. It must have been he, I don't know of anybody else who would tell me.

Q. The \$71,750 was the proceeds of that discount?—A. I understood the bank kept \$3,250 for guarantee of the interest upon the letter, but the interest would not necessarily amount to that.

Q. Chrysostome Langelier told you that?—A. I think the bank manager said that in my presence.

Q. Did Chrysostome Langelier and you and Mr. Thom go down there, carrying the letter of credit?—A. Three people could not very well carry a letter of credit.

Q. Is that your deliberate answer?—A. That is my answer.

Q. Who took the letter of credit there?—A. I did not.

Q. It was taken there that day?—A. I believe it was.

Q. Did Chrysostome Langelier go into the bank parlour and arrange the discount, leaving you outside?—A. I think we were in the next room for a while.

Q. He went first into the manager's office and arranged the discount?—A. I don't know just what he went in there for.

Q. Did he tell you?—A. He did not.

Q. Did you understand he was going in to make the arrangement to get the discount?—A. I understood he was going in to get the cheques.

Q. Then he came out with the cheques?—A. We were called in and the cheques were written in my presence.

Q. And you endorsed them over there?—A. I do not know whether I endorsed them there or not.

Q. Where else would you endorse them?—A. There were dozens of other places.

Q. And you handed them over the same day?—A. I do not think so.

Q. Did you hand them over before you left Quebec?—A. Yes.

Q. You were to leave on the one o'clock train the next day, and before that time these three cheques had left your possession?—A. Yes.

Q. On the day you got them or the next day?—A. I have just said that I do not remember whether they left my possession on that day or the next day.

Q. How long had you the three cheques in your possession; just long enough to endorse them?—A. No, sir, you are wrong.

Q. How long had you the one for \$16,000; as long as you had the one for \$24,000?—A. Either one of the two remained in my possession until the next day.

Q. You did not keep them long?—A. No, I wanted the money.

Q. That was \$75,000 of the \$100,000 of the letter of credit?—A. That was \$75,000 of the \$175,000 paid to me.

Q. Now, \$100,000 was paid to you somewhat in the same way?—A. It was paid to me by cheques by Mr. Langelier.

Q. Five cheques of \$20,000 each, there were?—A. You appear to know.

Q. But you do not know?—A. I do not propose to tell you.

Q. Would you deny that?—A. I did not deny that.

Q. Have you told anyone that since this Bill was before the Senate Committee?—A. I think not.

Q. What bank were they on?—A. I believe the Union Bank.

Q. Sure of that?—A. No, sir.

Q. You did not notice what bank they were on, when you endorsed them?—A. I saw the cheques.

Q. Answer that question.—A. Yes, I think they were on the Union Bank, but I am not positive.

Q. You did not keep them long enough to find out?—A. Yes, I had them long enough; that would not take long.

Q. But you did not find out?—A. My impression is they were on the Union Bank.

Q. But you have found out they were on La Banque du Peuple?—A. I have not. I have heard it said by you they were on La Banque du Peuple.

Q. Do you believe it?—A. I do not believe all you have said.

Q. Do you believe that much?—A. I do not.

Q. Did you give these cheques, some to one and some to another, or did you give them all to the same man?—A. That I will not tell.

Q. Did you give them to a man or deposit them in a bank?—A. That I decline to say.

Q. Did you give them to the same man to whom you gave these, one for \$16,000 and the other for \$31,750?—A. You will save yourself a good deal of trouble by not asking such questions.

Q. It is no trouble to me. You simply kept these cheques long enough to endorse them?—A. I have not told you how long I kept them.

Q. Now, I am going to put a series of questions which you may be willing to answer or may not. Were these the proceeds of a letter of credit?—A. I do not know.

Q. Did you ever hear?—A. No, sir.

Q. They were Chrysostome Langelier's cheques?—A. Yes.

Q. Payable to Charles N. Armstrong?—A. Yes.

Q. Endorsed by Charles N. Armstrong?—A. Of course; that was necessary.

Q. Payable to anyone?—A. Payable to me.

Q. Endorsed payable to anyone, I mean?—A. No.

Q. Endorsed generally?—A. Yes; but they would be payable to me.

Q. If they were endorsed generally, that would make them payable to anybody?—A. What I mean is that with cheques of large amounts like these, the bank would require identification before paying them.

Q. The man who got these cheques would have cashed them?—A. Well, I think the cheques were given, and I think the man who got them probably did cash them.

Q. Were they marked good at the time?—A. No.

Q. They were marked the same as the cheque for \$24,000?—A. I don't think that was marked.

Q. You do not know whether these five cheques were marked or not?—A. They were not marked.

Q. You are positive about that?—A. I am positive.

Q. When were they dated?—A. I am not sure.

Q. On the 28th of April?—A. I think so.

Q. Where did you get them, in Montreal or Quebec?—A. Quebec.

Q. At the same time you were down there on the 28th of April?—A. I think some days after that.

Q. How many days?—A. I can't remember; not many days.

Q. Did you go back to Montreal?—Yes; I left for Montreal by the one o'clock train.

Q. Then you went back to Quebec to get the other five cheques?—A. I went to get the balance of my money.

Q. That is the \$100,000?—A. There was \$103,250.

Q. Angus Thom went with you?—A. I am not sure that he went.

Q. He may have gone with you?—A. I don't remember.

Q. Or he met you there?—A. We were there at the same time.

Q. And the same arrangement was adopted in handing over the five cheques for \$20,000 each which you have described?—A. No, sir; there was a difference. Mr. Thom was not there.

Q. Had he gone back to Montreal?—A. I am not sure.

Q. Who was there?—A. Nobody was there.

Q. Nobody there when you handed over cheques for these large amounts?—A. Nobody there when I got them, and nobody when I disposed of them.

Q. Did you receive them by post, or find them on the floor?—A. I stated that I received them from Mr. Langelier.

Q. Did you hand them over at the same interview?—A. I never handed them over to Mr. Langelier. I have just told you there was nobody there.

Q. How long after you endorsed them, was it that you handed them back?—A. I did not say I handed them back.

Q. Did you hand them back?—A. I decline to answer.

Q. Did you tell anyone that you handed these cheques to Mr. Pacaud?—A. I did not.

Q. Will you deny that you did? If Senator Robitaille says that, will you deny it?—A. Anything that Senator Robitaille says I will believe.

Q. You came on the train here with Mr. Pacaud?—A. No.

Q. Did you see him yesterday?—A. I did not.

Q. Do you know where he is?—A. I do not.

Q. You have not heard he had gone to France?—A. I have heard that he is in England.

Q. Gone to France by way of England?—A. I don't know.

Q. You decline to tell me where this \$100,000 which you received on your second visit has gone?—A. Yes.

Q. Will you deny that it went to Mr. Pacaud?—A. I will not deny it or assert or tell you anything about it.

Q. Now, Mr. Armstrong, we come to another subject. Under this Subsidy Act of the Quebec Legislature of 1890 a subsidy of 800,000 acres was granted which was converted into \$280,000, payable to any person or persons who were in a position to carry out the said work, that is, to build and equip the Baie des Chaleurs. You understand what I mean?—A. Yes.

Q. The \$175,000 paid to you was part of that \$280,000?—A. Yes, sir.

Q. You decline to tell me whether the \$100,000, part of the \$280,000 granted under this Act was given to Mr. Pacaud or not?—A. I decline to say. I received \$175,000 for good consideration; I had given over double that amount, and once it became my property it is nobody's business what I did with it.

Q. Nobody's business whether you paid it to Mr. Pacaud or not?—A. No; nor whether I paid it to you.

- Q. Did you meet John J. Macdonald?—A. Yes.
- Q. He was negotiating with the Government for the building of this road, was he not?—A. Yes, sir.
- Q. And with Mr. Pacaud?—A. Yes; I was told so.
- Q. Were you told by John J. Macdonald?—A. I think probably he did tell me; we had several conversations.
- Q. He told you about the bargain Mr. Pacaud wanted to make with him?—A. No.
- Q. Whom did you learn that from?—A. I don't think I ever learned it.
- Q. You know that Mr. Pacaud wanted to make a bargain?—A. I know they were negotiating.
- Q. And John J. said that Pacaud wanted too much?—A. I was under the impression that he had made his arrangements.
- Q. And you learned what the arrangement was?—A. No, sir.
- Q. Did not John J. tell you?—A. No.
- Q. How did you find it out?—A. I have not found it out.
- Q. You knew there was an arrangement?—A. I was under that impression.
- Q. An arrangement to pay Pacaud some money?—A. I did not know what the amount was.
- Q. You went to Pacaud yourself?—A. Yes.
- Q. And told Pacaud that you knew there was an arrangement with John J.—A. No, sir.
- Q. What did you tell him?—A. I did not tell him anything of that kind.
- Q. What did you tell him?—A. Simply asked whether he was willing to work for me or other parties in a position to take up the subsidy and do the work.
- Q. That is under the Subsidy Act. You asked him if he was willing to carry out with any company the arrangement he had with John J.?—A. I asked if the Government was willing.
- Q. You told him that if the Government were willing you would get a new set of men and make it all right with them?—A. No, sir.
- Q. Was that about the substance of it?—A. No.
- Q. What did you say about the new syndicate?—A. I asked if the Government were ready to deal with the new syndicate, as the arrangements with Mr. Macdonald and Mr. Cameron were not going through.
- Q. And you told him you knew what the arrangements were?—A. No.
- Q. The arrangements I refer to were as between the company and himself?—A. I am talking about the arrangements between Mr. Macdonald's syndicate and him. I told Mr. Pacaud no such a thing as you state, and I never said I said so.
- Q. If anyone said that would you deny it?—A. I would deny it.
- Q. Even if Senator Robitaille said it?—A. Yes. Because he would be under a mistake if he said that.
- Q. You have talked with somebody over the little arrangement with Mr. Pacaud since this Bill came before the committee?—A. Several people attempted to get information from me.
- Q. Several people who, you think, have given you away?—A. I don't know that anyone has given me away.
- Q. Where were you last Sunday week?—A. I was in Sorel.
- Q. And travelled up to Ottawa on Sunday?—A. No, sir; I did not.
- Q. When did you come?—A. On the Sault train on Monday.
- Q. Do you remember whom you travelled with?—A. There were quite a number of people I knew on the train.
- Q. Were you in the dining-car?—A. Yes; part of the time with Mr. Tassé.
- Q. And you told him all about it?—A. No; I refused to tell him all about it.
- Q. Now where did this interview with Mr. Pacaud take place?—A. It was not much of an interview; it only lasted a minute or two.
- Q. Where was it?—A. In the St. Louis Hotel.
- Q. On the 28th of April?—A. Long before that.

- Q. Was he living there?—A. No; but he often comes in and out.
- Q. Did you go up stairs, or was the interview in the public hall?—A. It was in the public hall.
- Q. Who else was there?—A. We two sat together.
- Q. For a few minutes?—A. I don't think we were half a minute.
- Q. Did you come to an understanding?—A. I asked if he thought the Government would be willing to treat with other parties, as the arrangements with Macdonald and Cameron were not going through.
- Q. Did he tell you that they were?—A. He said he thought they were.
- Q. When did he tell you they were?—A. Probably ten days after that; perhaps more—two weeks after.
- Q. Did you go back to Montreal?—A. Yes.
- Q. You then went down to Quebec to see him?—A. I think the next time I saw him was in Montreal.
- Q. Did he come up to see you?—A. He came up on other business.
- Q. And told you they were ready to make the arrangements?—A. No; not then.
- Q. They were a little company?—A. I think they were not completely off their arrangement with Macdonald and Cameron.
- Q. They were not off with the old—how soon were they off after your arrangement in the St. Louis Hotel?—A. There was no arrangement.
- Q. After the conversation?—A. Two or three weeks.
- Q. When did he tell you they were off?—A. Some time about the middle of March.
- Q. Did he come to Montreal to tell you that?—A. No; he happened to be in Montreal, and I went to see him.
- Q. Where?—A. In the Windsor Hotel.
- Q. Did you sit in the rotunda, or in a room?—A. I think we talked in the rotunda.
- Q. That was in March or April?—A. In March; but I do not know the exact date.
- Q. What did he tell you?—A. He had not had an answer from Macdonald about it.
- Q. That is as to how John J. was to pay him?—A. As to whether they would carry out the arrangement.
- Q. Did not he tell you he did not know how much John J. would pay him?—A. No; there was no reference to that.
- Q. When did you learn from Mr. Pacaud that the arrangement was off with the John J. Macdonald syndicate? In Montreal?—A. No; by telegram.
- Q. Where is the telegram?—A. I have not got it.
- Q. Did you destroy it?—A. I do not know.
- Q. What did he do?—A. The telegram was from New York, and he said if we wished to see the members of the Government in connection with the arrangement for the construction of the line to come with one of the members of the syndicate to New York.
- Q. To see him?—A. To see the members of the Government who were there.
- Q. And him?—A. He did not say so.
- Q. He was there?—A. Yes.
- Q. And stayed there?—A. Yes.
- Q. What members of the Government were in New York?—A. I saw two or three of the members when I was there.
- Q. Whom did you see?—A. Mr. Robidoux and Mr. Charles Langelier.
- Q. And Mr. Garneau?—A. No, sir.
- Q. Any others?—A. I think these were the only two there when I got there.
- Q. These two and Mr. Pacaud were in New York?—A. Yes, sir.
- Q. At what hotel?—A. At the Brunswick.
- Q. Were they all staying at the same hotel?—A. I met them all there.
- Q. Was Mr. Pacaud staying there?—A. I am not sure.

Q. Was Mr. Langelier or Mr. Robidoux staying there?—A. I met them at that hotel.

Q. In whose room?—A. In no room—that is to say, in the public room down stairs.

Q. Off the main hall?—A. No; in the public hall there is a door opening off the street.

Q. Were you four or five the only ones in the room?—A. No; there may have been a dozen or fifty.

Q. What members of the syndicate went with you?—A. Mr. Thom.

Q. Mr. Angus Thom?—A. Yes.

Q. Did you see Mr. Pacaud before you saw Mr. Robidoux and Mr. Langelier?—A. I am not sure whether some of them were not there together; at all events they were there at that time.

Q. That is Mr. Robidoux and you and Mr. Pacaud and Mr. Thom and Mr. Langelier met together at once?—A. I cannot recollect.

Q. You saw Mr. Pacaud first?—A. I cannot remember.

Q. What did Mr. Pacaud tell you before you got down to business?—A. What do you mean by getting down to business.

Q. When you found that the arrangement with the old company was off?—A. I do not remember.

Q. What did Mr. Pacaud tell you?—A. I don't think it is necessary to tell.

Q. Is that the time you came to the arrangement with regard to his getting \$100,000?—A. I do not know.

Q. Will you deny it?—A. I will neither deny nor state anything.

Q. You will not deny that in the Brunswick hotel, in New York, you came to the arrangement to pay Mr. Pacaud \$100,000 as a condition of being approved as the company to handle the subsidy?—A. I do deny any such thing as that.

Q. I made that question a little too long. Did you discuss \$100,000 with Mr. Pacaud then?—A. No.

Q. Did you discuss giving anything to him?—A. No.

Q. What did you talk about?—A. The proposed arrangement with the new syndicate for taking hold of the construction of the line.

Q. And you learned that the J. J. Macdonald syndicate was off?—A. No.

Q. It was not off then?—A. No.

Q. When did it go off?—A. Some days after that.

Q. Did you learn that in New York?—A. No; I said I got a telegram from New York.

Q. You had learned it was off when you were in Montreal?—A. No; I learned it was not off. It was after my return from New York.

Q. You made your propositions to Pacaud, Robidoux and Langelier in New York?—A. They were made by Mr. Thom on behalf of the proposed syndicate.

Q. You had your private conversation with Mr. Pacaud?—A. I never said so.

Q. At that conversation I suppose you won't tell me whether you agreed to give him the \$100,000 or not?—A. No.

Q. You will not deny that it was at that conversation you made the arrangement to give him the \$100,000?—A. I do not deny it. I say nothing about it.

Q. Then you came back to Montreal?—A. Yes, sir.

Q. Without making any arrangement?—A. Without closing anything.

Q. The only thing pretty well understood between Mr. Pacaud and you was your arrangement with him?—A. I have not said so.

Q. You will not deny it?—A. I will say nothing about it.

Q. The one thing clear was that Mr. Pacaud had to be arranged with?—A. I have not said that.

Q. And you will not deny it?—A. I will not say anything about it.

Q. Who paid you expenses going down?—A. Mr. Cooper advanced the money for the expenses.

Q. For both?—A. I do not know about Mr. Thom—I know he advanced for mine.

- Q. Who is Mr. Cooper?—A. President of the Company.
- Q. What is his Christian name?—A. James.
- Q. He advanced the money for expenses?—A. He advanced me \$50 as I was going down on their behalf.
- Q. Are you in the employment of this company?—A. No.
- Q. You have no connection with them now?—A. I never had except as contractor.
- Q. Never told anybody you had?—A. No.
- Q. Never told anybody you were in the employment of the Company now?—A. No.
- Q. Then you came back to Montreal. When did you see Mr. Pacaud again?—A. I think it was some weeks after that.
- Q. Had you heard from him in the meantime?—A. I had a telegram from him.
- Q. Where was it sent from?—A. New York.
- Q. He remained in New York all this time?—A. I do not know that.
- Q. He stayed with Mr. Robidoux and Mr. Langelier?—A. I do not know, but I think not. I believe they went off inspecting Lunatic asylums, or something of that kind.
- Q. He remained in New York until their return, or did he go with them?—A. I do not know.
- Q. You got another telegram from Mr. Pacaud?—A. Yes, sir.
- Q. I suppose it is in Montreal?—A. I don't think I kept it.
- Q. What did it say?—A. It had been understood in New York that unless they heard or closed something with Macdonald and Cameron within a certain time—within a few days—they would be prepared to close with the new syndicate. I think his telegram was sent at the end of the time fixed, and announced the fact that they heard nothing from Montreal, and were open to deal with the new syndicate.
- Q. It was addressed to you at Montreal?—Yes.
- Q. Then you and Mr. Thom went down again?—A. No.
- Q. Moment down?—A. Nobody.
- Q. When did you meet with Mr. Pacaud?—A. A short time after he had returned.
- Q. How did you learn he was about to return?—A. I don't remember.
- Q. You learned he was back in Quebec and went down to see him?—A. I saw him in Montreal.
- Q. On his way to Quebec?—A. Yes, he came home before the Ministers.
- Q. He was a little more anxious perhaps?—A. He was not on the commission.
- Q. He came to your office?—A. Well I don't know that he has ever been in my office, I think is more likely that I went to him at the Windsor.
- Q. Did he sent for you?—A. I do not recollect.
- Q. Did you get a letter or message asking you to come to the Windsor?—A. I do not know.
- Q. But you went to the Windsor?—A. I am not sure that I met him at the Windsor.
- Q. Where did you meet him?—A. My impression is that I met him at the Windsor.
- Q. In the rotunda or in some private room?—A. I think I met him in a private room.
- Q. Did he tell you that the arrangement was off with the John J. Macdonald syndicate and that he was prepared to make an arrangement with the new syndicate?—A. He said the Government was prepared to negotiate with the new syndicate.
- Q. You arranged with Mr. Pacaud what he was to get?—A. I will not deny or acknowledge that.
- Q. Have you ever told anybody that at that interview you arranged with Mr. Pacaud what he was to get?—A. No.
- Q. That is one of the things you did not tell; have you told anything that took place with regard to that transaction?—A. I suppose I have.

Q. Did you go to Quebec with Mr. Pacaud?—A. No.

Q. Did he go alone?—A. I did not go with him.

Q. How long after you met in the St. Louis Hotel, was the order of the Lieutenant-Governor passed, making the arrangements with the new syndicate?—A. About six weeks, I think.

Q. How long after the meeting took place between you and Mr. Pacaud in the Windsor Hotel?—A. My impression is that meeting took place a few days after the one in New York.

Q. You knew after the meeting in the Windsor, that the Order in Council was to be passed?—A. No.

Q. You expected it to be passed?—A. I cannot say I expected it to be passed.

Q. When did you know it would be passed?—A. Not until it was passed.

Q. There was a good deal of delay in issuing the order, was there not?—A. There were several difficulties arose in discussing the details, I believe.

Q. How did you put your proposal before the Quebec Government?—A. I had not any proposal to make.

Q. Well, the new syndicate?—A. I understood that Mr. Thom wrote a letter to the Government.

Q. Placing their proposal before the Government?—A. Yes.

Q. When was that application made?—A. A few days before the Order in Council was passed.

Q. So that there was only about ten days delay between the application being before the Lieutenant-Governor in Council and the passing of the Order?—A. I think it was only two or three or four days.

Q. The application was presented to the Quebec Legislature by Mr. Thom?—A. Not to the Legislature.

Q. I mean to the Lieutenant-Governor in Council?—A. By Mr. Thom on behalf of the syndicate.

Q. You went to Quebec at the time that application was before the Lieutenant Governor in Council?—A. I was not in Quebec at that time.

Q. Was Mr. Thom there?—A. Yes.

Q. Did he write the application in Quebec?—A. Yes.

Q. And gave it to whom?—A. I do not know.

Q. Did you get a copy of it?—A. I had a copy but there were several alterations in it and I did not keep it.

Q. Who made the alterations?—A. They were made by Mr. Thom.

Q. Did you submit the application to Mr. Pacaud?—A. I did not; I had nothing to do with it.

Q. Did he see it before it was made?—A. Not to my knowledge.

Q. Where were you staying together. At the St. Louis?—A. I was not staying with Mr. Pacaud.

Q. Did you see Mr. Pacaud?—A. Several times.

Q. Did you talk about the application?—A. Yes.

Q. And about the one hundred thousand dollars?—A. I did not say that.

Q. You will not deny that?—A. I will not say anything about it.

Q. Mr. Mercier was then in England or on the Continent?—A. On the Continent I think.

Q. And Mr. Garneau was acting Premier?—A. I believe so.

Q. There was some difficulty about the order going through, was there not?—A. I do not know what you call a difficulty.

Q. Some delay?—A. It took sometime to settle all the details.

Q. Mr. Pacaud explained the reasons for the delay?—A. I don't think he did; he did not explain them to me.

Q. He told you he had to go to Garneau?—A. Who told you that?

Q. He told you that; did he not?—A. No, sir.

Q. He did not tell you of an interview with Mr. Garneau?—A. I know he did have an interview because I saw him go into Mr. Garneau's office.

- Q. Was that the day before the Order was passed?—A. That I cannot say.
- Q. Or was that the second day before?—A. It was during the time I was there; it may have been three days before.
- Q. Did he take a list of debts when he went into the office?—A. What debts?
- Q. I do not know what debts?—A. I do not either.
- Q. Did he take a list with him?—A. Not to my knowledge.
- Q. He showed you a list?—A. A list of what?
- Q. No. Showed you a list of liabilities?—A. No.
- Q. Debts?—A. No.
- Q. What did he show you?—A. He did not show me anything.
- Q. You did not see a list of liabilities or debts or I O U's or "bons" as you call them, to be paid out of the \$75,000?—A. No.
- Q. Did you tell Senator Robitaille that he did?—A. No.
- Q. If he says you did say so, will you deny it?—A. I don't think he will say so.
- Q. Are you prepared on oath to deny it if Senator Robitaille states it?—A. Yes.
- Q. You saw a list of \$57,000 of debts that Mr. Pacaud had?—A. No, sir.
- Q. And you never told Senator Robitaille that either?—A. No, sir.
- Q. Did you see any list of figures amounting to \$57,000 in Mr. Pacaud's possession?—A. No, sir.
- Q. You are prepared to deny that?—A. Straight.
- Q. That is one thing you are solid upon?—A. I am solid upon a good many things.
- Q. Pacaud told you that he went to Mr. Garneau's house and insisted that the Order in Council must be passed, did he not?—A. No, sir.
- Q. He never told you that?—A. No, sir.
- Q. If Senator Robitaille says that you told him that, will you deny that?—A. Yes.
- Q. Because I can tell you he is going to say that?—A. He may say so if he chooses, if he does so it will be because he thinks it is true.
- Q. You will believe him?—A. I will believe that he thinks what he says is true.
- Q. Mr. Pacaud showed you a list which he had submitted to Mr. Garneau?—A. Is that all your question?
- Q. Yes?—A. No, sir.
- Q. Did he show you a paper he submitted to Mr. Garneau?—A. No, sir.
- Q. Did he tell you he had shown a paper to Mr. Garneau?—A. No, sir.
- Q. If Senator Robitaille says you said exactly the opposite?—A. I don't think he will say so.
- Q. I can tell you that he will?—A. Well.
- Q. On oath he will say that?—A. He may, but I do not think so.
- Q. I tell you he intends to say that?—A. I will wait until he says it before I express an opinion.
- Q. Then if he does say it you won't deny it?—A. If he does I will take it that he has misunderstood something that I may have told him.
- Q. Will you say he is swearing to what is not true?—A. No, I will not say that. I will say he has misunderstood something that I said.
- Q. Did you tell that to Senator Tassé?—A. No, sir.
- Q. Not the day you were travelling in the dining car?—A. No, sir.
- Q. And if Mr. Tassé says you did, what will you say?—A. I will say he is mistaken.
- Q. Will you deny it?—A. I have already denied it.
- Q. Will you deny it if he says it under oath?—A. Certainly, I am not going to change what I have said, I am on my oath now.
- Q. La Banque du Peuple retired some paper they held out of the proceeds of \$100,000?—A. I am not aware of that.
- Q. You never heard that?—A. I never heard it.

Q. I am going to read to you my notes to tell you what Mr. Robitaille, I believe, will state?—A. I had rather Mr. Robitaille would say it himself.

Q. If Senator Robitaille says I know that there was delay in the passing of the Order in Council through some outside interference with Mr. Garneau; will you deny that?—A. I am not aware of any interference.

Q. Answer the question?—A. That is an answer to your question.

Q. If Senator Robitaille says that; will you deny it?—A. No, I will not deny it.

Q. If he says you told him so, will you deny it?—A. Yes.

Q. Will you deny that you knew of the delay?—A. I knew there was some delay.

Q. Did you tell Senator Robitaille there was some delay?—A. Yes, I daresay I told him that at the time.

Q. What day of the month is this?—A. The 12th, I think I am not very sure I have been knocking around so much.

Q. Do you remember Tuesday of last week?—A. Yes.

Q. That was the first day you were before the Committee?—A. I was here several times before. That is the first day questions were put to me.

Q. Did you see Senator Robitaille here that day?—A. I saw him both before and after the Committee meeting.

Q. Where?—A. In his room.

Q. Where is that?—A. Downstairs.

Q. You went to his room?—A. Yes.

Q. And told him about this?—A. I don't remember.

Q. Have you talked to him since?—A. Yes; on Thursday last week.

Q. Did you talk about the matter?—A. Yes, we have often talked about it.

Q. Did you tell him then or any other time that when there was delay in passing the Order in Council, Mr. Pacaud told you he went to Mr. Garneau and threatened to telegraph for Mr. Mercier?—A. I do not know that I told him that; but it was stated in the papers.

Q. Mr. Pacaud told you so?—A. I don't know that he told me.

Q. Did you learn it from Mr. Pacaud?—A. I do not know.

Q. Did you tell Senator Robitaille that?—A. I do not know.

Q. You are not prepared to say you did not tell him that?—A. I am not prepared to say it.

Q. And that Pacaud said Mercier could be out in a week, and Garneau knew what would follow?—A. No.

Q. Did Mr. Pacaud tell you that?—A. No.

Q. If Senator Robitaille says you said that, will you deny it?—A. Yes.

Q. And Garneau begged Pacaud for God's sake not to do that, and promised to pass the Order in Council—is that right?—A. Is that a question—I did not know you put it in the shape of a question?

Q. Is that not right?—A. No; I do not think it is.

Q. You are not quite sure?—A. There was some conversation as to what appeared in the papers.

Q. But did you tell him that?—A. No.

Q. Or anything like that?—A. Something like that that appeared in the papers.

Q. Did you say that Pacaud said that to you?—A. No.

Q. If Senator Robitaille says you said that—and I say he will say it—will you deny it?—A. I will deny that I used those words.

Q. Will you deny that that was the substance of the conversation?—A. That is another matter; we were talking of what appeared in the newspapers.

Q. And you gave Senator Robitaille to understand that you got this from Mr. Pacaud?—A. I do not think I did.

Q. You will not deny it?—A. I do not think I put it in that way. There was a good deal passed between Senator Robitaille and myself that I considered confidential, and perhaps I was careless in the words I used.

Q. Now Mr. Pacaud told you there was a little delay in the matter?—A. I do not know that he told me anything at all about delay. I know it took some days to complete the matter.

Q. Mr. Pacaud went to Mr. Garneau's house?—A. That I do not know.

Q. Now I am going to tell you again what you have said within the last few days, Mr. Armstrong, this is what you gave as the report of your conversation and interviews with Mr. Pacaud:—Then Mr. Pacaud went to Mr. Garneau's house and produced to Garneau a list of Mercier's debts amounting to \$57,000 which had to be met and insisted that the order in Council must be passed. Garneau gave in and the order in Council was passed. Pacaud told that to you and showed you the list of \$57,000 of debts. You saw that list and on the list you saw the names of Tarte and Carroll. Did I get that name right. He is the member for Kamouraska, is he not?—A. I am not sure.

Q. That is what you told Senator Robitaille in his room in this building on the 4th of this month.—A. I am under the impression that part of what you say, was told by Senator Robitaille in his room to me.

Q. How much did you tell Senator Robitaille?—A. There was a general conversation about the matter and Senator Robitaille seemed to know a great deal more about it than I did.

Q. You said:—Did you ever hear of anything so imprudent as showing me that list. That is about right?—A. I do not remember that.

Q. That is pretty close to it, is it not?—A. I do not remember to be able to say how close it is.

Q. And it was an infernally imprudent thing?—A. It would have been, if it had been done.

Q. It was an imprudent thing?—A. I say it was an imprudent thing.

Q. And you saw the list?—A. I did not say so. I do not know what list you refer to.

Q. Yes, you do. Do you mean to tell me you do not know what list I refer to?—A. You have questioned me about a list of debts, I.O.U.'s, &c., but you cannot catch me.

Q. You could help me in this matter?—A. Perhaps I could if I wished.

Q. Did you see the list which Mr. Pacaud took to Mr. Garneau's house and showed to him?—A. I do not know of any list whatever that Mr. Garneau took to Mr. Pacaud's house.

Q. I have told you what Senator Robitaille is to say. Will you deny that if he said it?—A. I do not know what he is going to say.

Q. You have heard what I tell you, Senator Robitaille will say, you said in his room. If he says so, will you deny it?—A. Part of it I think he told me instead of me telling him.

Q. What part?—A. It is pretty hard to divide it. He told me he had heard that Mercier had received \$57,000 or \$58,000 out of the \$100,000 paid to Pacaud. He asked me if I knew anything about it. I said I did not know. He spoke about a sum of \$17,000. I said I had once heard Mr. Pacaud say there was \$57,000 yet to pay, but as to his going with the list to Mr. Garneau's house, or anything of that kind, I know nothing about it.

Q. And if Senator Robitaille says you did explain about that list and told him about it and said you saw it, you are prepared to deny that under oath?—A. Yes.

Q. How did you come to mention Mr. Tarte's name?—A. If you will allow me I will make an explanation. What I did say was that Mr. Pacaud had told me there was \$57,000 he had to pay. He had a memorandum in his hand; I do not know what the total of the memorandum was. He did not show it to me, I saw the name of Tarte on the memorandum.

Q. And the other name?—A. The name you have mentioned, Carroll, I do not know that I saw the name.

Q. What, there names did you see?—A. I do not remember noticing any other.

Q. That was \$57,000 to be paid out of the \$100,000?—A. It was about \$58,000 that Mr. Pacaud said he had to pay.

Q. And which he was going to pay out of the \$100,000?—A. I do not know.

Q. Did he show you the necessity of getting an Order in Council in order to pay these debts?—A. No I don't think there was any necessity to explain it.

Q. Did you talk French or English with Mr. Pacaud?—A. Sometimes one sometimes the other.

Q. He knows English, and can give his evidence in that language if he comes here?—A. Yes.

Q. But he is not likely to come?—A. I do not know.

Q. Have you not heard that he is gone?—A. I have been told that here but I do not know it.

Q. What kind of a piece of paper was it that Pacaud held in his hand?—A. Like a sheet of note paper.

Q. In whose handwriting was it?—A. I do not know.

Q. How was it headed?—A. I do not know.

Q. There were a lot of names on it?—A. Yes.

Q. That was the list you meant when you told Mr. Robitaille that it was a very imprudent thing to show it to you?—A. I do not remember saying that. If I said it, it would have reference to that.

Q. Where was the imprudence in Pacaud showing you the list?—A. If it was as you stated, I think it was a very imprudent thing to show it to anybody.

Q. Did you think it imprudent as the time?—A. Yes just as much as now.

Q. You told Senator Tassé so?—A. I did not see Senator Tassé at that time.

Q. But you told Senator Tassé?—A. No.

Q. You told Senator Robitaille so?—A. I may have said so to Senator Robitaille.

Q. To that effect?—A. I may have done so; I have no recollection of doing so.

Q. Did you speak again of the \$100,000 that Mr. Pacaud was to get when he showed you the list?—A. To Pacaud?—no.

Q. The question about the \$100,000 had been agreed to before that?—A. I did not say so.

Q. You will not deny that the arrangement had been come to before that?—A. I did not say.

Q. But you will not deny it?—A. No, I will not deny it.

Q. Immediately after that list was shown to you the Order in Council was passed?—A. The list really was not shown to me.

Q. Immediately after you saw the list the Order was passed?—A. I did not see the list.

Q. After you saw the piece of paper the Order was passed?—A. I do not know but the Order in Council had been passed before that; I think it had.

Q. No, the Order was passed the next day, was it not?—A. I think the Order had been passed at that time.

Q. That is, the Order in Council was passed immediately after Pacaud went to Garneau's house with the list?—A. I did not know he went to Garneau's house with the list.

Q. Immediately after, he went to Garneau?—A. I do not know.

Q. You told Senator Robitaille so?—A. No, I did not.

Q. He is prepared to swear that you said so?—A. Let him swear.

Q. You will not deny it?—A. Yes; I will deny it, that I told him that.

Q. Have you got the summons in your pocket that was served on you?—A. I have it in my hand.

Q. I mean the summons served on you in Ottawa?—A. No, I left it in Montreal.

Q. Where did you go?—A. Home.

Q. To Montreal?—A. Yes.

Q. Where did you go from there?—A. To the Inch Arran Hotel, Dalhousie, where my family is.

- Q. When were you summoned?—A. About 1.30 p.m. on Thursday of last week.
- Q. Was that the day you gave the explanation with regard to the \$175,000?—
- A. It was on Tuesday, two days before that, that I gave the explanation.
- Q. After you gave the explanation, you went out of the room?—A. I was in and out of the room several times.
- Q. You were sent for to come back?—A. I was called away in the first place by a letter handed to me at the door, and I went out. I was told by Senator Guevremont that somebody was asking for me and I came back.
- Q. Thinking that it was the other bill?—A. I did not think so.
- Q. Did you tell it to Senator Robitaille as a joke?—A. I said I did not know what I was called for. The next bill was coming on immediately, and I wanted to be here for it.
- Q. You did not want to be here for the Baie des Chaleurs bill?—A. I have no interest in it.
- Q. You did not want to be asked further questions?—A. I was prepared to answer any questions the Committee have a right to put to me.
- Q. You were served next day with the summons?—A. It was two days after. I was here all morning on Thursday.
- Q. It was on Thursday you were summoned?—A. Yes.
- Q. You understood what it was for?—A. Yes.
- Q. You showed it to Mr. Lonergan?—A. Yes, just as I was leaving. I happened to meet him.
- Q. Did he tell you he thought you had better go?—A. I had made up my mind to go. Mr. Lonergan told me he thought it likely the thing would be put off for several days.
- Q. You went off by the Canadian Pacific Railway Train at 4.40 that afternoon, Mr. Lonergan knowing you were going?—A. Yes.
- Q. Did you come back?—A. No.
- Q. Did he come back?—A. I do not know.
- Q. Have you seen him since?—A. No.
- Q. Where did you stay in Montreal?—A. At my own house.
- Q. Where did you go the next morning?—A. The first place I think was to the Bank of Montreal.
- Q. Whom did you see there?—A. I went to see Mr. William Owens, of Lachute.
- Q. Was it on a matter relating to the Baie des Chaleurs Railway?—A. No, the St. Andrews and Lachute.
- Q. Then you went to Dalhousie?—A. Yes; I heard nothing from here and thought I was not wanted.
- Q. Did you see Mr. Thom?—A. No.
- Q. Did you see Mr. Cooper?—A. No.
- Q. Whom did you tell in Montreal that you were served with this summons?—
- A. I may have told several people; I do not remember anyone in particular.
- Q. What is this document?—A. That is a telegram that was sent to me in Montreal and forwarded to me.
- Q. It was signed by the Chairman and was forwarded to you?—A. It was handed to me in Montreal last night on my way through, I got it at the station.
- B. You had learned at Inch Arran of the telegraph being sent?—A. When I got to Inch Arran on Saturday night, there was nothing for me from this Committee. On Sunday afternoon I got the Montreal *Gazette* and I saw what had taken place here on Friday. I at once telegraphed that I would be here on Wednesday morning and I took the first train that would bring me here. On Monday afternoon I got the telegram at Inch Arran, much the same as the one I got at Montreal.
- Q. You have here the statement of account between yourself and the company?—A. Yes (statement produced).
- Q. This shows the amount due you at this time, to have been \$298,443.62?—A. Yes.

Q. And you received in discharge of this, three cheques of J. C. Langelier, which you have mentioned?—A. Yes.

Q. Statement filed as Exhibit 5.

Q. And this Exhibit is a certificate of the amount which is due you from the company?—A. There is the amount that was certified to, but the amount was really \$31,000 more, because I gave the company credit for the whole Dominion subsidy which I had not received. Really my claim is \$31,000 more than the \$298,443.62.

Q. Here is a statement of amounts received on this account. Whose handwriting is this?—A. That is my own.

Q. We have struck the date about right; it was dated 28th April?—A. Yes.

Q. That is the day these cheques were endorsed over by you in the way we have described?—A. On that day I received \$71,000 as I have stated.

Q. What about the \$100,000?—A. I signed that before I got the amount.

Q. Who made you sign; Chrysostome Langelier?—A. Yes.

Q. He insisted on your signing that?—A. He had to have a voucher before paying the money.

Q. Who suggested this arrangement whereby you were to give this receipt for \$175,000, but were never handed the money?—A. There was no such arrangement and I did hand in the money.

Q. Did Mr. Pacaud know you were going to sign a receipt like that?—A. I do not know whether he did or not; he knew I was to receive \$175,000.

Q. \$75,000 of which was to go to the old company?—A. No.

Q. But that amount did go to him?—A. No.

Q. \$75,000 in cheques went?—A. No.

Q. At least \$24,000 went to the old company?—A. As I have already explained that money I loaned to Mr. Thom.

Q. How much more?—A. None of it went to the old company. Every dollar of that \$75,000 belongs to me, and was for paying my personal obligations.

Q. And one of these was to pay \$75,000 to the old company?—A. No.

Q. Did the \$24,000 belong to you, that you gave to Mr. Robitaille?—A. It was a loan.

Q. You endorsed the cheques over to him?—A. No.

Q. You endorsed it and he got it?—A. I loaned it to Mr. Thom.

Q. Did you loan money to Thom to pay the rest of the shareholders?—A. I do not think I need to tell that.

Q. You draw the line again?—A. Yes.

Q. You got large subsidies from the Quebec Government?—A. \$350,000.

Q. What you got of the proceeds of the 10,000 acres a mile, converted?—A. Yes.

Q. That would make \$140,000, would it not, on the first forty miles?—A. Yes.

Q. Of which you assigned \$70,000 to Macfarlane?—A. I do not remember the amount.

Q. Did you assign \$70,000 of the Quebec subsidy, to the Ontario Bank, by Mr. Macfarlane's direction?—A. I think so.

Q. The \$70,000 you assigned to the Ontario Bank, were on the first twenty miles, was it not?—A. On the portion he was to construct from the fortieth to the sixtieth mile.

Q. You kept the whole subsidy on the forty miles which you had constructed?—A. The whole of the Quebec subsidy?

Q. Yes.—A. I think they had all been paid previously.

Q. Mr. Macfarlane got nothing of them?—A. No.

Q. That was \$140,000 on the forty miles?—A. Yes.

Q. Then you handled that yourself?—A. Either myself or other sub-contractors whom I had at work.

Q. How many times did you get payments on account of the Baie des Chaleurs subsidy?—A. I cannot remember.

Q. Did you give any statements?—A. No.

Q. Do you keep books?—A. Yes.

Q. Do you keep books such as a man who had no knowledge of book keeping could understand?—A. One who had a knowledge of book-keeping could understand them, better than one who had not.

Q. Could you tell what amount of subsidy you got from the Quebec Government if you had your books?—A. I could get a memorandum to that effect.

Q. Where are your books?—A. Some at my house and some at my office.

Q. Where in your house?—A. In several places. I think there are two desks and I may have some in each. I think the bulk of them would be in my office.

Q. Where is your office? On St. James street?—A. Yes, 204.

Q. Is Mr. Thom in the same building?—A. No.

Q. Is Mr. Cooper?—A. No.

Q. How far are they away?—A. On the other side of the street.

Q. If you went to these receptacles you speak of and took out your papers and books, you could tell how many you have received on account of Quebec subsidies?—A. I think so.

Q. Did Mr. Pacaud act for you in connection with the Baie des Chaleurs subsidy also?—A. Well I employed Mr. Pacaud in regard to some of the payments previous to this one.

Q. Some of the earlier subsidies?—A. Yes.

Q. What was his tariff on the earliest subsidies?—A. I do not think that is a thing for you to enquire into.

Q. I am coming down to a sore spot?—A. I have not been summoned here to speak of anything of that kind. I am summoned to give information with regard to a certain bill. This telegram tells me to appear and testify with regard to the Baie des Chaleurs Company's bill.

Telegram sent by the clerk summoning the witness on 10th August, 1891, filed Exhibit 6.

Q. You did not employ Mr. Pacaud with regard to the first payment of the Quebec subsidy, did you?—A. The first payment, no I think not.

Q. You got that cleared?—A. I think there were some payments before I employed Mr. Pacaud. I am not sure, but if there were I got them without commission.

Q. You did not get the others without commission?—A. That I say nothing about.

Q. You were obliged to pay Mr. Pacaud a commission on account of every payment of the Quebec subsidy you got, after employing him?—A. I decline to answer that.

Q. Will you deny it?—A. I will say nothing about it.

Q. If your books and memoranda were here, would they show the amounts of commission was paid?—A. No, sir, they will show nothing of any transactions with Mr. Pacaud.

Q. You have made no entry of the commission you paid?—A. I have never said I paid commission.

Q. Answer the question?—A. There are no entries in my books of transactions with Mr. Pacaud.

Q. Did you keep a record of the commissions paid Mr. Pacaud?—A. Mr. Pacaud does not work for nothing. He has not that reputation.

Q. And was he paid by salary or by commission?—A. I decline to state what my arrangements with Mr. Pacaud were.

Q. Were the payments on account of Quebec subsidies paid to you by cheques?—A. The most of them were not paid to me at all. The sub-contractors who worked for me had the subsidies transferred to their banks.

Q. What banks?—A. A. They were held at different banks at different times.

Q. The manager or cashier of the bank, whoever he might be, held power of attorney to receive the subsidies?—A. In Quebec the usual course is a notarial transfer signified by the Government.

- Q. They are recognized?—A. Yes.
- Q. What do they pay Mr. Pacaud?—A. I do not know anything about that business.
- Q. He did not work for them for nothing?—A. I do not know.
- Q. Did he work for them?—A. I do not know.
- Q. Did you pay Mr. Pacaud by cheque or bills? You kept as little trace of the transactions as you could?—A. I did not bother my head about it, one way or the other.
- Q. Did you keep the stubs of cheque books?—A. As a rule I have done so.
- Q. You might have destroyed some?—A. I do not think I ever destroyed a stub. But I might not have filled up stubs.
- Q. You did not fill up the stubs of cheques you gave to Mr. Pacaud?—A. I did not say I gave them to him lately.
- Q. Did you ever give the cheques to him?—A. I don't know.
- Q. You paid him in bills?—A. I have not said so.
- Q. But everybody understands that you paid him?—A. They may understand what they like.
- Q. You paid Mr. Pacaud in cash?—A. I have not said so.
- Q. Did you pay him in bills?—A. I will not say that I paid him.
- Q. The way you used to do was to draw a cheque payable to Charles N. Armstrong or bearer and you would get the cash and pay to him?—A. I have not said so.
- Q. Was that about it?—A. I will tell you nothing about it.
- Q. That is pretty close to the bull's eye?—A. Thou art so near and yet so far.
- Q. How far am I?—A. You will know when you get there.
- Q. But you will not let me get there, if you can help it?—A. I will not tell you anything. I consider you have no right to know.
- Q. On what banks were these cheques?—A. I have not said I paid him in cheques.
- Q. Did you give him money?—A. I did not say so.
- Q. What did you give him?—A. I have not said I gave him anything.
- Q. You never paid his bills?—A. I do not know.
- Q. What banks were these cheques drawn on. What bank do you do business with?—A. I have done business with half a dozen banks.
- Q. Not in Montreal?—A. I have done business with at least four or five in Montreal.
- Q. You did not do it through the Ontario bank. That is a grit bank?—A. Is it. I was not aware of it. You have a pretty good Conservative connected with it. You would hardly call this gentleman (Mr. Cockburn) M. P., a grit. I never enquire into the politics of the people I do business with.
- Q. What banks do you deposit your moneys with?—A. I have done business with the Ontario, the Toronto, the People's bank, the Banque Nationale. I have had accounts with these four banks, also with the Molson's Bank at Sorel and the Union Bank at Quebec.
- Q. Used you to go down to Quebec and draw the subsidies?—A. Sometimes I did when I had anything to draw myself and sometimes to forward payments to the sub-contractors.
- Q. Mr. Pacaud generally used to be on hand when you went down there?—A. I don't think he ever was present when I drew a dollar of subsidy.
- Q. But he generally used to be about Quebec?—A. He lives there.
- Q. Used you to pay him the commission in advance?—A. I have not said so and I refuse to say so.
- Q. You will not deny it?—A. I will not say anything about it.
- Q. Now Mr. Pacaud used sometimes to get his commissions a little before they were due, did he not?—A. I say nothing about that.
- Q. He was always anxious to get his commission?—A. I do not know.
- Q. You will not deny it?—A. I cannot deny it; I don't know anything about it.

Q. He used to get his commission sometimes out of the subsidies before they were payable?—A. I will not say anything about that.

Q. You will not deny it?—A. I think I could deny that.

Q. Why not deny the last question?—A. That is my business.

Q. You thought I was going too far, but the chairman has not thought so. I shall probably have to ask the Committee that you be directed to answer?—A. Anything I think I should not tell I will not tell before the Committee.

Q. Or the Senate? The matter may be appealed to the Senate. I suppose you will say you need legal advice?—A. I have not taken any, and I do not need any.

Q. You know what course to take?—A. I will do the best I can.

COUNSEL—I ask, Mr. Chairman, that Mr. Armstrong be directed to produce his documents to-morrow at 10 o'clock.

THE WITNESS—I could not possibly have them here at 10 o'clock. I could have them here at 1 o'clock, by going down this afternoon.

The Committee adjourned until 10 o'clock to-morrow morning.

THE SENATE, COMMITTEE ROOM No. 8,
THURSDAY, 13th August, 1891.

The Committee met at 10 o'clock. THE HONOURABLE MR. VIDAL in the Chair.
A. P. BRADLEY, of the City of Ottawa, Secretary of the Department of Railways and Canals, being duly sworn, testifies as follows:—

By Mr. Barwick, Counsel for Opposants :

Q. What is your occupation, Mr. Bradley?—A. I hold the position of Secretary of the Department of Railways and Canals.

Q. You have been requested to produce certain documents?—A. I have them. Here is a certified copy of the contract with the Baie des Chaleurs Railway Company for the first twenty miles of a railway from Matapedia eastward to Paspébiac, dated 7th November, 1885 (Exhibit No. 7). Also a copy of a contract with the same company, of the same date, for the construction of eighty miles beyond the first twenty miles (Exhibit No. 8). I produce also a certified copy of an agreement with the same company, dated the 2nd June, 1888, subject to the approval of Parliament, which I believe was afterwards obtained, with reference to the doubling up of the subsidy on the first thirty miles of the road, in consideration of the company depositing with the Government, bonds to the amount of eighty-three thousand pounds, and also on condition that they would not ask for any further subsidy in connection with the last thirty miles of the road (Exhibit No. 9).

Q. Have you any memo. of the deposit of these bonds?—A. I have not. These bonds I believe are deposited with the Finance Department.

Q. They were received in your Department, I believe?—A. I am not sure about that. I think you had better get that information from the Finance Department.

Q. They hold a letter from your Department transmitting the bonds, do they not?—A. I cannot remember that.

Q. Will you be kind enough to send us the letter transmitting the bonds from your Department to the Railway Department?—Yes.

WITNESS—Here is a statement (Exhibit No. 10) of the history of the Departmental connection with the history of the road.

Q. Who made this statement?—A. Myself, with Mr. Schreiber's assistance. I will read the statement. "In 1883, by 46 Victoria, chapter 25, a subsidy was granted for the section of a road from Matapedia to Paspébiac, a distance of one hundred miles, not exceeding \$3,200 per mile, and not exceeding in the whole \$320,000. The work not having been commenced, and the prospects of it being commenced in

the near future under the above Act, not being considered favourable, it was determined to undertake the first twenty miles out from Metapedia Station as a Government work and for this purpose a sum of \$300,000 was voted by Parliament, by 47 Victoria, chapter 8. Tenders were invited and received but none of them coming within the amount of the above appropriation of \$300,000, and an offer had only been made by the Baie des Chaleurs Railway to build and operate this twenty mile section for the \$300,000 the offer was accepted by Order in Council 18th September 1885, and contract was entered into on 7th November, 1885. Also a contract of same date was made for the construction of the balance of eighty miles, subsidized at \$3,200 per mile, provided the subsidy of \$3,200 per mile on the first twenty miles, be applied to the second twenty miles making a subsidy on the second twenty miles \$6,400 per mile. By the 49 Victoria, chapter 17, this doubling up of the subsidy was ratified and the term for completion extended to 1st December, 1888.

"The road not having been completed on 1st December, 1888, the balance of subsidy unpaid (\$244,500) lapsed and was re-voted by the 49th Victoria, chapter 17. By this same authority the subsidy of \$3,200 per mile on the thirty miles from the 71st to 100th mile, was doubled up on the thirty miles from the 41st to the 70th mile, making the subsidy on this section \$6,400 per mile, the company depositing with the Government bonds of the company to the value of £83,000 as security for the fulfilment by the company of their undertaking to build the section from the 70th to the 100th mile without Federal subsidy.

"The total subsidy granted is.....	\$620,000
"Of which has been paid.....	524,175
"Leaving a balance unearned of.....	95,825

"All payments are made upon the report of the Chief Engineer of Government Railways, after inspection.

Department of Railways and Canals,
"12th AUGUST, 1891."

Q. What is the next document?—A. Memo showing several payments made on account of the two sections, totaling \$524,175 (Exhibit No. 11). Also memo showing that \$200 yet remains unearned and unpaid on the first twenty miles, and \$95,625 on the balance up to the 70th mile.

Q. Is any portion of the subsidy earned not yet paid?—A. No.

Q. I thought a portion of the subsidy was held back to secure the erection of iron bridges instead of wood?—A. Not that I am aware of.

Q. Perhaps you will be kind enough to enquire into that?—A. Yes; but I do not think so.

By Hon. Mr. Power :

Q. You cannot tell, I suppose, whether those sums were all paid to the Company or to other persons?—A. All I can tell is that when we make an application for payment we make application in favour of the Company. I do not know what powers of attorney may be held by the Finance Department. We make application in favour of the Company—any company.

DANIEL O'LEARY, Inspector of Dominion Police, in the City of Ottawa, Province of Ontario, being duly sworn, was examined—

By Mr. Barwick :

Q. You were sent to Quebec by the Gentleman Usher of the Black Rod to serve certain summons?—A. Yes. I was instructed to serve Mr. Ernest Pacaud, Mr. Grenier, Mr. Lafrance and Mr. Gaboury.

Q. Did you serve Mr. Pacaud?—A. I did not; I could not find him.

Q. Tell the committee the efforts you made to find him.—A. I went to his office and saw his secretary, Auguste Edge. He said Mr. Pacaud had left on his holidays.

I asked him where. He said he could not inform me where; he said he went to New York—I won't say New York, he added, because he has gone to the States. I told him he was not telling the truth. I thought he knew where he was. Then the secretary went into another room and came back and said Mr. Pacaud had left for Europe.

By Hon. Mr. Miller :

Q. What day was that?—A. Tuesday. I subsequently found out that the day before he had bought two tickets for France by the Grand Trunk and Hudson River Railways to New York, and by the steamer "Turenne" which sailed on the 15th.

THE CHAIRMAN.—Tuesday the 11th was the day you were there?—A. Yes; I subsequently found out he had left on Tuesday morning for New York by the 11.15 a.m. train.

Q. Is that before you were at his office or after?—A. It was just about the same time as I was at his office.

By Mr. Barwick :

Q. Where did he buy his ticket?—A. At the Grand Trunk.

By Hon. Mr. Miller :

Q. On Monday?—A. Yes, on Monday.

MR. BARWICK.—On Monday the 10th?—A. Yes.

By Hon. Mr. Power :

Q. Does the witness say it was on Monday he tried to serve the summons?

WITNESS.—It was on Tuesday the 11th.

By Mr. Barwick :

Q.—You tried on Tuesday to serve him and learned at the same time that he had bought tickets for France?—A. Yes.

Q. Is that all the enquiry you made about Mr. Pacaud?—A. Yes.

By Hon. Mr. McMillan :

Q. When does the boat leave New York?—A. On the 15th August, Saturday next.

By Mr. Barwick :

Q. Is that about all your story?—A. Yes.

Q. Did you serve the other witness?—A. I served Messrs. Lafrance and Gaboury, Mr. Lafrance at the Banque Nationale. I had one other summons for Mr. Grenier. I was informed at his house that he was in St. John's, Quebec. On Monday, they had received the message from the Committee requesting his attendance. They had forwarded it to St. John's, and expected him back on Monday night, but when he did not return they thought he might have gone on to Ottawa.

Q. Who told you that?—A. His step-brother, in his house. His step-brother's name is Mr. Généreux.

Q. That is your full report?—A. Yes.

WILLIAM J. JACKSON, in the City of Ottawa, being duly sworn, was examined—

By Mr. Barwick :

Q. You were directed by Black Red to proceed to Montreal and serve certain witness?—A. Yes, Mr. Thom and Mr. Lonergan.

AUGUSTIN GABOURY, who, being duly sworn, was examined—

By Mr. Barwick :

Q. You are the President of the Banque Nationale and live in Quebec?—
A. Yes.

Q. Your bank was requested to discount two letters of credit issued by the Government of Quebec, was it not?—A. Yes, for \$75,000.

Q. Were you not requested to discount \$100,000?—A. We were requested subsequently.

Q. On what date were you requested to discount the \$75,000 letter of credit?—
A. It was discounted on the 29th of April, 1891. We must have been requested on the day previous. I think that the cashier of the Union Bank came to our bank and proposed this. His name was Mr. Webb.

Q. Tell us the conversation between Mr. Webb and yourself on the 28th of April. First, who came with him?—A. He was alone.

Q. Now tell us the conversation?—A. As well as I can remember he said he was offered a discount of two letters of credit, one for \$75,000 and another for \$100,000, and he asked us if we would cash the \$75,000 one, that he would do the other. After some inquiry and consultation among the directors and our lawyers, we discounted on the 29th the letter of credit for \$75,000.

Q. Have you the Order in Council that was submitted to you?—A. I have, here it is (Exhibit No. 13).

Q. Who brought this to you?—A. It was sent by the department the day after the discount was made. I may say that before the discount the Cashier and Mr. C. M. Hamel, the lawyer of the Bank, were requested to go up to the department of Mr. Machin, assistant treasurer, and there we saw the Order in Council and we requested a copy of it which was sent next day.

Q. (By HON. MR. POWER) Is that copy certified?

MR. BARWICK—It is certified.

Q. You saw the original?—A. Not myself.

Q. This is a copy certified to you by Mr. Grenier. Be good enough to translate these first few lines?—A. "The Honourable the Commissioner of Public Works in his report dated 20th April, 1891, represents that he have received a letter from Mr. Angus M. Thom, dated 17th April instant, which reads as follow :

" QUEBEC, 17th April, 1891.

" To Honourable P. GARNEAU,

" Commissioner of Public Works, and Premier *ad interim*.

SIR,—We are in a position to secure the transfer of the Charter of the Baie des Chaleurs Railway if the following proposition is accepted by the Government, the company under the management of a new board of directors will be prepared to go on with the works, complete the road and have it ready for traffic on or before the 31st December, 1892, from Metapedia to Paspébiac and thence to Gaspé Basin as soon as circumstances will permit.

" For the carrying out of the present proposition, it is understood that the Government shall pay the Company ;

" 1. The balance of the subsidy granted by the Statutes of Quebec, 45 Victoria, chap. 23, and its amendments, and 51-52 Victoria, chap. 91, sec. 12, amounting to \$260,000, to be payable as earned.

" 2. The subsidy of \$50,000 granted by the Statute of last Session, 54 Victoria, chap. 88, sec. 1, sub-section 1, to be payable as soon as a bridge over the Grand Caspédia is finished and accepted by the Government.

" 3. To comply with the intention of the law, the subsidies of 800,000 acres of land granted by the statutes of last Session, 54 Victoria, chap. 88, sec. 1, sub-section J, shall be converted and the proceeds thereof shall be used by the Government to pay the legitimate and privileged claims, in accordance with the above Act, now existing against the road or against the Company, and if any surplus should

exist after the payment by the Government of all claims now existing against the said road as aforesaid, such surplus, if any, shall go to the new company in final settlement.

"The said debts and claims, after they shall have been approved and certified by Mr. Thom, representing the Company, shall be paid by a person appointed by the Government, for that purpose, and failing such approbation and such certificate by Mr. Thom, they shall be paid upon a judgment or Arbitrators' report in favor of any payment. When the Commissioner appointed by the Government shall accept a claim and Mr. Thom refuses his certificate and approbation; then, and in each case, the claimant has an absolute right to an arbitration, and the decision of the arbitrators shall then state that the costs incurred shall be paid by the party against whom the decision is given. If Mr. Thom fails to appoint an arbitrator after fifteen days' notice to do so, the Commissioner may then pay the claim and his action shall be binding on all parties.

"As a guarantee that they will go on with the works, build, complete and run the road, the company will deposit with the Government, bonds of the actual emission to the amount of five hundred thousand dollars (\$500,000) which shall be exchanged for an equal amount of bonds of another issue of same amount and value in case the company would deem proper to cancel the present issue and replace with others or other satisfactory security in lieu thereof, it being distinctly understood that the company will be handed back the bonds or other security so deposited on the completion and equipment of the road to Paspébiac.

"The Board of Directors of the company under the new organization, shall be composed as follows:—James Cooper, of Montreal; J. P. Dawes, of Lachine; Alexander Ewing, of Montreal; James Williamson, of Montreal; Angus M. Thom, of Montreal; and two other persons to be named by the Government.

"On sixty miles of the said road comprised between Metapedia and the Grand river Cascapedia, the company will resume the works as soon as they can take possession of that section, and on the forty miles ending at Paspébiac, surveys will be commenced as soon as the present proposition is accepted and the work will proceed with the utmost diligence."

(An Order in Council of which the above letter forms part, being in French, was translated to the Committee by the clerk, as follows):

"Copy of the report of a Committee of the Honourable the Executive Council dated 21st April, 1891, approved by the Lieutenant Governor on the 23rd April, 1891.

"No. 237.

"Concerning the Baie des Chaleurs Railway.

"The Honourable the Commissioner of Public Works in a report dated 20th April instant, (1891), sets forth that he has received a letter from Mr. Angus N. Thom, of date the 17th April instant, reading as follows:—

(Here follows the letter given above).

"And upon the said A. M. Thom, and the persons in the name of whom he acts and whom he represents obtaining a transfer of the charter of the Baie des Chaleurs Railway, and seeing that the persons mentioned in the propositions above cited have the necessary means to carry out the enterprise, as required by the Statute of last session, 54 Vict., ch. 88 sec. I, sub-sec. J, and seeing that it is in the interests of the Province to accept it, the Honourable Commissioner of Public Works recommends that the said proposition be accepted as follows, that is to say:—

"1. To re-organize the Baie des Chaleurs Railway Company.

"2. To construct and put in operation on or before the 31st December, 1892, the one hundred miles of the said railway comprised between Metapedia and Paspébiac, and the remainder as far as Gaspé Basin as soon as circumstances will permit.

"3. To continue the works on the sixty miles comprised between Metapedia and the river Grand Cascapedia, as soon as the company shall be able to take possession of this part of the road, that is to say as soon as the claims which are not contested shall have been paid; which shall be done at the diligence of the Government,

between now and the 10th May next, at the latest, but without recourse against the Government in default of such diligence, to commence the explorations upon the forty miles between the river Grand Cascapedia and Paspébiac as soon as the proposition shall be accepted and push the same on with the utmost dispatch.

"4. That the first Board of Directors of the said company shall be composed of the following persons: James Cooper, of Montreal; J. P. Dawes, of Lachine; Alexander Ewing, of Montreal; Angus M. Thom, of Montreal; James Williamson, of Montreal, and of two persons named by the Government.

"5. To deposit as a guarantee in the hands of the Government five hundred thousand dollars of debentures or bonds of the company of the present issue or any other satisfactory guarantee with the privilege of exchanging the said debentures or bonds for an equal amount of debentures or bonds of any other issue, not to exceed however the actual issue and of the same value in case it shall be judged expedient to withdraw the present issue; which debentures or bonds or other guarantees shall be returned by the Government to the company as soon as the road shall have been finished to Paspébiac.

ON CONDITION—

"1. That the balance, to wit \$260,000, of the subsidies granted to the said railway by 45 Vict., ch. 23 and its amendments and 51-52 Vict., Ch. 91 sec. 12 shall be paid to the company in proportion as the same shall have been earned according to law;

"2. That the subsidy \$50,000 (fifty thousand dollars) granted by Statute 54, Vic. ch. 88 sec. 1, sub-section 1, shall be paid to the company as soon as the bridge over the river Grand Cascapedia shall have been constructed and accepted by the Lieutenant Governor in Council upon a report of the Government Engineer.

"3. That the Government binds itself to pay the company with the subsidy of 800,000 acres of land granted by the Statute 54 Vic., ch. 88, section I, sub-section J, converted into money, which subsidy shall be kept by the Government and employed by it to pay the actual debts of the Baie des Chaleurs Railway; and the surplus if any shall be, after the payment of all claims actually existing against the company, kept by the Government, which shall render an account thereof to the company in final settlement;

"That the said debts and claims, after they shall have been approved of and certified by Mr. A. M. Thom, representing the company, shall be paid by a person named for that purpose by the Government; and in default of such approbation and certificate they shall be paid upon a judgment or report of arbitrators in favour of any claimant. In the case of the Commissioner named by the Government accepting a claim, and of the said Mr. Thom refusing his certificate, then and in each case the claimant shall have an absolute right to an arbitration and the award of the arbitrators shall then declare that costs, shall be at the charge of the party who shall fail; and in default of the said Thom to name an arbitrator after fifteen days' notice so to do, the Commissioner may pay the claim for all purposes whatsoever of law, and his action shall bind all the parties."

"Certified,

"(Signed) GUSTAVE GRENIER,
"Clerk of the Executive Council."

Q. You were handed at the same time as the copy of the Order in Council the document which I now show you (Exhibit No. 14).—A. I think at the same time.

Q. And this is also a copy of an Order in Council dated 23rd April, 1891, approved by the Lieutenant Governor and authorizes J. C. Langelier to pay the debts of the Baie des Chaleurs Railway, in conformity with the further directions of the Order in Council of the 17th April, 1891?—A. Yes.

Q. The day before you got those documents you discounted the letter of credit?—A. I think it was the day before.

Q. What was the amount of the proceeds?—A. \$74,111.64.

Q. You produce here an extract from your books? (Exhibit No. 15.)—A. Yes, certified by our cashier.

Q. And the proceeds of that discount went to the credit of "Mr. J. C. Langelier, commissaire"?—A. Yes.

Q. Against that \$74,000 were drawn certain cheques which you produce here?—A. Yes. (Exhibit No. 15a.)

Q. The first cheque is dated the 28th of April, 1891, drawn by "J. C. Langelier, commissaire," payable to C. N. Armstrong or order, endorsed "payable to Angus McI. Thom or order, C. N. Armstrong" and endorsed by Thom, again?—A. Yes.

Q. That was accepted by your bank, payable on the 1st May?—A. Yes.

Q. That is although the cheque was accepted on the 28th of April, it was not to be payable till the 1st of May?—A. Yes.

Q. I see it is so written on the cheque?—A. Yes.

Q. How did that cheque reach you to be paid on the 1st of May? You marked it on the 28th of April and, of course, charged it on that day in this account?—A. Yes.

Q. But from whose hands did it come after the 1st of May?—A. I cannot recollect; but according to the endorsation it ought to have been handed in by Mr. Thom, who is the last endorser. I think the amount was deposited to the credit of his account—either deposited or taken out in cash. The clerk, perhaps, can explain that.

Q. Here is another cheque dated on the same day for \$24,000, drawn by the same person, J. C. Langelier, payable to C. N. Armstrong or order, endorsed C. N. Armstrong?—A. Yes; but with a different endorsation. (Exhibit No. 15 b.)

Q. This cheque bears the general endorsement "C. N. Armstrong" and "M. Robitaille, M.D."?—A. That is a special endorsement and came to me from the Caisse d'Economie.

Q. The third cheque is dated the same day, drawn by the same person, made payable to C. N. Armstrong or order, for the sum of \$16,000, endorsed "Pay to bearer, C. N. Armstrong"?—Yes. (Exhibit No. 15 c.)

Q. Do you know who "bearer" was?—A. It went through the Bank of Montreal, at Quebec, and came in due course with the Bank of Montreal deposits.

Q. So the Bank of Montreal ought to be able to tell us who deposited that, if it were deposited?—A. Yes, it may have been cashed across the counter.

Q. The fourth cheque is dated April the 29th for \$111.64, drawn by J. C. Langelier, Commissaire, payable to C. N. Armstrong or order, endorsed C. N. Armstrong, and was not charged until the 1st May?—A. Yes; it was deposited in the office of the Banque Nationale, Montreal, and came to us with our collections. This was to pay a note of Armstrong's that was due there. There is a pencil mark by the cashier of the Banque Nationale that it takes up Armstrong's notes to Doyet which we held, and is marked "paid \$55." I suppose Armstrong got the balance. I would infer that. (Exhibit No. 15 d.)

Q. The fifth note is for \$2,250, drawn by J. C. Langelier, payable to James Cooper, and endorsed by James Cooper, and is dated 13th July. That drew out the whole balance and was charged on that day, and appears to have been deposited in the Bank of Toronto at Montreal?—A. Yes; it came to us in the ordinary course with the other collections.

Q. What other papers have you?—A. I have a slip which is a copy of the discount. (Exhibit No. 15 e.)

Mr. BARWICK—Well, we need not mind that because the information is in the account already fyled.

WITNESS—Here are the details of the letter of credit which the bank discounted. The letter was returned on being paid; and this is a memo, showing how it was signed and for what amount.

Q. Was the memo. made at the time?—A. No; it was made yesterday, before I left, by the cashier. The letter of credit was signed by Mr. Garneau, in his quality of acting Premier and as Treasurer of the Province, authorizing the Banque Nationale to advance the proceeds to J. C. Langelier, and was dated 28th of April, 1891, the letter of credit bearing interest at the rate of 5 per cent. from the 1st of

June until the 10th July, which was the due date of the letter. That made the letter of credit \$75,400.68, and the discount taken off by the bank 8 per cent.

A letter from Mr. Machin, dated 30th April, enclosing these in Orders in Council was filed as Exhibit No. 17.

Q. What is this document (Document produced)?—A. That is a copy of the resolution of the Board of Directors, on the 30th April, at which meeting the loan was sanctioned.

Q. You made the loan without the authority of the Board, and on the 30th you called the Board together and they approved the loan?—A. Yes.

Document filed as Exhibit No. 18.

Q. What others have you?—A. I have nothing else in connection with that.

Q. What are these other papers?—A. These are in connection with another discount from Mr. Pacaud.

Q. That is on Mr. Pacaud's account?—A. Yes.

Q. What connection has this account with any of the matters we have been speaking of up to the present time?—A. It has no connection with this \$75,000, but it has some connection with the other letter of credit of \$100,000 which the Union Bank held. On the 15th May, our Bank was requested to discount a note signed by Mr. Pacaud and Mr. Philippe Vallière, with a letter from the Union Bank guaranteeing the payment of the \$20,000 on their being paid their \$100,000.

Q. And have you the letter of the Union Bank?—A. No, it was given up when the amount was paid.

Q. To whom—to Mr. Pacaud?—A. I could not say—to the Union Bank, I think.

Q. You discounted on the 15th May a note for Mr. Pacaud endorsed by Mr. Vallière?—A. I could not say whether Mr. Vallière was promissor or endorser.

Q. He was generally liable upon the note?—A. He was promissor, I believe.

Q. And you discounted the note for \$20,000, the proceeds being \$19,732.60?—A. Yes.

Q. This was accompanied by a letter from the Union Bank that, when their letter of credit for \$100,000—which had previously been offered to you...?—A. Yes.

Q. When that letter was paid, the cheque will be paid?—A. Yes.

Q. Is there any information as to the debit side of the account which you would like to give us and which would cast light upon these questions?—A. There is nothing important that I see.

Q. Except that you were paid in full?—A. That has all been withdrawn, and the cheques given up at the request of Mr. Pacaud by this letter (letter produced).

Q. This letter says: "The cashier of La Banque Nationale will be good enough to hand all my cheques to the bearer, Mr. August Edge." It is dated Quebec, 7th August, 1891. That is just the other day?—A. Yes.

Q. That covers \$19,732.60 of cheques?—A. Yes, sir.

Q. Mr. August Edge received them?—A. Yes.

Document filed as Exhibit No. 20.

Q. Is this the receipt (Document produced)?—A. Yes.

Q. Will you translate it please?—A. "Received from La Banque Nationale twenty-four cheques, Quebec, 7th August, 1891." The cheques are drawn by Mr. Pacaud on the Banque Nationale. The guarantee I have spoken of from the Union Bank was a check signed by Mr. Langelier, in the capacity of Commissioner, upon the Union Bank for \$20,000. This will explain it.

Q. Perhaps you will be good enough to read it in English?—A. I will translate it as well as I can;

"A cheque for \$20,000, drawn by J. C. Langelier, Commissioner, on the Union Bank in favour of P. Vallière, accompanied by a letter of the cashier of the same bank, addressed P. Vallière, stating that the Union Bank will pay this cheque as soon as the letter of credit in favour of J. C. Langelier, signed by the Hon. P. Garneau, dated 28th April, will be paid to the said bank (Union) has been left with La Banque Nationale to meet the note of \$20,000."

I believe that the cheque of \$20,000 was to the order of Charles N. Armstrong and endorsed by him and Mr. Vallière. That is a note made by Mr. Lafrance.

Q. That is endorsed by Mr. Pacaud?—A. No; by Mr. Armstrong and Mr. Vallière (document filed as Exhibit 21).

Q. I hardly understand this. Was the transaction this; what was offered to you was a cheque of Mr. Langelier?—A. No, sir. What was offered to the bank was a note signed by Mr. Vallière and endorsed by Mr. Pacaud and guaranteed by a cheque of Mr. Langelier on the Union Bank for the amount of the note.

Q. By the cheque of J. C. Langelier, Commissioner?—A. Yes.

By the Hon. Mr. Miller :

Q. Endorsed by anyone?—A. The cheque was in favour of Mr. Vallière and must have been endorsed by him.

Q. Anyone else?—A. The cashier says the cheque was endorsed by Mr. Armstrong and Mr. Vallière.

By Counsel for Opposants :

Q. Did the Union Bank continue to hold that cheque?—A. No; La Banque Nationale.

Q. I mean La Banque Nationale. They held it until the note was paid. They held the cheque guaranteeing the proceeds until the letter of credit was paid?—A. Yes; until the amount was paid.

Q. The cheque sent to you was a cheque on the Union Bank?—A. Yes, sir.

Q. What else have you in connection with this transaction?—A. Nothing else, except the telegrams summoning me here and my subpoena.

Q. Have you ever seen Mr. Pacaud in connection with these transactions yourself?—A. I have seen him at the bank on two or three occasions. I do not recollect if I saw him in connection with the discount of the letter of credit for \$75,000. I think I saw him on the 29th. I think he came to the bank, but I am not positive.

Q. Do you remember what passed between you with regard to these discounts?—A. I do not recollect anything in particular. He would see the cashier before he would see me.

Q. What is the Cashier's name?—A. Pierre Lafrance.

Q. Who is to come here and give his evidence as soon as you return, you could not be both absent together?—A. Yes.

Q. Did you see Mr. Pacaud with regard to the other letter of credit?—A. Yes.

Q. Where?—A. In the office of La Banque Nationale.

Q. Tell us what took place?—A. Between the 29th April and the 16th May, Mr. Pacaud and Mr. Charles Langelier came into the Bank and asked us to discount the other letter of credit, the letter of \$100,000; and after submitting the matter to our directors it was not done.

Q. Is that all that took place between you and Mr. Pacaud with regard to the other letter of credit—the one for \$100,000?—A. Yes.

Q. Who is J. C. Langelier—Charles Langelier?—A. J. C. and Charles are not the same man.

Q. Who is Charles Langelier?—A. He is one of the Ministers of the Local Government.

Q. Was it he who came with Mr. Pacaud?—A. Yes.

Q. How long did they remain with you?—A. A few minutes only.

Q. You refused at once?—A. No, we did not. We took their proposition and called a meeting of the board next morning, and at that meeting they refused the application for the discount.

Q. Was the application made in writing?—A. No; it was made verbally by Mr. Pacaud and Mr. Langelier to myself and the Cashier.

Q. Have you seen Mr. Pacaud since that and discussed with him the question of these discounts?—A. No, I have not seen him.

Q. You have not seen him about the return of these cheques?—A. No.

Q. You have not seen him on the subject of his going to France?—A. No.

Q. Have I given you an opportunity to give all the explanations you have to give to the committee?—A. I think so. I do not know of anything else that I can tell you.

By the Hon. Mr. Tassé :

Q. Have you spoken of a discount of \$20,000?—A. Yes.

Q. Was it made at Mr. Pacaud's request?—A. For his account? Yes: on the 15th May.

Q. At whose request was the discount made?—A. I think it was at the request of Mr. Pacaud. The application was not made to myself. It was made to the cashier, Mr. Lafrance, who will be able to explain better than I can.

JACQUES EMMANUEL HUOT, of the City of Montreal, being duly sworn, was examined by Mr. Barwick, Counsel for Opposants.

Q. You are Accountant of La Banque Nationale?—A. Yes.

Q. You have heard the evidence of your President, Mr. Gaboury?—A. Yes.

Q. Has he given a correct statement of the transactions, as far as you know?—A. Yes; so far as I know it is a correct statement.

Q. Did you see Mr. Pacaud in this connection?—A. I saw him at the bank.

Q. Had you any conversation with him?—A. No, sir.

Q. So far as your President has given the transaction, from the banking point of view, you confirm it?—A. Yes; I do.

CHARLES N. ARMSTRONG was recalled and examined by Mr. Barwick, Counsel for Opposants.

Q. You and I had a good deal of sparring yesterday, Mr. Armstrong, and perhaps there was no very great necessity for it. Have you read the Hon. Mr. Abbott's speech in the House on the subject of your returning here, and the confidence he expressed that you would say what was correct?—A. I have read a speech of the Hon. Mr. Abbott. I do not know that he says exactly what you state, but he spoke to the effect that I am not the man to run away—and I agree with him.

Q. You have returned, of course, and have given evidence?—A. I got here as soon as I could; I came back by the first train.

Q. You understand the object of this Committee in desiring to secure the information that was asked of you?—A. I have been of opinion that the Committee desired information from me that I was not in any way obliged to give them—information relating to personal matters.

Q. Are you no more desirous of giving that information to day than you were yesterday?—A. Not a bit.

Q. If I repeat the question I put yesterday, you intend still to refuse to answer?—A. I will give the same answer as yesterday.

Q. That is, notwithstanding any expressed opinion of this committee, you still intend to persist in your refusal?—A. Yes.

The COUNSEL.—I desire, Mr. Chairman, that Mr. Armstrong should remain in attendance until he is discharged.

Hon. Mr. MILLER moved, That the witness be directed to answer the question put to him.—Carried.

Examination continued by Mr. Barwick :

Q. You have heard the form of motion, and have been directed to answer the question. Do you still decline?—A. I do.

Hon. Mr. MILLER moved, That the Committee is of opinion that Mr. Armstrong should answer all the questions put to him yesterday, and that his refusal should be reported to the Senate.

Q. I understand that the questions you refused to answer are as to the disposal of the \$100,000?—A. As to the disposal of the \$175,000.

Q. You refuse to give the Committee any information as to the disposal of the \$175,000?—A. Anything more than I gave yesterday.

Q. You refused to say how much you paid to Mr. Pacaud?—A. I refuse to say whether I paid him anything.

Q. You refuse to give information as to whether you paid Mr. Pacaud anything?—A. Yes.

Q. You refuse to give us any information as to whether or not there was an arrangement between you and Mr. Pacaud, under which certain debts were to be paid out of the subsidy?—A. I do. I think I stated yesterday that there was no arrangement as to the payment of any debts.

Q. You refuse to give us any information as to the arrangement for the payment of any sums out of the \$175,000?—A. Yes.

Q. You have refused to give us any information as to the Orders in Council and your knowledge of their passage?—A. I think I answered fully on that question, as far as I know.

Committee adjourned until to-morrow at 10 o'clock a.m.

THE SENATE,
COMMITTEE ROOM, No. 8, 14th August, 1891.

The Committee met at 10 o'clock; Hon. Mr. VIDAL in the chair.

The Chairman announced that he had received a letter from the Postmaster at Murray Bay, intimating that the letter containing the summons for the Honourable Mr. Garneau had been delivered to Mr. Garneau, and that he had last night sent a telegram to Inspector O'Leary, who was entrusted with the service of a new summons, recalling him to Ottawa.

As to the attendance of the Honourable Mr. Garneau, Mr. F. Langelier, Counsel for the Quebec Government, made a statement to the effect that he had received a letter from Mr. Garneau, transmitting a doctor's certificate which was produced and read, which will be found in the minutes. He also stated that he had received the following telegram, which was a copy of one addressed to the Chairman:—"Since sending you the first telegram I am informed that my colleagues are of the opinion that we are responsible to the Legislature only. Therefore I respectfully decline to appear."

Mr. LANGELIER said: I knew the position Mr. Garneau would take here, and I may say that I advised him to take that position, but I thought that he would come before the Committee and I advised him to come, unless he was absolutely prohibited by the state of his health, and be examined, as there might be something in reference to his private affairs as to which he could give evidence. I telegraphed him last night to come if he could, considering the state of his health, and when here if any question was put to him, which in his opinion and mine, considering the position we take, was improper then he could take objection, but the objection could not be taken before the question was put. I have given the same advice to the Hon. David Ross, President of the Executive Council of Quebec. He wrote me yesterday morning that he and his colleagues had taken that position. I wrote him in the same way as I did Mr. Garneau, that he should come up unless prevented by illness, and when here he would deal with every question as it came up.

Hon. Mr. TASSÉ—Have you advised the Local Government with reference to the appearance of Mr. Garneau or the appearance of any other Minister here?

Mr. LANGELIER—I stated the advice I gave to Mr. Garneau and Mr. Ross.

Hon. Mr. TASSÉ—Then your advice has not been followed?

MR. LANGELIER—This letter from Mr. Garneau must have left Murray Bay two or three days ago. I telegraphed Mr. Garneau yesterday and wrote Mr. Ross only yesterday morning.

HON. MR. POWER asked that Mr. Armstrong should be given another opportunity to say that he would answer the questions which he had refused to answer, and as to which they were about to adopt a report to the House.

THE CHAIRMAN—Mr. C. N. Armstrong, have you anything to say to the Committee before this draft report is read? You now have an opportunity with reference to your refusal to answer.

MR. C. N. ARMSTRONG—I have nothing more to say than I said yesterday. I still decline.

PHILIPPE B. DUMOULIN, being called, was duly sworn.

Examined by Mr. Barwick :

Q. You live in Quebec?—A. Yes; I am the Manager of the Banque du Peuple.

Q. Let me see the receipts for Mr. Pacaud's cheques, given up to the 6th of August?—A. Here is a certified copy (Exhibit No. 22).

Q. Let me see the receipt for the letter you received from the Banque Nationale accompanying the cheque of Mr. J. C. Langelier for \$20,000?—A. I got no letter from the Banque Nationale.

Q. You returned that cheque to the Banque Nationale?—A. No; the cheque was drawn on the Union Bank. I got no receipt; I hold the letter for the Union Bank. I returned that. I got no receipt for that letter.

Q. Did you get a receipt for that cheque of \$20,000?—A. No; they paid the cheque.

Q. You received a cheque for \$20,000 about the 15th May, from the Union Bank?—A. It was on the 6th May.

Q. Was that sent to you to secure any advance for anyone?—A. The cheque was not sent to me.

Q. It reached you; it came within the walls of the Bank; to secure an advance made by your Bank?—A. No.

Q. To secure what?—A. Not to secure anything for the Bank.

Q. To secure something for some man?—A. Yes.

Q. What was the man's name, Pacaud?—A. No; Phillippe Vallière. He lives in Quebec. I made an advance to him on the day you mention for \$20,000.

Q. And placed the proceeds to Mr. Vallière's credit?—A. No.

Q. To Mr. Pacaud's credit?—A. Yes.

Q. Have you your book of accounts here?—A. Yes; a copy of the ledger relating to Mr. Pacaud (Exhibit No. 23).

Q. On the 6th of May Mr. Pacaud secured a loan from your bank of \$19,720?—A. Yes; on receipt of the \$20,000 note from Mr. Vallière, endorsed by Mr. Pacaud.

Q. By anybody else?—A. No.

Q. Where is the note?—A. It went back to Mr. Vallière when paid.

Q. Exhibit No. 23 is the account crediting to Mr. Pacaud \$19,720. On the credit side, and the debit side shows cheques drawn against it?—A. Yes.

Q. And the last cheque was drawn on the 3rd of June?—A. Yes.

Q. Then there was a balance to his credit of \$360.58?—A. Yes.

Q. Which is still in your bank?—A. Well, there is something left; I do not know exactly how much. Mr. Pacaud made some transactions since.

Q. Any sterling drafts to go to France with?—A. No.

Q. These cheques were all entered up?—A. On the 6th of August.

Q. Where is the original receipt for them?—A. In the bank.

Q. Mr. Pacaud came and got them himself?—A. I did not see Mr. Pacaud. I asked for the cheques two days ago. I was told he had got them and gave a receipt

for them. He got them from Mr. Gagnon, who is the cheque clerk in the bank. He (Mr. Gagnon) is in Quebec now. I believe he is the one who gave them. He is the proper clerk for that purpose.

Q. Mr. Pacaud came and got the cheque himself?—A. I believe so.

Q. And the receipt for the cheques (Exhibit No. 22) is only a copy of the original, and the original bears Mr. Pacaud's own signature?—A. Yes.

Q. When you made that discount, you received a cheque upon the Union Bank for \$20,000, payable to C. N. Armstrong?—A. Yes.

Q. Drawn by J. C. Langelier, Commissioner?—A. Yes.

Q. And you received the Order in Council?—A. No.

Q. Did you receive any advice as to the letter of credit?—A. No.

Q. What did you hear about the letter of credit, out of the proceeds of which that \$20,000 cheque was to be paid?—A. I got a letter from the Union Bank stating that they had a collection, and that the cheque would be paid when the letter would be cashed by the Government.

Q. That letter was returned to the Union Bank?—A. Yes.

Q. And the cheque for \$20,000 was presented to your bank?—A. Yes, on the 10th of July; that was the day it was to be paid. Then I returned the letter.

Q. You held this cheque and the letter of the Union Bank securing your bank for the advance?—A. No; I advanced the money on the strength of Mr. Vallière's name, and he gave me this value to secure himself.

Q. Then you held a cheque for \$20,000, and the letter from the Union Bank?—A. Addressed to Mr. Vallière.

Q. You held them for Mr. Vallière?—A. Yes.

Q. Then you presented the \$20,000 cheque on the Union Bank and got it paid, and presented it to Mr. Pacaud?—A. No; we paid the note with it.

Q. On the 6th of May, the same day, I see three entries in this account, a debit to the amount of \$5,000, a debit to the amount of \$1,000, and a debit of \$2,150. This first \$5,000 retired a note?—A. I cannot say that.

Q. Are you sure?—A. I am perfectly sure.

Q. Did you get that cheque from Mr. Pacaud?—A. No; I never saw the cheque.

Q. Who got it from him?—A. I do not know.

Q. Did you inquire?—A. No.

Q. This \$5,000 cheque was drawn by Mr. Pacaud?—A. Yes.

Q. You do not know whether it was paid across the counter?—A. No.

Q. You are subpoenaed here to produce your discount registers?—A. I have an extract from the book (Exhibit No. 24.)

Q. This is not sufficient; you have an extract dealing only with that note?—A. Well, I do not know anything else than this note, regarding the matter.

Q. You were subpoenaed to produce the discount registers?—A. But I cannot do it.

Q. You were subpoenaed to bring your ledgers, deposit registers, supplementary cash books, bill and note registers. Are these the proper titles?—A. Yes.

Q. And you have not brought them?—A. No.

Q. Can you tell me what notes matured in your bank on the 6th of May?—A. I cannot say that without the book.

Q. Can you tell me who is the maker of the note or notes which that \$5,000 paid?—A. That is not a cheque; that is a note.

Q. I understand that is a cheque, and apparently cashed across the counter. Can you tell me who was the maker of the note or notes in your bank which that \$5,000 paid?—A. I did not say that was going to pay a note.

Q. Then you cannot tell me?—A. No; even with the books I cannot say.

Q. But you can tell me what note for \$5,000 was retired on that date?—A. Yes but I could not tell if this cheque applied to that note.

Q. No; but we could link the circumstances together, and you could tell me if you had a note falling due on that day or a short period afterwards, which was retired on that day?—A. Yes; I could tell if we had a note due to retire on that day.

Q. Or any two or three notes amounting to \$5,000?—A. I could tell the notes we had on that day; that is all.

Q. Have you brought the book containing the entry of which this exhibit No. 24 is an extract?—A. No; because I do not believe you have any right to make me put before the Committee all the books of the bank.

Q. Will you let me see the books if I go to Quebec?—A. Certainly.

Q. I want the deposit ledger, and also the discount ledger?—A. Well; you cannot have it. It would close the bank.

Q. You have a discount ledger?—A. Yes.

Q. That will give me a good deal of the information I want?—A. I do not know.

Q. I want the discount ledger and the deposit ledger? Those two books will contain all the record of dealings with notes with your customers?—A. The note diary besides.

Q. Now, if I had it, is that all?—A. Yes; and the current account ledger.

Q. The account of Mr. Pacaud and all accounts with your customers are in these books?—A. Yes.

Q. The other books of the bank contain simply entries of totals?—A. Well, accessories.

The CHAIRMAN—The motion before the Committee is, that the witness be required to produce these books.

WITNESS—We have to make copies of all books before sending them.

By the Hon. Mr. Ogilvie:

Q. It will take a month to do that?—A. Two months, perhaps.

Mr. BARWICK—I will go to Quebec and endeavour to assist the bank and indicate the extracts he should have here by Tuesday, and if it is absolutely necessary to have any particular book here I shall have that liberty. It is distinctly understood that I shall have the fullest access to the books of the bank.

The CHAIRMAN—That, I presume, you have no objection to, Mr. Dumoulin?—A. No, sir.

The CHAIRMAN—Mr. Barwick's request meets with the approval of the witness, as I understand it.

Mr. BARWICK—And that I shall have Mr. Cockburn and my book-keeper with me?—A. Make your choice.

Q. What other papers have you?—A. You have them all.

Q. You brought no other papers with you?—A. Not relating to that matter.

Q. What other papers have you with you?

Hon. Mr. POWER objected to the question.

Q. Have you handed some papers to your counsel, since you came here?—A. Yes.

Q. Since you came to Ottawa, you have handed some papers to your counsel, Mr. Langelier?—A. Yes.

Q. And Mr. Langelier has them here?—A. No.

Q. When did you give them to him?—A. I showed them to him yesterday, here in this building.

Q. Where are they now?—A. I have them here in my pocket.

Q. Take them out of your pocket?—A. I have no objection.

WITNESS here produced some papers.

Q. There are two documents here?—A. You want to look at them?

Mr. BARWICK—I want to see whether I should look at them.

Q. What are these?—A. It is an extract from the diary of the notes of the bank (Exhibit No. 25.)

Q. What have we here?—A. It is a letter from myself to our cashier on bank business.

Q. Relating to this entry?—A. No.

Q. To what?—A. To the discount and the notes of Mr. Vallière of \$20,000. Also an extract of the same letter. (Extract marked Exhibit No. 26, and full letter Exhibit No. 27.)

The letter being in French, was translated by the Clerk, as follows:—

BANQUE DU PEUPLE,

QUEBEC, 6th May, 1891.

J. S. BOUSQUET, Esq.

DEAR SIR,—Mr. Phillippe Vallière, one of our wealthy clients, has discounted here to-day his note for \$20,000, to the order of Ernest Pacaud. Mr. Vallière has a guarantee from the Government which he has sent to me, and which I will collect myself on the 10th of July. The proceeds of this discount are to be applied by Mr. Pacaud to meet various liabilities spread out from now to the 3rd of June, amongst which, there is \$5,000 payable to ourselves, so that we shall disburse \$15,000 only. The only inconvenience that I saw in this transaction was the want of funds in which I am. I at first refused for that reason, but the Honourable Charles Langelier, who accompanied Mr. Vallière, has promised me a deposit of \$50,000 upon the proceeds of the loan, and this over and above the amount which you expect to have yourself. Under these circumstances, I believe that I should make the transaction.

Yours, very truly,
(Sgd.)

P. D. DUMOULIN.

Q. Now this letter states the transaction through your cashier?—A. Yes, sir.

Q. Who is your superior officer?—A. Yes, sir.

Q. And this is the report made in the ordinary course of business?—A. Yes, sir.

Q. And the report of the transaction was that the proceeds of the discount of the twenty thousand dollars note mentioned in Exhibit No. 23 was to be applied by Mr. Pacaud to retiring certain notes from—to-day—that is, from the 6th May to the 3rd June?—A. Yes.

Q. Well, then, these documents which came out of your left hand pocket (Exhibit 25) are the "certain notes"?—A. I do not know when I received the summons—

Q. Please read the heading in print and then translate it for me—the heading on Exhibit 25.

(Heading read in French.)

Q. Translate it, please?—A. Extract of the note diary of La Banque du Peuple from 6th May to 3rd June, 1891.

Q. That corresponds with this report (Exhibit 27)?—A. I cannot say, because when I wrote this letter I took for granted the statement made to me by Mr. Pacaud, and did not examine the books, but when you sent me the summons I began researches, and I only found these noted in the ledger from the 6th May to the 3rd June.

Q. Amounting to \$1,700?—A. That is all the notes for which I could not trace any payment.

Q. And which might have been paid out of the proceeds of the twenty thousand dollars discount?—A. Yes; and might not.

Q. This is Mr. Pacaud's name at the top of the second column of Exhibit 25, and at the top of this account (Exhibit 26) it is the same name, is it not?—A. Yes.

Q. Now, in this Exhibit 25, in the first column, are the promissor's names?—A. Yes.

Q. What is the French word?—A. Promissoire.

Q. In the second column are the names of the endorsers?—A. Yes.

Q. The next column gives the face of the note?—A. Yes.

Q. The next gives the due date, and the last column the date when paid?—A. Yes.

Q. Now, Exhibit 23, debit side, shows the cheques drawn?—A. Yes, sir.

Q. Now, there are four notes maturing between 6th May and 3rd June, as shown in this extract, Exhibit 25. One for four hundred dollars, the first?—A. Yes, sir.

Q. That was due on the 6th May?—A. Yes; and paid on the same day.

Q. The same day this discount for \$20,000 was made?—A. Yes, sir.

Q. On the same day a cheque for \$5,000 was drawn, as shown by Exhibit 23?—Yes, sir.

Q. Who is the maker of this note for \$400?—A. A. F. Carrier.

Q. Who is the endorser?—A. Ernest Pacaud.

Q. Who is A. F. Carrier?—A. He is one of our barristers in Quebec, and a member of our Local Legislature.

By Hon. Mr. Tassé :

Q. What is his Christian name?—A. Achille.

By Mr. Barwick, Counsel for the Opposants :

Q. The next note was due on the 8th May and was paid on the 6th May?—A. Yes.

Q. Two days before it was due?—A. Yes.

Q. That note is for \$150. Who is the maker?—A. James Carrel.

Q. And the endorser?—A. Ernest Pacaud.

Q. Who is James Carrel?—A. He is dead now. He used to be the editor of *The Daily Telegraph*.

Q. The third note was due on the 31st May?—A. Yes.

Q. And was paid on the 11th May?—Yes.

Q. Twenty days before it was due?—A. Yes.

Q. The next note is for \$150?—A. Yes.

Q. Who is the maker?—A. J. G. M. Deschenes.

Q. And the endorser?—A. Ernest Pacaud.

Q. Who is Mr. Deschenes?—A. I cannot tell from this entry. I could identify the man if I had his signature. We have two or three customers named Deschenes.

Q. Two or three J. G. M. Deschenes?—No; several of the Deschenes bear the same name—Mainville. There is a merchant in Quebec of that name.

By the Honourable Mr. Ogilvie :

Q. Is that Mr. Deschenes of Temiscouata?—A. There is one in Temiscouata. There is a member of the House whose name is Mainville, too.

Q. You do not know if this is the member for L'Islet?—A. No; I do not know.

By Mr. Barwick, Counsel for Opposants :

Q. On the 11th May this note of Mr. Deschenes was retired?—Yes.

Q. Turn to Ernest Pacaud's account, Exhibit 23, and tell me if you see a charge of \$150 on the 11th?—A. I do.

Q. Would you put these two entries together and draw any conclusion from them?—A. No.

Q. You'd not think that \$150 note had been retired with the \$150 cheque?—A. It may be, and it may not be.

Q. Now, the next entry is probably the most interesting one?—A. I do not know.

Q. This is the fourth and last note, and is for \$1,000?—A. Yes.

Q. It is due on the 3rd June, paid on the 11th May?—A. Yes.

Q. That is a considerable time before it was due. Now turn to this Exhibit 23, Ernest Pacaud's deposit account, which shows the proceeds of the \$20,000 discount. Do you see the first entry on the 11th May, a cheque for \$1,000?—A. Yes.

Q. Now, would you put that entry of the \$1,000 in the deposit account opposite the entry which we have in Exhibit 25 and draw any conclusion from that?—A. I cannot do that.

Q. You would not think that \$1,000 cheque had retired that note, would you?—
A. It may be that.

Q. You see Mr. Pacaud was the endorser?—A. Yes.

Q. Who was the promisor?—A. J. I. Tarte.

Q. Who is he?—A. He is the member for Montmorency.

Q. In the Dominion House?—Yes, sir.

Q. Who are the endorsers?—A. Mr. Pacaud and Mr. Langelier.

Q. What Langelier?—A. Mr. François Langelier.

Q. Your counsel here?—A. Yes, sir.

Q. Now, we have got the whole entry. Do you not think that that \$1,000 cheque retired that \$1,000 note?—A. It may be. I never saw the cheques. The clerks look after that.

Q. But it looks like it, does it not?—A. I do not know.

Q. Have you got any more papers in the right hand pocket?—A. No.

Q. These are all the papers you have with you?—A. Yes.

Q. Have you any in your room?—A. No. These are all the papers I brought up.

Q. You submitted this last batch of papers which we have been examining you upon, and which came out of your left hand pocket to Mr. Langelier?—A. Yes.

Q. Did he advise you that you were not bound to produce them?—A. He thought they did not relate to the letters of credit.

Q. And you were not bound to produce them?—A. I took his advice.

Q. You brought these documents—the ones we have been speaking of—up to Ottawa in obedience to your subpoena?—A. Yes. I could not see Mr. Langelier in Quebec and I wanted to see him here.

Q. You sought his advice with your subpoena and your documents?—A. Yes.

Q. Where did you meet him?—A. In the Parliament Buildings.

Q. And you submitted the subpoena and the documents to him?—A. Yes.

Q. Mr. Langelier separated the documents, showing you what you were bound to produce under the subpoena and what he thought you were not bound to produce?—A. Yes.

Q. And these that he thought you were not bound to produce he put into an envelope?—A. I did that myself.

Q. Where did you get the envelope?—A. In the bank, in Quebec.

Q. You put them back into the bank envelope?—A. Yes.

Q. And the others you put in a handy receptacle?—A. In a special pocket.

Q. Now, Mr. Dumoulin, you went all through the books of the bank in accordance with your subpoena?—A. To the best of my knowledge.

Q. Who assisted you?—A. The accountant.

Q. Who is he?—A. Mr. Labadie.

Q. What is his christian name?—A. F. Auguste.

Q. And he is in Quebec now?—A. Yes, sir.

Q. And is not going away, is he?—A. No, sir.

Q. And will come here in obedience to direction if he is telegraphed for?—A. Yes.

Q. He certified the document, did he?—A. Yes.

Q. You knew that we were after, I suppose, when you read the subpoena?—A. Yes.

Q. Knowing what we were after, you turned up that letter of yours, which we filed to-day?—A. Yes.

Q. Then made the extract?—A. I could not consult Mr. Langelier until I had come to Ottawa.

Q. And having done so, I ask you if there are any other accounts which refer to these matters that we have been talking of besides the ones you have shown?—A. No; I had nothing to hide.

Q. Except what Mr. Langelier advised you?—A. There was nothing to hide, but he thought that some of these papers did not relate to the subpoena. It was a matter relating to a note discounted, and the subpoena spoke of letters of credit.

Q. But both of you thought differently when you searched for the documents?—A. I had not seen my solicitor; he was not in Quebec, and I could not consult him as to the documents I should bring.

The COUNSEL—I do not desire to proceed with the examination of Mr. Dumoulin further, but I should desire that Mr. Dumoulin remain in attendance to give me an opportunity of examining the books.

By the Hon. François Langelier, Counsel for the Government of the Province of Quebec :

Q. Did I come for you yesterday, or did you come to see me?—A. I went to see you; I searched for you.

Q. I am the regular solicitor for the bank at Quebec, and you wanted to consult me on this matter?—A. Yes; it was my duty to do so.

Q. Did I advise you to conceal anything which I thought had any reference to this matter?—A. No.

Q. What advice did I give you?—A. You read the subpoena and told me that you thought it referred only to the letter of credit.

Q. Did I tell you to hide, or try to hide, anything concerning the matter before the Committee?—A. No.

Q. What are the particular documents I told you I believed had no reference to this matter? Are they not the two letters and the extract you produced?—A. Yes.

Q. And the statement of account I asked you to bring?—A. Yes.

Q. And to produce everything in case they might be asked for?—A. Yes.

Q. You filed on my advice that statement of the notes discounted—four—I think?—A. Yes.

Q. Will you state what you know as to the note upon which my name appears as endorser? I do not know whether you have any knowledge of the facts in relation to it, but tell what you recollect?—A. The note was presented for discount before the name of Mr. Langelier was upon it, the names of Tarte and Pacaud only appearing. Not being authorized to make a discount on the name of Mr. Tarte I refused to discount the note, and I was asked if I would accept the name of Mr. Langelier as endorser; I said yes. It was re-presented to me afterwards with his name, and I discounted it.

By Mr. Barwick, Counsel for Opposants :

Q. Had you any interviews with Mr. Pacaud before you made this discount?—A. Yes, sir.

Q. You simply had the interview you have spoken of concerning the twenty thousand dollar discount?—A. Yes, sir.

Q. You had only one interview with him?—A. Yes, sir.

Q. What did he tell you. Tell us the conversation, as nearly as you can recollect?—A. I was presented the note for discount by Mr. Vallière and Mr. Pacaud; I said I would discount Mr. Vallière's name, because he was a customer, and I was authorized to discount for him. So I discounted the note, and Mr. Vallière told me he had security, and he gave me the security, and I was told it would be paid on or about the 10th of July.

Q. That security was Mr. Chrysostôme Langelier's cheque?—A. Yes. And to present the cheque on that day and it would be paid by the Union Bank, and to apply the proceeds to the \$20,000.

Q. Mr. Vallière is a wealthy man?—A. Yes. He is our customer.

Q. Did you ever speak to Mr. Pacaud about that note afterwards?—A. I do not recollect.

Q. Have you seen Mr. Pacaud within the last two weeks?—A. Yes; I have.

Q. Where?—A. He came into the bank for business.

Q. Have you had any conversation with Mr. Pacaud within the last three weeks on the subject of the Baie des Chaleurs Railway?—A. No.

Q. Has he spoken to you about any of these matters?—A. No.

Q. He did not speak to you about getting these cheques returned from the bank?—A. No; I did not see him when he came for the cheques. He saw the clerk.

Q. Were there any other names on these four notes than the ones shown here?—A. Not according to the diary.

Q. But there might have been some other names?—A. Not unless the clerk who kept the record made an error.

Q. Did he make an error in this case.—A. I do not know; he had no order to make an error.

Q. Who was the clerk who made the entry?—A. There are a couple of juniors, I could not say who made it.

Q. If necessary, you will send the junior who made the entry?—A. Yes.

Q. Now, this letter (Exhibit 26) is the extract from Exhibit 27. Would you be kind enough to read the extract which you omitted from No. 26. Read it in English, please?—A. "The inconvenience I saw in making this transaction was the stringency of funds in which I am. I at first refused for this reason, but the Hon. Charles Langelier, who accompanied Mr. Vallière, promises me a deposit of \$50,000 upon the proceeds of the loan, and this, besides the amount that you expect to receive yourself. Under the circumstances, I decided to make the transaction."

Q. Now, why did you, in making that extract, omit from Exhibit 26 the extract you have just read from Exhibit 27?—A. Because I spoke of the stringency of funds in which the bank was; I thought that was only the private business of the bank.

Q. Now, this second paragraph of the letter says that the proceeds of this discount—that is, the discount of the Vallière note for \$20,000—is to be applied by Mr. Pacaud to meet sundry notes maturing from to-day to the 31st of June, among which there is \$5,000 payable to ourselves. Now, Exhibit 25 shows that you have disbursed sundry notes maturing from the 6th of May to the 3rd of June, payable to yourselves, amounting to how much?—A. To \$1,700.

Q. So, that there is \$3,300 still to be accounted for?—A. Yes, sir. But, as I said, when I wrote my letter I did not refer to my book; I took what Mr. Pacaud had said; he mentioned \$5,000. In searching with the accountant we found only what we have produced.

Q. Can you give us any information as to how the \$3,300 was made up?—A. I cannot; I took what he said for granted, and wrote what I did in the letter; I did not look into the books until two or three days ago, just before leaving for Ottawa.

Q. Who can tell us how the \$3,300 is made up?—A. Nobody can tell you.

Q. Who in the bank knows these transactions?—A. The accountant.

Q. And he could tell us probably whose notes were comprised in this \$3,300?—A. No; because he don't find any trace of such note.

Q. But a man might know something outside of his bank books?—A. There is nothing at all but what appears in our books.

Q. Your bank is different from others, that is so?—A. When we discount a note it always passes through our books.

Q. You made a formal report to your manager that you were going to retire out of that \$20,000?—A. I did not mean to say retire. I meant to say that Mr. Pacaud said he would pay the notes, and that they were about \$5,000. I had nothing to retire myself.

Q. I used your own word. You said in your report to your superior officer that the discount was to be used thus: Mr. Pacaud was to apply to proceeds to these sundry notes maturing from to-day to the 3rd June?—A. That was Mr. Pacaud's statement.

Q. Among which you say "there is \$5,000 payable to ourselves, so that we shall disburse only \$15,000"?—A. I stated that.

Q. And did you only disburse \$15,000?—A. Well, not according to what I see now.

Q. What information can you give this Committee to account for the \$3,300?—
A. No information whatever; I know nothing about it and there is no trace of it in our books.

Q. Will you be good enough to look at your books again, so as to find, if possible, an explanation of it?—A. I will look with the accountant.

Q. If you get any information you are willing to return?—A. Yes.

Q. What is your title?—A. Manager.

Q. Local manager at Quebec?—A. Yes.

Q. And this report is to your general manager in Montreal?—A. Yes.

Q. You have found out that the notes did not amount to so much as you thought?—
A. I thought that what Mr. Pacaud had to pay was a trifle; I made the statements, but I thought it not material if we had \$5,000 or \$2,000 or \$3,000; it had nothing to do with the merits of the discount.

Q. Were there any other notes besides the notes we have, mentioned in Exhibit 25, retired with cheques drawn on that account shown in Exhibit 23?—A. I did not see them in our book.

Q. I am talking of other banks?—A. I do not know.

Q. What did Mr. Pacaud tell you about retiring cheques in other banks?—A. He did not speak to me about what he had to pay in other banks.

Q. What did he tell you about his requiring so large a sum as \$20,000?—A. I did not ask him that. I discounted it on the strength of Mr. Vallière's name.

Q. Had you made a discount for Mr. Pacaud before?—A. Yes.

Q. I believe you did not discount the letter of credit?—A. No.

Q. You have made other discounts for Mr. Pacaud?—A. Yes.

Q. Letters of credit?—A. No.

Q. Did you ever discount a note of Mr. Pacaud secured by a Government letter of credit?—A. No.

Q. At any time?—A. I made some discounts for Mr. Pacaud, altogether outside of this affair.

Q. Were they secured by Government letters of credit?—A. Yes; relating to other matters and for very small amounts.

Q. How much?—A. Sometimes it would be \$300, sometimes \$200. I may have discounted five or six of those for somebody else than Pacaud but they had Mr. Pacaud's name on their notes; they were given sometimes for books sold to the Government or something that way.

Q. Sums given for services rendered to the Government?—A. Yes; small amounts, and Mr. Pacaud would endorse the notes, and the party would give me the letter of credit as security.

Q. Would you give the money to Mr. Pacaud?—A. No.

Q. Or put it to his credit?—A. No; I gave it to the parties who gave me their notes endorsed by Mr. Pacaud and secured by the letters of credit.

Q. Did you ever discount anything for Mr. Pacaud secured by letters of credit?—
A. I do not believe I did. He has been dealing with the bank for five or six years, and I cannot remember the details of all transactions.

By the Hon. Mr. Tassé :

Q. You state in your letter of the 16th May last, addressed to Mr. Bosquet Manager, that you had in the first place refused to discount the \$20,000 note?—A. Yes.

Q. But Mr. Langelier promised to deposit \$50,000 out of a part of the loan?—
A. Yes.

Q. Was that deposit ever made?—A. No, sir.

Q. Which loan was it?—A. I thought it was the ten million loan.

Q. That Mr. Mercier was trying to procure from France?—A. Yes.

By Mr. Barwick, Counsel for Opposants :

Q. Charles Langelier is a member of the Government, is he?—A. Yes, sir.

Q. And he accompanied Mr. Pacaud when he came to get this discount?—A. Yes, sir.

Q. And these two together saw you?—A. Yes, sir.

Q. Who opened the conversation—Langelier or Pacaud?—A. I think it was Mr. Pacaud who spoke.

Q. I do not want to ask too many questions. Tell us, please, what took place and what part Mr. Langelier took?—A. He did not take a great part, I think; he made me a promise of the deposit of \$50,000. I asked him for that.

Q. If you put this transaction through?—A. No; I decided to advance the money, but I told him we were short of money, and as they were going to receive a large amount because they were making a loan, I would expect to have a deposit made in my branch of at least \$50,000, and upon that he gave me the promise to make deposit. That decided me altogether to make the advance, but I believe it was not my principal reason; I would have made the loan on account of Mr. Vallière being one of our customers.

Q. When Mr. Langelier gave you the promise, on your asking him, that the Government would deposit \$50,000, you decided to let the loan go through?—A. That was one of the reasons; but I declare I would have discounted the note all the same, Mr. Vallière being one of our customers. But I was glad to be able to announce to our cashier that we were going to receive such a deposit. I was working in a business way.

By the Hon. Mr. Tassé:

Q. For how long was that deposit to last?—A. Nothing was said about that. I was going to try to keep it as long as I possibly could, but nothing was said.

Q. For how long did you expect that deposit to be kept?—A. For some time.

Q. For how long?—A. For three or six months, or for a year or two possibly.

By Mr. Barwick, Counsel for Opposants:

Q. There is no necessity for me going to Quebec now?—A. I do not believe there is.

ELLIOTT E. WEBB, of the City of Quebec, in the Province of Quebec, who being duly sworn and examined by Mr. Walter Barwick, Counsel for Opposants, testified as follows:—

Q. Are you the cashier of the Union Bank?—A. Of the Union Bank of Canada—Yes.

Q. You were requested to discount a letter of credit for \$100,000, were you not?—A. Yes.

Q. You would not discount it?—A. No.

Q. You at first determined to discount it?—A. If it was found satisfactory on further investigation.

Q. You changed your mind with regard to the discount?—A. I submitted it to the Board and it was decided to decline it.

Q. Mr. Pacaud offered you too much?—A. It was considered that it was not a legitimate transaction for the bank to enter upon.

Q. The conclusion you came to in regard to the legitimacy of the transaction was based upon what Mr. Pacaud told you?—A. Yes.

Q. Now there were five twenty thousand dollar cheques drawn by you?—A. Yes.

Q. Let me see them, please?—(Cheques produced.)

Q. We have had the history of the Banque Nationale and the cheque on the bank referred to. This is the Banque du Peuple cheque?—A. Yes.

Q. These are all twenty thousand dollars cheques?—A. Yes.

Q. They are all dated 29th of April?—A. Yes.

Q. These five cheques are for \$20,000 each, and are signed by J. C. Langelier, commissaire, payable to the order of Charles N. Armstrong and endorsed C. N. Armstrong, P. Vallière?—A. Yes.

- Q. This is the cheque Mr. Dumoulin has been given the history of?—A. Yes. (Cheque filed, marked 28A.)
- Q. The next cheque is endorsed C. N. Armstrong, and P. Vallière—that is the Banque Nationale cheque (28B)?—A. Yes.
- Q. The next (28C) is endorsed C. N. Armstrong only?—A. Yes.
- Q. And was paid at maturity by you?—A. Yes.
- Q. When was it paid?—A. On the 9th or 10th of July.
- Q. It appears to have been paid on the 10th; that was the day the letter of credit matured?—A. Yes.
- Q. The letter of credit for \$100,000?—A. Yes.
- Q. The next cheque (28D) is endorsed C. N. Armstrong?—A. Yes.
- Q. The next (28E) is endorsed C. N. Armstrong?—A. Yes.
- Q. The last two cheques (Exhibits 28D, 28E) bear these red ink words—July 10th 1891?—A. They were placed on collection in our bank, and the due date was fixed July the 10th, on account of the letter of credit maturing that day.
- Q. Was the third cheque placed in your bank (Exhibit 28C)? Was that placed in your bank for collection?—A. Yes.
- Q. Why was that not marked in the same way as the other two exhibits (28D, 28E)?—A. The only way I can account for that is, that one of them was brought in subsequently to the others, and probably that was omitted.
- Q. Now, have you the letter of credit with you?—A. No, sir.
- Q. That was delivered up to the Government?—A. Yes.
- Q. Have you a receipt for it?—A. No, sir.
- Q. Will you describe the letter of credit, or as much about the letter of credit as you can?—A. It was a letter of credit signed by P. Garneau, acting Premier, and undertaking to pay on or before the 10th July \$100,000. I think it was out of the subsidy voted for the Baie des Chaleurs Railway bearing interest until it was paid. From the 1st of June, I believe. I think that was the substance of it.
- Q. Was the Order in Council brought to you?—A. It was sent to me—yes.
- Q. By whom?—A. By the Assistant Treasurer.
- Q. What is his name?—A. Machin.
- Q. Exhibit No. 29 is a letter dated 29th April, 1891, from yourself to H. T. Machin, Assistant Treasurer of the Province of Quebec?—A. Yes.
- Q. Exhibit No. 30 is a letter from yourself to Mr. Machin, dated 30th April, 1891, enclosing copies of Orders in Council?—A. Yes.
- Q. The Orders in Council authorized your bank to advance \$100,000?—A. As I remember it, the first order was made authorizing our bank to advance the \$175,000, which was afterwards divided into two orders, one authorizing us to advance \$100,000 and the other authorizing the Banque Nationale to advance \$75,000.
- Q. Then the first Order in Council named your bank to advanced the whole \$175,000?—A. I only speak from memory, but I believe that was the way it was.
- Q. And the name of your bank was not inserted in the second order?—A. Probably not.
- Q. Exhibit No. 31 is dated 9th May, 1891, and is a letter written by yourself to Mr. P. Vallière?—A. Yes.
- Q. Exhibit No. 32 is a letter dated 16th May, 1891, from yourself to Mr. J. S. Bousquet?—A. Yes.
- Q. Who is Mr. Bousquet?—A. Cashier of the Banque du Peuple, Montreal.
- Q. Now, the cheque referred to in that letter is the Exhibit No. 28c?—A. Yes.
- Q. The cheque referred to in the Exhibit 31 is Exhibit No. 28a?—A. Yes.
- Q. Exhibit No. 33 is a letter dated 16th of May, 1891, to Mr. J. C. Langelier from yourself advising him that you hold a letter from Mr. Garneau dated the 28th April?—A. Yes.
- Q. The letter from Mr. Garneau you speak of in the last few exhibits is a letter of credit?—A. Yes; a letter of credit.
- Q. These are accounts you have brought, Exhibit No. 34?—A. Yes.

Q. First is the account from your ledger, with Mr. J. C. Langelier, Commissioner?—A. Yes.

Q. And I suppose that is a transcript of his deposit ledger account?—A. Yes.

Q. You credit him with \$100,000 and the interest?—A. Yes.

Q. And the interest apparently remains to the credit of Mr. Langelier to-day?—A. Yes.

Q. He has not drawn it since?—A. I could not say—not up to the time I left.

Q. The other account is Mr. Ernest Pacaud's (Exhibit No. 35)?—A. Yes.

Q. And these are the cheques?—A. These are the cheques which he has not taken out. Up to a certain time he had taken out the cheques.

Q. Draw a blue line when they stop?

WITNESS did so.

Q. There are ten cheques above the blue line as follows:—

July 11th	\$ 500
do do	25,000
do do	3,000
do do	8,000
do do	5,000
do 14th	29
do 17th	25
do 21st	7,000
do 22nd	5,000
do 24th	3,000

A. Yes.

Q. The cheques below the line are as follows:—

Aug. 10th	\$ 1,500
do do	1,000
do do	50
do do	500
do do	500
do do	1,000
do 11th	210
do 12th	280

A. Yes.

Q. The \$1,000 cheque of the 10th of August has not yet been presented and stands to Mr. Pacaud's credit?—A. Yes.

Q. There was a balance to his credit on the 10th of July of \$60,000?—A. Yes.

Q. Are these three cheques which are marked Exhibit No. 28?—A. Yes.

Q. Correct me if I state wrongly. On the 19th of July you received a letter of credit for \$100,000?—A. We held it on collection.

Q. On the 9th of July you got a letter of credit for \$100,000, which you had agreed to discount before, but as to which you changed your minds, and you held that letter of credit on collection?—A. We agreed to discount it, if it proved satisfactory.

Q. You seriously entertained it?—A. Yes.

Q. Having seriously entertained it, and declined to discount it, you agreed to hold that letter of credit on collection?—A. Yes.

Q. You charged against that collection five cheques of \$20,000 each?—A. Yes.

Q. Drawn by Mr. Langelier?—A. Commissioner.

Q. Marked to be payable on the 10th of July?—A. Yes.

Q. The date that letter of credit was payable?—A. Yes.

Q. So, although those cheques were charged on that day and marked on that day the cash could not be drawn until the 10th of July from your bank?—A. We did not undertake to pay the cheques until this letter of credit was paid on the 10th of July

The cheques were not marked until the 10th of July. They were left with the bank on collection to be charged when the letter of credit was paid.

Q. On the 10th of July, Mr. Webb, you placed to the credit of Mr. Pacaud, \$60,000—three of those cheques (Exhibit 28)?—A. Yes; endorsed by Mr. Armstrong and left on collection by Mr. Pacaud.

Q. And when collected Mr. Pacaud drew the money?—A. Afterwards.

Q. Now, tell the Committee in your own language the history of the offer to you, of the \$100,000—letter of credit, the refusal, the arrangement between you and the Banque du Peuple, where they were to take one and you the other, and your subsequent reconsideration of your position? Tell us the whole story?—A. Mr. Pacaud came to me at the bank and asked if we would entertain the discount of the letter of credit for \$175,000.

Q. When was that?—A. About the end of April. We had several conversations about the letter of credit, and I told him we would entertain it, and the matter was finally divided. I spoke to Mr. Gaboury, of the Banque Nationale, and they had decided to take a portion of the letter if satisfactory. The letter was finally divided into two, \$100,000 discounted at the Union Bank and \$75,000 at the Banque Nationale. After the letters were issued, and the matter submitted to our Board, it was decided that we should not make the advances. It was considered not exactly a legitimate banking transaction. I advised Mr. Pacaud of this. And Mr. Langelier, Commissioner, brought the letter of credit to me, prior to our declining it, asked me to discount it, and place it to his credit as Commissioner. I told him I would submit it to the Board. Afterwards Mr. Pacaud brought in those five cheques amounting to \$100,000 (Exhibit No. 28), and I advised him that the bank had decided not to discount the letter of credit, and that I therefore could not cash his cheque. These are the five cheques he brought in (Exhibit No. 28).

Q. When was that?—A. Probably in the early part of May.

Q. Were they endorsed by Armstrong when he brought them in?—A. Yes.

Q. Were they brought to you or taken to the counter to be cashed?—A. They were brought to me. They may have been presented at the counter first, but I was not aware of it.

Q. Proceed with the conversation with Mr. Pacaud, when he had those five cheques?—A. He afterwards asked me if I would discount one or two of the cheques and offered me Mr. Vallière's endorsement. I declined doing it, as the bank did not wish to go into the transaction, and he next asked me if I would give a letter undertaking to pay those cheques on the 10th of July. I said no; I would undertake to pay them as soon as the amount paid by the Government was placed to the credit of the Commissioner.

Q. And you gave those two letters you produce?—A. Yes.

Q. What did Mr. Pacaud tell you, to make you change your mind about discounting the \$100,000 letter of credit?—A. I do not remember the conversation exactly.

Q. Well, give the substance of it?—A. Well, the fact of these cheques going to his credit had a great deal to do with our declining it.

Q. That is three of those cheques marked Exhibit No. 28?—A. Yes.

Q. What did he tell you about those cheques going to his credit?

WITNESS.—I wish to know if I am obliged to give all information about a private customer—I wish to know from the Chairman. We do not wish to withhold any information; but it is the duty of the bank to protect one of its customers as far as possible, and possibly because how the cheques given out were paid eventually I cannot say. I cannot connect it with this transaction, and therefore I do not know whether I should go into particulars as to one of the customers of the bank. If I am ordered to do so I am ready to do so; but at the same time the duty of the bank is to protect a customer's private account.

The CHAIRMAN.—In my judgment the question is a proper one, and I direct that it should be answered. I understand that is the pleasure of the Committee.

The witness was ordered to answer, and continued as follows:—The main reason for declining was that we had doubts about the money being properly applied

for the purposes indicated in the Order in Council, and Mr. Pacaud mentioned, I believe, that a certain amount of this money was to become his private property. I do not exactly remember the amount. That was the main reason in declining the letter of credit.

Q. Say that again?—A. Mr. Pacaud told me that a certain amount of this was to go to him, privately, and the bank thought in that case the money was not being applied as directed by Order in Council, and they preferred not to enter into the transaction.

By the Hon. Mr. McMillan :

Q. Did he say how much?—A. About \$50,000.

Q. Mr. Pacaud was to have \$50,000?—A. About that amount.

By Mr. Barwick :

Q. And where was the balance to go?—A. A portion of the balance was required to take up paper which was discounted at the different banks in Quebec. I think some was at the Union Bank—I do not know that he mentioned the names of the banks. I think he referred to the Banque Nationale and the People's Bank at the time.

Q. He was to retire certain paper in your bank out of that?—A. I believe so; that is a portion of the balance. I do not know where it was all to go to.

Q. You learned all that from Mr. Pacaud?—A. Yes.

Q. Did he show you a statement of liabilities or notes which he was to meet out of that other \$50,000?—A. He may have pencilled out a statement in my office, but I do not think he put any names. I do not remember; but simply showed what amount he would require after the discount of this \$100,000.

Q. How much did he require immediately to meet this paper?—A. I cannot say.

Q. A considerable sum?—A. I presume it was the two cheques afterwards discounted by other banks, of \$20,000 each.

Q. What was the amount of paper in your bank, which he was going to take up out of the proceeds?—A. I had not the statement of it at the time.

Q. Have you the statement now?—A. No.

Q. Have you anything that will show you the amount?—A. No.

Q. Whose paper was it?—A. I could not say. His name was on it all as promissory endorser.

Q. He was to get \$50,000 in cash himself and a reduction of this paper, which was in your bank, out of the other \$50,000?—A. That is as near as I can remember.

Q. He was to have \$50,000 clear for himself?—A. About that.

Q. Who were the other parties on his paper besides Mr. Pacaud?—A. I think the Honourable Charles Langelier was on some of it.

Q. Who is Charles Langelier?—A. He is a Minister of the Quebec Government. I could not say how much he was on for, without referring to the books.

Q. But you could tell us from the books?—A. I could tell the amount of paper he had, but I have no means of tracing it directly to this payment, any more than Mr. Pacaud's conversation with me.

Q. Was anyone else on the paper?—A. I think Mr. Mercier was on some of it. Mr. Mercier is the Premier of Quebec. I could not say for how much.

Q. A considerable amount?—A. I could not give any idea of the amount without referring to the books.

Q. Who else was there on this paper?—A. I think Mr. L. P. Pelletier's name was on some of the paper. Mr. Pelletier, I think, is a member of the Quebec Legislature. I think his initials are L. P., but I would not be positive.

Q. You do not mean Senator Pelletier?—A. No.

Q. Who else was on the paper?—A. I do not remember anyone else at present.

Q. The amount of those notes would be about \$20,000 when they were retired with you?—A. No; I think it would hardly amount to that; I could not speak positively.

Q. What book would show the amount of paper you understood Mr. Pacaud was to retire if you discounted the letter of credit?—A. The diary of the bills discounted.

Q. Can you have that diary here to-morrow?—A. I could have an extract from it here to-morrow afternoon.

Q. Now, Mr. Webb, we want to know the names of the gentlemen who were upon the paper which was to be retired by Ernest Pacaud, and I presume that paper was retired by one of these cheques, shown in Exhibit No. 35?—A. Well there is a difficulty in connecting it with those cheques; some cheques have been surrendered; I could tell the paper he referred to at the time, but I could not trace the payments to these cheques. I could give you the dates of the payments, by which you may draw inferences from the dates on the cheques, but I could not do nearer than that.

Q. Did Mr. Pacaud hand you these cheques on the 11th of July, shown in Exhibit 35?—A. I do not know whether they came from him or from other banks.

Q. When did Mr. Pacaud get these ten cheques above the blue line in Exhibit 35?—A. I could not say exactly—shortly before leaving for New York. He was in the office getting his cheques at the time, and simply said he had come in for his cheques.

Q. Can you fix the day of the week?—A. I think it would be before Monday, the 10th of August inst.; I can tell by the receipt. I have not the receipt with me.

Q. Had this investigation begun when he was there?—A. Yes.

Q. Did you and he speak together about it?—A. He said he was coming up to Ottawa to give his evidence, and afterwards sailing for Europe.

Q. Did he tell you that he wanted these cheques for this investigation?—A. No; he merely remarked that he was getting his cheques.

Q. Is it necessary for you to go to Quebec yourself for those other answers? You had better?—A. Yes. I could give you a certified statement if it would make it unnecessary for me to come up again. The only evidence I can give is from the books.

By the Hon. Mr. Tassé:

Q. You have mentioned Mr. Mercier's name in connection with some paper. Can you give the amount?—A. I do not remember; I can ascertain.

Hon. Mr. TASSÉ.—I would like the same information with reference to the Hon. Charles Langelier.

The Committee then adjourned until 8 o'clock p.m.

SENATE, COMMITTEE ROOM No. 8,
FRIDAY, 14th August, 8 p.m., 1891.

ELLIOTT E. WEBB recalled and further examined by Mr. Barwick, Counsel for Opposants.

Q. I asked you to-day with regard to the cheque for \$20,000. On looking over the papers I see that Exhibit No. 32 is addressed to Mr. Bosquet, cashier of La Banque du Peuple, Montreal. That letter does not refer to the cheque which was handed to La Banque du Peuple, in Quebec. Does it?—A. No; I handed it to Mr. Pacaud. His idea was to get it discounted in La Banque du Peuple, in Montreal.

Q. Mr. Pacaud asked you for this letter, as he wanted one of the cheques discounted in La Banque du Peuple, in Montreal?—A. Yes.

Q. So that you did not give us to-day the copy of the letter handed to La Banque du Peuple, in Quebec?—A. I think the copy filed is the one handed to La Banque du Peuple, but there is no copy of the one handed to La Banque Nationale.

Q. You will give us that?—A. I have not a copy of that letter, but it is exactly similar; it was copied from the one handed to La Banque du Peuple.

Q. This letter (Exhibit 32) was the letter accompanying another cheque for \$20,000?—A. One of the five cheques which he wished to get discounted in La Banque du Peuple, in Montreal.

Q. Now, will you be kind enough to tell how you came to hand this letter to Mr. Pacaud?—A. He asked me for the letter to enable him to get the cheque discounted in La Banque du Peuple, at Montreal, and I gave him that letter.

Q. About the 16th May?—A. Yes.

Q. And gave him the cheque?—A. Well, he had the cheque, I think, at this time.

Q. Did Mr. Pacaud speak to you again, and tell you the result of his trip to Montreal to try and get another cheque for \$20,000 discounted?—A. I think not; I do not remember any conversation afterwards in reference to that at all.

Q. He was not successful in getting that discount from La Banque du Peuple, in Montreal?—A. No.

Q. I suppose you had done considerable discounting business with Mr. Pacaud during the last year?—A. Yes.

Q. Up in the hundreds of thousands?—A. No; we did not discount so much.

Q. About how much do you think, during the last year?—A. I could not say.

Q. A considerable amount?—A. Yes; a large amount.

Q. And the proceeds of these discounts—to what account would they be credited?—A. To Mr. Pacaud's account

Q. Then does this account that you gave us to-day, taken from your deposit ledger, comprise extracts only?—A. That comprises the whole, from the date of the acceptance of these cheques.

Q. From the time \$60,000 was placed at his credit.—A. Yes.

Q. The \$60,000 being part of the \$100,000?—A. Yes.

By the Hon. Mr. Tassé :

Q. What was that date?—A. About the 10th July.

By Mr. Barwick, Counsel for Opposants :

Q. If we were to look at that account, a copy of which you brought us to-day, we will see the extent of the discount for the previous year?—A. Yes.

Q. If I go to Quebec on Monday I can see it, and point out the extract for you to produce on Wednesday in the Committee? Could you do that?—A. If you wish to go into the account further than as relating to this \$100,000.

Q. I want to go into the account back to the 1st of May, 1890?—A. I would not like to do that unless the Committee ordered it. I desire to avoid bringing the book and submitting it to confidential examination here.

By the Chairman :

Q. How would you connect it with the enquiry now?

The COUNSEL.—I could not tell until I saw the entries. I suppose Mr. Webb could tell in a quarter of an hour what these entries refer to?

The WITNESS.—I do not see how it is possible, the entries prior to the discount can refer to the Baie des Chaleurs Railway.

The COUNSEL.—(To Witness.) You would do whatever the Committee directs you?

The WITNESS.—Yes.

The COUNSEL.—Mr. Chairman, I desire to call your attention to a series of dates before I began the examination of Mr. Armstrong. On the 23rd of April the Order in Council was passed which has been mentioned. On the same day the Order in Council was passed naming Mr. Chrysostome Langelier as Commissioner. On the 28th of April the letter of credit for \$100,000 (Exhibit 31) was issued. On the same day the letter of credit for \$75,000 (Exhibit 16) was issued. On the same day there was a meeting at the St. Louis Hotel, when the cheque for \$24,000 was handed to Mr. Robitaille. On the 28th of April there were three cheques drawn on La Banque Nationale (Exhibits 15a, 15b, 15c) for \$31,750, \$24,000 and \$16,000. We have the

history of the \$24,000 cheque from Mr. Armstrong. On the 29th of April the letter of credit for \$75,000 was discounted by La Banque Nationale. On the 29th of April five cheques, each for \$20,000, were drawn on the Union Bank by J. C. Langelier, Commissaire (Exhibit 28a to 28e). The first of these (Exhibit 28a) was the cheque which went to La Banque du Peuple, in Quebec. The second of these (Exhibit 28b) was the cheque which went to La Banque Nationale. The other three cheques (Exhibit 28c, 28d, 28e,) were held on collection from Mr. Pacaud, and when paid were placed to his credit at the Union Bank. One of these cheques, being the one marked No. 5, was the one which Pacaud took to Montreal to La Banque du Peuple there, with this letter (Exhibit 31), and tried to have discounted there, but failed. On the 30th of April the Order in Council (Exhibit No. 17) were forwarded to La Banque Nationale by the Assistant Treasurer of the Province of Quebec, Mr. Machin, in a letter from him. On the 30th of April a letter was written by the same gentleman, the Assistant Treasurer of the Province of Quebec, enclosing the Orders in Council to the Union Bank to Mr. Valliere, who, it will be remembered, endorsed the note to La Banque du Peuple, agreeing to pay the \$20,000 cheque of J. C. Langelier, Commissaire, endorsed by C. N. Armstrong and Vallière, when the letter of credit was paid and the proceeds placed to Mr. Langelier's credit. On the 6th of May, Mr. Dumoulin, of La Banque du Peuple, reported to his cashier the \$20,000 discount in a letter; we have the full letter and extract (Exhibits 26 and 27). On the 6th of May, Mr. Carrier's note for \$400, due on that day, was retired in La Banque du Peuple. On the 6th May, Carrol's note for \$150, due on the 8th of May, was retired in La Banque du Peuple. On the 6th May, Mr. Deschene's note for \$150, not due until the 31st May, was retired in La Banque du Peuple. On the 11th of May, the Langelier note for \$1,000, which was not due until the 3rd of June, was retired in La Banque du Peuple. On the 15th of May the \$20,000 note was discounted by La Banque Nationale. On the 16th May, (we have not that letter here) a letter was written by the Union Bank to La Banque Nationale similar to the letter to La Banque du Peuple. On the 16th May the letter of the cashier of the Union Bank to La Banque du Peuple of Montreal was written (Exhibit 32); that is the letter which we have spoken of this evening, and which Mr. Pacaud took to Montreal with the hope of discounting. On the 16th May the Union Bank wrote to J. C. Langelier, Commissioner, that the bank held the \$100,000 letter of credit, and pointing out that they held that letter of credit on collection (Exhibit 33). On the 9th of July the letter of credit for \$100,000 was paid. On the 10th of July the three cheques which were held for collection (Exhibits 28c, 28d, 28e,) were paid. On the 10th of July the \$75,000 letter of credit was paid. On the 10th of July the letter of credit for \$100,000 matured. On the 11th July the two cheques (Exhibits 28a, 28b), each for \$20,000, were paid. Of these cheques, one was held by La Banque Nationale and the other by La Banque du Peuple, and they were paid by the Union Bank.

ELLIOTT WEBB recalled and examined by Mr. Barwick, Counsel for Opposants.

Q. Does the Quebec Government deposit Dominion subsidies in your bank?—

A. No.

Q. In what bank do they deposit?—A. In the Bank of Montreal.

Q. The Bank of Montreal, at Quebec?—A. I think so.

Q. Do you know on what day the Dominion subsidies become due?—A. Generally on the 1st January and the 1st July.

Q. How were you paid that \$100,000?—A. A portion of it was a cheque on the Bank of Montreal, and I think the balance a cheque on ourselves.

Q. How much on the Bank of Montreal?—A. I do not know; I could get the amount by referring to the books.

Q. Was it a considerable amount?—A. Large amount,—yes.

Q. That came out of the Dominion subsidy?—A. I could not say.

Q. Did it apparently come out of the Dominion subsidy?—A. I could not say at all.

Q. Was anything said in connection with the Dominion subsidy which was falling due on the 1st July to indicate that it had anything to do with the date on which the letter of credit was made payable?—A. Yes; in asking Mr. Machin why he made the letter payable on the 10th July, instead of earlier in the month, he said that the Dominion subsidy was not always paid on a certain day, and sometimes it was the third, fourth or fifth of July, and he wanted to have time to receive it before the letter of credit would mature.

Q. So that Pacaud's \$60,000 apparently came out of the Dominion subsidy?—A. I can only say that the Assistant Treasurer wished to make the letter payable on the 10th of July, so that he would have the Dominion subsidy in, before he would get the letter of credit matured.

Q. What did Pacaud say about the Dominion Government subsidy?—A. I don't think he said anything about it.

Q. Did any of the other gentlemen who came to see you speak of the Dominion Government subsidy?—A. Not that I remember.

Q. Are you sure it was the Bank of Montreal at Quebec that paid you that amount on the letter of credit!—A. As far I remember, the greater portion, or probably about \$70,000 or \$80,000, was on the bank of Montreal, and the balance on ourselves. I would not be positive.

Q. Did the Bank of Montreal pay that \$75,000 or \$80,000 by draft on their head office?—A. I could not say that. The cheque was issued by the Treasurer of the Province on the Bank of Montreal, Quebec, in our favour.

Q. The cheque was signed by Mr. Machin?—A. Yes, I believe so.

Q. Did you see Mr. Machin about this cheque?—A. No.

Q. Did he say anything more about Dominion subsidy after you got the cheque from him?—A. No.

Q. How did the cheque reach you?—A. I telephoned him and asked him if I would send up the letter of credit. That was on the 9th of July, the day before it matured, and he said to send it up, and he thought the cheque would be issued tomorrow. That was the 10th.

Q. By whom?—A. By the provincial treasurer of his assistant. The cheque was sent down by his messenger and to the bank and the letter of credit surrendered.

Q. Now the difference between \$75,000 or whatever the sum was that was received from the Bank of Montreal, was held in your own bank?—A. I think so.

Q. Where did that money come from—what fund was that?—A. I could not say. They very often have a current deposit account with us, there was no special fund.

Q. You could tell us by the books, I suppose?—A. I could tell what bank the cheque was upon that formed this deposit creating the balance at their credit.

Q. Explain that more fully?—A. In making a deposit with us they would probably give us a cheque on some other bank—probably the Bank of Montreal, as it did the greater portion of their business. The account had been running for some time with us and cheques had been drawn against it every day or two. It was a balance at their credit, and, owing us, I believe they drew a cheque on ourselves for part of the amount and gave us the cheque of the Bank of Montreal to make up the amount of the \$100,000.

Q. Now I fully understand it, do I, Mr. Webb—that this letter of credit was drawn payable on such a day—what day?—A. On or before the 10th of July.

Q. Having regard to the fact that the Dominion Government would have placed the Provincial Government in funds by that day with which the Provincial Government could retire their letter of credit?—A. That is as I understand it.

The COUNSEL—I desire permission from the Chairman authorizing me to examine this account showing what the witness has just said as fully as I desire.

The CHAIRMAN—I think you are right. I will give the direction that questions asked on that point shall be answered.

The COUNSEL—I desire also that Mr. Cockburn and an expert book-keeper acceptable to Mr. Webb shall join with me in making these searches. I would name as the accountant Mr. King, Manager of the Ontario Bank, Montreal.

The CHAIRMAN—Is that acceptable to the witness ?

The WITNESS—I would rather the investigation should not take place, but I recognize the authority of the Committee.

By the Hon. Mr. McCallum—I understand that this witness is not willing to do anything, but that he is ready to obey the orders of the Committee. Is that the case ?—A. Yes.

By Mr. Barwick, Counsel for Opposants :

Q. Do you remember the date of the Dominion elections ? The 5th of March is it not ?—A. I presume it was about that day.

Q. Was there any discount granted by your bank to Mr. Pacaud about that time ?—A. I presume several discounts went through about that time.

Q. To what amount in round figures—\$100,000 ?—A. No; not nearly that amount.

Q. How much, fifty or sixty thousand ?—A. No; not in discounts.

Q. Did he get any large advances from the bank ?—A. I think not.

Q. Were any advances made to anyone for which Mr. Pacaud was responsible in any way ?—A. I don't think there were any for large amounts. I know of nothing but some discounts he may have got about that time but not for very large amounts.

CHARLES N. ARMSTRONG, recalled and further examined by Mr. Barwick, counsel for opposants.

Q. I asked you the other day if you remembered a document which had been distributed in the Quebec Legislature, during last session. Do you remember my asking you ?—A. You asked me whether I had circulated a document with reference to a bill proposed for the cancelling of railway charters.

Q. Is this the document I was referring to ? (document produced.)—I do not know what document you refer to, but this does not seem to have anything to do with that. It is called the reply of The Baie des Chaleurs Railway Company to the Report of the Special Commissioner, Mr. Chrysostome Langelier.

Q. And protesting against the passing of the legislation which was introduced at that session ?—A. I do not know. I had nothing to do with the document.

Q. Now, Mr. Armstrong, we will go down to New York. You told us the other day that you had left Mr. Pacaud in New York ?—A. Yes.

Q. Where was the meeting ?—A. In the Brunswick Hotel.

Q. Who were there ?—A. Mr. Charles Langelier, Mr. Robidoux, Mr. Thom and myself.

Q. Anyone else ?—A. There may have been one other of the local ministers, but I do not remember.

Q. Mr. Mercier ?—A. No, he was on his way to Europe.

Q. Who was the other minister ?—A. I cannot remember.

Q. But there was another one ?—A. Mr. Boyer was to have been there, but he had left the evening before.

Q. Mr. Mercier had gone to England ?—A. To England and France.

Q. How long had he gone before that meeting ?—A. A day or two before.

Q. Were you in New York when Mr. Mercier was there ?—A. No sir.

Q. You came in response to a telegram afterwards ?—A. Yes, I was only there one day.

Q. How did you learn that the arrangement with John J. Macdonald had fallen through ?—A. I was to be a party to that arrangement, and when I met Mr. Macdonald and Mr. Cameron, with Mr. Robitaille, in Quebec, as I supposed to close the arrangement, they could not agree and the thing fell through.

Q. They did not agree on the amount the old company was to get ?—A. Yes.

Q. They only desired to give the old company \$50,000 out of the \$280,000, but the old company wanted \$75,000 ?—A. I knew nothing about the terms of the

arrangement, between the old company and the others except in a general way. I was not interested in the amount they were to receive.

Q. But that was what the difference was over?—A. I believe it was eventually a matter of \$25,000 between Mr. Robitaille and Mr. Riopel, as representing the company, and Mr. McDonald and Mr. Cameron.

Q. Then that arrangement fell through?—A. Yes, sir.

Q. Where was that meeting?—A. In the St. Louis Hotel.

Q. Was Mr. Pacaud there?—A. No, sir.

Q. Was he in Quebec?—A. I don't know, I think he was.

Q. What was the date of that meeting?—A. I think probably it would be about the end of January, possibly the first week in February. I rather think in January.

Q. That was shortly after the Quebec Legislature had closed?—A. I am not sure when the legislature closed; it would be about the same time probably.

Q. How long after that meeting did you go to Mr. Pacaud?—A. It may have been the same day or the day after. Very shortly after.

Q. When you found the arrangement was off you went to Pacaud?—A. He happened to come into the hotel and I spoke to him then—I did not go after him.

Q. Be kind enough to tell us the conversation?—A. As I told you before it was very short. I told him that the matter seemed to have fallen through with McDonald & Cameron and it was a pity to leave everything in that state, and I asked further, if others were found to take up the work and do the work would the Government be prepared to deal with them on the same terms as they would have done with Messrs. Macdonald & Cameron. His answer was that he had no doubt that if they were responsible people able to carry out the undertaking successfully the Government would deal with them.

Q. Is that all?—A. Practically all, I do not know of anything more.

Q. Be kind enough to tell us the history of your arrangement with Mr. Pacaud?—A. Well the arrangement was very simple as I told you. I have always said in my evidence that we had two or three interviews. I do not know at what particular interviews we finally agreed as to his share of the money, but I asked him on what terms he would obtain a settlement of the matter, and he told me he would do it for \$100,000.

Q. What was this interview?—A. I have said, I am not sure which interview it was. It may have been in Quebec or in Montreal. I incline to think in Montreal. I don't think there was anything said in Quebec as to the payment. But I am not sure.

Q. To whom did you report Mr. Pacaud's price?—A. To no person.

Q. Then you sought to get up a new syndicate?—A. Yes.

Q. What else occurred between you and Mr. Pacaud before you were summoned to New York?—A. As I have said, I had one or two interviews with him and he could not give me any definite answer until he knew the other person had really given up the idea of going on with the matter. Finally, as Mr. Mercier was leaving for Europe, and as most of the Ministers were going to absent themselves, it was necessary to come to some decision in the matter. He told me then that unless Mr. Macdonald would decide within a very few days as to what he would do in the matter they would consider their arrangement off and would go on with the new syndicate.

Q. Within how soon afterwards did you learn that it was off and that the arrangement was going through?—A. A few days—three or four days.

Q. That was just before Mr. Mercier was going to England?—A. No; after he had left.

Q. Did you learn in New York?—A. No; after my return from New York.

Q. In Montreal or Quebec?—You don't remember that?—A. I believe I explained before that I got the telegram from New York, from Mr. Pacaud, that they were now prepared to close with a new syndicate.

Q. How long was that before you went down?—A. It was after I went down. I left Mr. Pacaud in New York and came back to Montréal.

Q. Whom had he to arrange the matter with?—A. I know nothing about that.

Q. You left him to make the arrangements?—A. That was his part of the business.

Q. Your part was to see that he got \$100,000?—A. My part was to give him \$100,000 out of what I got.

Q. You met Mr. Pacaud just before the Order in Council was passed—the Order in Council we were speaking of when you were being examined?—A. I met him several times.

Q. And I suppose your company put in a formal application to be approved as the company to build the road?—A. I had nothing to do with that.

Q. Mr. Thom did that?—A. He represented the syndicate.

Q. He put in an application?—A. Yes; you read it here.

Q. We read it from the Order in Council?—A. You read a copy of the application, which formed the basis of the Order in Council.

Q. You knew of the application being put in?—A. Yes, sir.

Q. You knew there was a delay in passing it?—A. I don't think it was delay about passing the Order in Council. I think the delay was principally after the Order in Council, in providing the money.

Q. The Order in Council was dated the 23rd of April, and the money was not provided until the 29th?—A. The Order, I believe, was passed on the 21st, and signed by the Governor on the 23rd.

Q. The report to the Governor was made on the 21st, and approved on the 23rd, and the money was not forthcoming until the 29th?—A. The 28th, I think.

Q. You will remember it was the 29th?—A. I believe it was after bank hours, late on the 28th.

Q. What did Mr. Pacaud tell you about his efforts to have this matter put through and the money made forthcoming?—A. There was little said to him about his efforts in putting the matter through. I knew he was running about with reference to the letter of credit, but I did not bother my head about that.

Q. He was running forward and backward to Garneau?—A. Not that I know of. I think he was running about among the banks more.

Q. Did not he describe to you his visits and interviews with Garneau?—A. No.

Q. As to the name of Mr. Carrell. When we were speaking of that we got hold of the wrong Carrell?—A. I told you I did not know anything about Carrell.

Q. You remember Mr. Tarte's name being there?—A. That is the only name I remember.

Q. And you described this piece of paper that Mr. Pacaud had in his hand?—A. I described it as a sheet of ordinary size note paper.

Q. Now, tell us what was said about this list?—A. There was a good deal of impatience on the part of both Mr. Thom and myself at being kept so long in Quebec after the Order in Council was past. Mr. Pacaud also seemed to be impatient about it, and on one occasion, while talking to us, he said it was too bad to keep us waiting, and he said it was very awkward to him, too, as he had large sums to meet. He had the sheet of paper in his hand. I think he said the amount was \$58,000, and he said: "See here, these things I have to pay," and he showed me the sheet, there were about a dozen names on it. I did not notice it particularly, but I saw Mr. Tarte's name; it was a short name and seemed to stand by itself. I happened to notice that, but there were quite a number of other names—I suppose a dozen of them.

Q. What other names did you notice?—A. I do not remember. I paid very little attention; it was done in a moment.

Q. How did he connect Mr. Mercier's name with the list?—A. He did not connect it with the list in any way.

Q. Did any one?—A. Not to my knowledge, except what has been said here.

Q. Did he mention Garneau's name?—A. He mentioned no names. He simply said: It is too bad to be kept waiting when I have all these to pay. He held out the list for a second before me, but he did not show it to me to look at attentively.

Q. Did you have any conversation with him after that?—A. Not on that subject.

Q. Did he tell you anything about retiring these debts?—A. He never said anything to me at any time about having any special sum for any person, nor did he mention any person's name.

Q. The only information you got was from that list?—A. That was a mere glance.

Q. You remember putting your name on these five cheques (cheques produced)?—A. Yes, sir.

Q. Now these cheques (Exhibits 28a, 28b, 28c, 28d, 28e) are cheques for \$20,000 each?—A. Yes.

Q. Dated the 29th April?—A. Yes, sir.

Q. And marked payable the 10th of July?—A. I noticed the 10th of July marked on them.

Q. They are all drawn by J. C. Langelier, commissaire, the gentleman named in the Order in Council?—A. Yes, sir.

Q. And are payable to C. N. Armstrong or order?—A. Yes, sir.

Q. These five cheques make \$100,000 of the subsidies?—A. Of the sum I received.

Q. Out of the \$280,000?—A. Out of the \$175,000.

Q. Which was part of the \$280,000?—A. Yes.

Q. Where were these cheques drawn?—A. I don't know.

Q. Did I describe correctly the other day where you came to endorse them?—A. I do not know how you described that. I told you I received them from Mr. Langelier. I endorsed them in Mr. Pacaud's office, in Quebec.

Q. Where is the office?—A. The office of *L'Electeur*, on Mountain Hill.

Q. In the private sanctum of the editor?—A. Yes; "the holy of holies."

Q. Who took the cheques there?—A. I went into the private office with Mr. Pacaud and endorsed them there.

Q. And handed them to him?—A. In that room—yes.

Q. This is the first time you have seen them since?—A. I saw them this morning.

Q. But you had not seen them since until then?—A. No, sir.

Q. That was the \$100,000 you paid as your part of the bargain?—A. Yes, sir.

Q. Now, we will go to La Banque Nationale. This is the \$24,000 cheque (Exhibit 15b) which you spoke of in your evidence the other day?—A. Yes.

Q. That is a cheque drawn by Mr. Langelier, commissioner and deputy registrar of the province?—A. I think so.

Q. The Commissioner named in the Order in Council?—A. Yes.

Q. That is a cheque for \$24,000 payable to C. N. Armstrong, and not payable to La Banque Nationale until the first of May?—A. Yes, sir.

Q. It is endorsed C. N. Armstrong?—A. Yes.

Q. That is the cheque you gave to Mr. Robitaille?—A. Yes, sir. I am not sure I handed it to him or whether Mr. Thom did.

Q. That is the cheque you and Mr. Thom took to Mr. Robitaille's room?—A. I think we went together. I have already explained that.

Q. You went there with the cheque for \$24,000 to get the transfer of this stock and got it?—A. Either I or Mr. Thom got it.

Q. And brought it away?—A. Yes.

Q. Do you know who brought the transfer away?—A. No, I do not remember anymore than I did yesterday.

Q. That \$24,000 was part of the subsidy of \$280,000?—A. Yes, sir.

Q. And that was part of the \$75,000 which had to come out of the subsidy in order to give to the old directors?—A. No, sir.

Q. The old shareholders?—A. I have denied that it was intended for them or paid to them. I loaned that cheque to Mr. Thom.

Q. Did you loan a cheque (Exhibit 15a) for \$31,750 to Mr. Thom also?—A. Yes. At least a portion of it. He got the cheque cashed and paid certain amounts for me.

Q. How much did he pay?—A. He has been paying ever since.

Q. Have you any memorandum showing the amounts?—A. Yes.

Q. Have you it here?—A. No; it is in Montreal.

Q. How much does he owe you still on that cheque?—A. I have not charged that cheque specially, I have charged the whole amount and given credit against it. They have probably \$25,000 or \$30,000 to pay to me.

Q. On that?—A. On the whole transaction.

Q. So he owes you \$24,000 on this cheque (Exhibit 15*b*) and part of this \$31,750?—A. I say there is that amount on the whole transaction of \$71,750.

Q. Then the other cheque for \$16,000 (Exhibit 15*c*), you loaned that to Mr. Thom too?—A. Yes, sir.

Q. Who asked you to loan the money to him?—A. Perhaps I had better explain the whole transaction.

Q. One question. This \$16,000 went to Mr. Riopel, did it not?—A. It probably was paid to Mr. Riopel by Mr. Thom, but not directly by me. In order to close the matter with the Quebec Government on behalf of the syndicate, Mr. Thom was obliged to show that the majority of the stock of the company was held by the syndicate and that they had complete control of the charter and property of the company. To save delay by Mr. Thom having to return to Montreal and get money there, I suggested that the money I had could be used for that purpose, and they could refund it. It was part of the arrangement with the syndicate that certain obligations which I had in connection with the railway should be paid out of the \$175,000 which I was receiving, I had told them that these obligations amounted to something like \$25,000 and to satisfy them that the obligations would be paid I suggested that the money should be placed in their hands for the purpose and that they should pay them directly themselves, and as they had no means of knowing whether that was the correct amount I had no objection to putting a much larger sum in their hands, temporarily, until they were satisfied that my obligations on the line were paid. That accounts for my placing in the hands of Mr. Thom this amount of money. Out of the moneys which he held in that manner he began to pay at once different claims besides given me sums of money from time to time, as I required it. There has been no final settlement because some of the claims are not paid. Some are disputed and not quite settled, but I want to say here in the most distinct manner, that every dollar of that \$75,000 has either been paid directly to me on my account or will be paid to me and belongs absolutely and exclusively to me. Not one dollar of it has been paid or is to be paid either to the old or to the new shareholders of the company, it is mine absolutely.

Q. About how much balance is due now?—A. Speaking roughly, \$25,000 or \$30,000. I may say I had given some orders upon the company—transfers—which are not paid yet, which are not quite ascertained and which may diminish that amount. Though it will be paid on my account it will not be paid actually to me.

Q. You provided the \$75,000, to pay it to the old shareholders?—A. No.

Q. You loaned the \$75,000?—A. Excuse me, the only amounts paid to the old shareholders at that time were \$40,000, the balance \$35,000 was provided by the new shareholders themselves. I have had nothing at all to do with that.

Q. You provided \$40,000?—A. \$40,000 of the amount placed in my hands by Mr. Thom went towards the payment of the old shareholders.

Q. Where did the balance go?—A. Well, sums were paid on my account and a balance is still due me.

Q. Where will you find a complete record of your position with Mr. Thom?—

A. I think there are no books. Mr. Thom could give that.

Q. Can you give it?—A. I could get the amounts given on my account.

Q. Where would you go to get the information?—A. I have a statement of the amount I received—I have a memo.

Q. Where is that?—A. In Montreal. I can get it.

Q. The last of these cheques, Exhibit 15*e* for \$2,250 is drawn in favor of James Cooper by J. C. Langelier?—A. Yes.

Q. Why was it drawn in favor of Cooper?—A. I do not know, I have nothing to do with drawing that cheque, but at that time I received the \$71,750 I authorized Mr. Langelier to pay the balance when he had it, to Mr. Thom on behalf of the syndicate. The cheque is dated the 13th of July, and by that time Mr. Cooper having become President of the company and head of the syndicate Mr. Langelier seems to have paid him the \$2,250.

Q. Did you direct him to pay that?—A. I gave him a direction at the time he paid me \$71,750. I told him in the Banque Nationale, that I expected to have the cheques for the \$75,000, and had already signed the receipt for the full amount, and I think Mr. Langelier expected to get the full amount also from the bank. When the manager held back the \$3,250, Mr. Langelier was unable to pay me the full amount.

Q. Previous to that you had signed a receipt in full of your claim and went to the bank with Mr. Langelier and Thom, expecting to get \$75,000 from Mr. Langelier?—A. Yes.

Q. And the bank preferred holding back a sum sufficient to cover the interest?—A. There was more as I explained yesterday than the amount of the interest. The Manager seemed to be doubtful whether the letter of credit would be paid at its due date and on that account thought we would have to wait longer. That was the explanation he gave, at all events.

Q. Why did you pay Mr. Pacaud \$100,000?—A. Well on the principle that half a loaf is better than no bread.

By the Hon. Mr. McCallum :

Q. You did not get half itself?—A. I got a little less than one-half.

By Mr. Barwick :

Q. Who was to repay you the \$100,000?—A. I said good-bye to it when I gave it.

Q. You were clean out of that amount?—A. Well, more than that. I should have received more than \$175,000. That was a compromise.

By the Hon. Mr. Miller :

Q. What do you mean by saying that half a loaf is better than no bread?—A. Well, I could not get the full amount due. I had been trying for over a year, and the prospects were getting worse, and I thought I would get what I could, what I was going to get out of it. That is the way I looked at it.

By Mr. Barwick :

Q. Why did you pay Mr. Pacaud \$100,000?—A. In order to get a settlement so that I could get anything at all out of the moneys I invested in these works, I was obliged to treat with Mr. Pacaud.

By the Hon. Mr. Miller :

Q. Why were you obliged to treat with Mr. Pacaud?—A. Well, he seemed to be the best person to deal with down there.

Q. It was as representing the Government?—A. No.

By Mr. Barwick :

Q. As representing whom?—A. As representing me.

By the Hon. Mr. Tassé :

Q. With whom?—A. Well, his dealings were with the Government, of course. I do not think it is fair to say he represented the Government.

By the Hon. Mr. McMillan :

Q. He was a go-between?—A. Well, that is the best way to put it, perhaps.

By Mr. Barwick :

Q. He was the man who had influence?—A. Well, I do not know that it was entirely a question of influence.

Q. Was he not the accredited intermediary between you and the Government?—A. No, sir, I had nothing to do with the Government.

Q. Where was this money to come from?—A. Well of course the Government got it from the vote of the Legislature.

Q. Was he acting as agent?—A. My claim was against the company, not against the Government. The company was not in a position to settle my claim.

By the Hon. Mr. Power :

Q. That was the old company?—A. It was the old company at the time. The Government refused practically to have anything to do with the company, and had for a long time, and the company was in the position of being unable to go on with its work and unable to pay me. The matter was going on in that way for nearly a year, the company saying it was impossible to do anything, so I thought it was the best plan to seek out and get somebody who could go on with the work. I was approached then by the Managing Director and asked if I would agree to a compromise on my claim, so that they could offer the enterprise to somebody else.

By the Hon. Mr. Power :

Q. Who was the Managing Director?—A. Mr. Riopel. I then agreed to accept \$75,000, \$50,000 in cash, and \$25,000 in claims, already referred to, which they would pay. That seemed satisfactory to Mr. Riopel, and on that basis he commenced negotiations with Macdonald & Cameron, though I was not then aware with whom. These negotiations finally fell through, so I undertook to get other parties to take it. It was practically to carry out the same arrangement as proposed through Macdonald & Cameron. I thought of Mr. Cooper—at that time in Europe—knowing that he was well up in railway matters and had the necessary capital. On his return I immediately laid it before him. Before that I laid it before Mr. Thom, Mr. Cooper's confidential man. It was explained to Mr. Cooper, and he thought the matter looked satisfactory, and I then went on with the arrangements.

By the Hon. Mr. Power :

Q. When you say you explained the arrangements that could be made, did you say anything to Mr. Cooper about paying \$100,000?—A. The question of \$100,000 had not come up then at all. The land subsidy had been voted, and I was satisfied that satisfactory arrangements could be made.

By the Hon. Mr. Miller :

Q. How came you to go to Mr. Pacaud as an intermediary?—A. I knew that he had been acting as an intermediary between Messrs Macdonald & Cameron and the Government, and my intention was to carry out the same arrangement.

By the Hon. Mr. McCallum :

Q. Through the same channel?—A. Through the same channel.

By Mr. Barwick :

Q. The Government were threatening to forfeit the charter?—A. They had actually passed a Bill aimed specially at that company. The whole matter was in a very bad shape to go on with—in fact, impossible.

Q. Your Bill passed was an amendment to the General Railway Act, giving the Local Government power to forfeit the charter by Order in Council?—A. I think it was a special Bill.

Q. But it took power to forfeit the Baie des Chaleurs charter by order in Council?—A. It took power to cancel any charter granted by the Local Legislature, by giving 15 days notice in the *Gazette*.

Q. And was well understood to be aimed at the Baie des Chaleurs Railway?—A. Mr. Mercier gave as an instance—the Baie des Chaleurs and the Montreal and Sorel Railways.

By the Hon. Mr. Tassé :

Q. That law still exists?—A. Yes; I may say, as I understood it at the time, that the main object of the old Company applying for a charter here was to put themselves out of the influence of the Local Legislature, so that they could not have the charter taken away at a moment's notice.

Q. And outside the influence of Mr. Pacaud?—A. Well, Mr. Pacaud had no special influence in connection with legislation.

Q. Had you used Mr. Pacaud as an intermediary before with the Local Government?—A. Well, hardly as an intermediary. He had looked after the payment of some subsidies for me in connection with the same road.

Q. How much had you to pay him out of those subsidies?—A. An ordinary commission, amounting to $2\frac{1}{2}$ per cent. probably.

Q. On how much did you pay Mr. Pacaud $2\frac{1}{2}$ per cent.?—A. I do not remember the exact amount. I dare say the commissions paid amounted probably to \$15,000, stretched over two or three years time.

By the Hon. Mr. Tassé :

Q. That is before the \$100,000 was paid?—A. I had nothing to do with the \$100,000.

By Mr. Barwick :

Q. So Mr. Pacaud has cost you \$115,000?—A. Well, if you like to put it that way.

Q. That is about it?—A. That is about it.

Q. Have you got any subsidies as to any other road besides the Baie des Chaleurs Railway?—A. I have been interested in one or two other lines—the Great Eastern Railway.

Q. The Montreal and Sorel Railway?—A. I had no personal interest in that further than being a shareholder. I was not the contractor. It received one subsidy of \$112,500.

Q. What did Mr. Pacaud get out of that?—A. He had nothing to do with that.

Q. Had any other road with which you were connected a right to subsidies out of which Mr. Pacaud got anything?—A. No, I think not.

Q. Do you know anything of Mr. Pacaud getting commissions out of any other subsidies besides what you mentioned?—A. Nothing but hearsay.

Q. What subsidies is he supposed to have got commissions out of?—A. I would not like to say anything about mere hearsay.

The Committee adjourned.

SENATE COMMITTEE ROOM No. 8,
WEDNESDAY, 19th August, 1891.

Hon. Mr. TASSÉ.—Before we proceed with the evidence I think it is but fair to a gentleman who was referred to in the evidence the other day by a bank manager, that I should read the following telegram, published in the *Montreal Star* of Saturday :—

ST. THOMAS STATION, Que., 15th August.

I see in your paper of last night that your reporter wires from Ottawa that it was stated that some of my notes were redeemed with Baie des Chaleurs money. This is positively untrue. Will you please publish this denial? The statement, if made before the Committee, is erroneous, and I am prepared to go before the Committee and deny on oath that such is the case.

L. P. PELLETIER.

ELLIOTT E. WEBB recalled and further examined by Mr. Barwick, counsel for Opposants.

Q. You have already been sworn?—A. Yes, sir.

Q. In your evidence when you were here last you spoke of a Mr. Pelletier, and I understand that you have found that you were mistaken?—A. I think that the Committee will remember that at that time I could not give the initials of the Mr. Pelletier I named, whose name I said was on this paper but I thought it was L. P. Pelletier. I stated at the time that I could not say positively without referring to the books. I have since referred to the books and I find that the name is that of Mr. C. A. P. Pelletier, and I would like to correct my evidence to that extent.

THE COUNSEL.—I desire to call your attention, Mr. Chairman, to a series of dates before I go on with the evidence. On the 23rd of April the Order in Council printed at page 34 of the printed minutes, a copy of which has been put in, marked Exhibit "13" was passed. On the 29th of April the two letters of credit for \$100,000 and \$75,000 were issued. On the 29th of April the \$75,000 letter of credit was discounted by La Banque Nationale. On the 29th of April, the next day, the five cheques for \$20,000 each were signed, Exhibit "28A," one of cheques for \$20,000 having been delivered to La Banque du Peuple and the second ("28B") having been to La Banque Nationale. The others ("28C," "28D," "28E") were held by the Union Bank on collection for Mr. Pacaud. On the 6th of May the note of Mr. Pacaud, endorsed by Mr. Vallière, was discounted by La Banque du Peuple, and accompanying that note on the 6th May was one of these \$20,000 cheques ("26A"). On the 15th of May a Pacaud note was discounted by La Banque Nationale, and accompanying it was one of these twenty thousand dollars cheques ("28D"). On the 10th of July the letters of credit were paid. On the 6th of August there was the statement for the first time in the Committee of what the opposants of the bill desired to prove (See page 7 of the evidence). On the 6th of August Mr. Pacaud got his cheques from La Banque du Peuple. On the 7th of August he got his cheques from La Banque Nationale.

Q. Can you give me the date when Mr. Pacaud got his cheques from your bank, the Union Bank?—A. The early part of August; I could not give you the exact date.

Q. This is a copy of the receipt?—A. Yes.

Document filed, Exhibit "36."

Q. Then Mr. Pacaud acknowledges the receipt of 93 cheques from February 1891?—A. To July 1891.

Q. And 26 savings departments cheques from February 1890 to June 1891?—A. Yes; signed Ernest Pacaud.

Q. So he had two accounts in your bank?—A. Yes.

Q. One was the deposit ledger account?—A. And the other the savings account.

Q. The account we have here (Exhibit "35"). Is that a copy of the deposit ledger account?—A. Yes.

Q. Have you a copy of his savings bank account?—A. I have it from the date of the discount.

Document produced and filed, Exhibit "37."

Q. Exhibit "35" is the deposit ledger account beginning the 6th July, which had \$1,559 to his credit. On the 10th July he deposited these three, twenty thousand dollar cheques—three of the five—that is sixty thousand dollars he deposited. On the next day according to this account (Exhibit "35") he withdrew \$25,000. Where did he deposit that?—A. In the savings department.

Q. This is the account of his savings. He deposited in the savings bank account \$25,000?—A. Yes.

Q. That was by withdrawal from his deposit ledger account?—A. Yes.

Q. He has withdrawn this \$25,000?—A. Withdrawn it on the 10th of August.

Q. What day of the week was the 10th of August—Monday of last week was it not?—A. Yes.

Q. Now take Exhibit "35," this is Mr. Pacaud's deposit ledger account?—A. Yes.

Q. To which he had credited the \$60,000. The first entry on the debit side showing a cheque withdrawn by Mr. Pacaud is as follows: July 11th, cheque \$500?—A. Yes.

Q. What was that? Can you tell me?—A. No.

Q. You are unable to say; but it was apparently cash withdrawn?—A. Apparently.

Q. The next entry is \$25,000. That is the \$25,000 cheque we have spoken of deposited to the savings bank account?—A. Yes.

Q. The next entry is a three thousand dollar cheque, the next eight thousand cheque, and the next five thousand cheque?—A. Yes.

Q. On the first of May, 1891, you had a note falling due in your bank which was retired by Mr. Pacaud, had you not?—A. Yes.

Q. Who was the maker of that note?—A. Mr. Pacaud.

Q. And who were the endorsers?—A. Hon. Mr. Mercier, Hon. F. Langelier, Hon. Charles Langelier and Senator C. A. P. Pelletier—\$5,000.

Q. On what date was that retired?—A. On May 1st.

Q. What is the date of the note?—A. I have only the due date.

Q. This account which I hold in my hands is also a portion of Mr. Pacaud's ledger account, including what we have in Exhibit "35"?—A. Yes.

Document filed Exhibit 38.

Q. So that in Exhibit "38" we have all the information that is in Exhibit "35," but going back to a previous date?—A. To a previous date.

Q. How was that note made by Mr. Pacaud and endorsed by the Hon. Mr. Mercier and the other gentlemen, retired?—A. It was charged to Mr. Pacaud's account.

Q. The first of May?—A. Yes.

Q. On the 13th July you had another note falling due in the bank, had you not?—A. Yes.

Q. The amount of it was \$5,000?—A. Yes.

Q. Who was the maker of that note?—A. Mr. Pacaud.

Q. Who were the endorsers?—A. The hon. Mr. Mercier, J. I. Tarte, Hon. C. A. P. Pelletier and Hon. Charles Langelier.

Q. That is J. I. Tarte, M. P., C. A. P. Pelletier, Senator, and the Hon. Mr Langelier, Provincial Secretary?—A. Yes.

Q. What is the date of that note?—A. I have only the due date; it was due on the 13th July.

Q. Now that note fell due three days after the letters of credit were paid?—A. Yes.

Q. And how was that note paid?—A. So far as it can be traced in the books of the bank without the cheques it was paid by cheque of Mr. Pacaud's of the 11th July for \$5,000.

Q. That is, paid by cheque of Mr. Pacaud on his deposit ledger account?—A. Yes.

Q. And the entry of the \$5,000 is shown in Exhibit "38"?—A. Yes.

Q. Here it is in the account (Exhibit "38") \$5,000?—A. Yes.

By the Hon. Mr. Tassé :

Q. The note was paid before it was due?—A. Two days before it matured.

By Mr. Barwick, Counsel for Opposants :

Q. On what date?—A. 11th of July.

Q. The day after the letters of credit were paid?—A. Yes.

Q. On the 14th of August you had a note for \$3,000 maturing in your bank, had you not?—A. Yes.

Q. Who was the maker of that note?—A. Mr. Pacaud.

Q. And who were the endorsers?—A. Honourable Mr. Mercier and others.

Q. Can you tell me who the others were?—A. No; there is no mention in the books of the bank. It is only entered in that way. Endorsers, Mr. Mercier and others.

Q. Have you made enquiries amongst your staff to ascertain who these others were?—A. I have had the books examined and I cannot furnish any more information.

Q. Now, that note fell due on the 4th of August?—A. Yes.

Q. When was it retired?—A. On the 11th of July.

Q. That is 24 days before it matured?—A. Yes.

Q. And retired the day after the letters of credit were paid?—A. Yes.

Q. Could you say how that was retired, sir?—A. Apparently by cheque of Mr. Pacaud's.

Q. Upon his deposit ledger account (Exhibit "38")?—A. Yes.

Q. And is that the entry I see in this account, \$3,000, on July 11?—A. Yes.

Q. That is, a \$3,000 cheque was drawn to take up this note 24 days before it matured and on the day after Mr. Pacaud got his \$60,000?—A. Yes.

Q. And deposited his \$60,000 to the credit of his deposit ledger account?—A. Yes.

Q. On the 18th of May you had another note maturing in your bank?—A. Yes.

Q. The amount of it?—A. \$5,000.

Q. Who was the maker?—A. Mr. Pacaud.

Q. And who were the endorsers?—A. Honourable Mr. Mercier and others.

Q. Can you give me any more information as to who the others were than you gave me in regard to the other endorsers of the note last mentioned?—A. No.

Q. That matured on the 18th of May. When was it paid?—A. On the 9th of May.

Q. And how was it paid?—A. By cheque on Mr. Pacaud's savings account.

Q. Have you a copy of the savings bank account here?—A. Not up to that date.

Q. On the 14th of May you had another note maturing, had you not?—A. Yes.

Q. For how much?—A. \$400.

Q. Who was the maker?—A. J. I. Tarte.

Q. Is that Mr. J. I. Tarte, M.P.?—A. Yes.

Q. Who was the endorser?—A. Mr. Pacaud.

Q. When was that retired?—A. On the 14th of May.

- Q. How?—A. As far as I can ascertain by cash; I cannot say positively.
- Q. You cannot say whether it was by cash or by cheque?—A. Yes.
- Q. These are the different notes, which we find on searching your books, were retired out of these moneys?—A. Yes; as far as I have been able to trace them through the bank books without the cheques.
- Q. Which he got just before he left for Europe?—A. Yes.
- Q. How many days before he left for Europe was it that he got his cheques?—A. I cannot say; a few days.
- Q. Do you mean two or three days?—A. Two or three days.
- Q. The hundred thousand dollar letter of credit was offered to you for discount, when?—A. About the end of April or the first of May.
- Q. And offered by whom, Mr. Webb?—A. The letter of credit was brought by Mr. J. C. Langelier, Commissioner.
- Q. And who else?—A. He was the only person who brought the letter.
- Q. Who came with him to the bank?—A. Nobody.
- Q. And had he an interview with you on the subject of the discount?—A. He merely asked me to place it to his credit as Commissioner.
- Q. Then you referred it to your board?—A. I told him I would refer it to the board, and if satisfactory, would place it to his credit.
- Q. How long after that day did the transaction appear to you unsatisfactory?—A. Very shortly afterwards.
- Q. A few days?—A. It may have been the next day.
- Q. Will you be kind enough to tell me from whom you gained the information upon which you based the opinion that the transaction was not a satisfactory one?—A. From Mr. Pacaud.
- Q. Where had you the interview with Mr. Pacaud?—A. In the bank.
- Q. In the Union Bank?—A. In the Union Bank.
- Q. Will you be kind enough to tell me what Mr. Pacaud said to you?—A. He said he wished to have this letter discounted.
- Q. Was that the first time you had seen Mr. Pacaud in connection with this letter of credit?—A. He may have been in before.
- Q. That is the first conversation you recollect with Mr. Pacaud on the subject of the letter of credit? A. Yes.
- Q. Now go on please?—A. He brought in these five cheques amounting to one hundred thousand dollars and I advised him.....well there may have been some negotiations first as to the letter of credit. He brought in the cheques and I advised him that I would have to submit the matter and he said he wished these cheques to be placed to his credit. I believe he wished to use a portion of them and to place the balance to his credit.
- Q. What portion did he say he wished to use?—A. I think he asked for \$20,000 or perhaps \$40,000.
- Q. To go to his private credit?—A. To go to his account—yes.
- Q. His deposit ledger or his savings account?—A. His deposit ledger account.
- Q. That is Ernest Pacaud's private ledger account?—A. Yes.
- Q. What was the figure he wanted to go to the credit of that account?—A. I think he asked for one or two of these cheques at that time.
- Q. What else did he say about it?—A. He said he would place the balance to his credit with the bank if we discounted the letter of credit.
- Q. That is he would place to the credit of his deposit ledger account—his own private account—the balance?—A. The balance.

By the Hon. Mr. Power :

- Q. Not his savings account?—A. Well, I think if I remember correctly he wanted to place it on deposit receipt, to remain at his private credit for a time.
- Q. That is the balance?—A. Yes.
- Q. Of \$60,000?—A. Yes.

Q. Forty thousand to go to the credit of his account?—A. As I remember it, yes.

Q. And what he proposed was that he would leave the balance on deposit receipt?—A. I think it was deposit receipt he mentioned.

Q. Until after the letters of credit had been paid?—A. Yes.

Q. That is a deposit receipt payable to Ernest Pacaud in his private capacity?—A. Yes.

Q. Was there anything else said by Mr. Pacaud which you laid before your Board in the consideration of refusing this transaction?—A. He also mentioned that he had some paper to retire from this amount he required to use at once—this \$40,000, which was going to his private ledger account.

Q. What did he say about that paper?—He said that a portion of the paper he would retire was in our bank, and I think a portion in other banks. I cannot give the amount in our bank; he may have mentioned it at the time. It was a pencilled memorandum he showed at the time of the conversation.

Q. About the size of half a sheet of note paper?—A. It may have been; I think so.

HON. MR. POWER objected to the manner of asking questions, but the objection was not sustained.

Q. Describe the memo?—A. As far as I can remember, it was a small piece of paper with pencilling on it giving the amounts he would pay, but I have not a clear enough recollection of the paper to describe it fully.

Q. The size I have given, about half a sheet of note paper, is right, is it?—A. It was a small piece of paper.

Q. What was entered on that piece of paper?—A. The several amounts of notes which Mr. Pacaud was to retire. I do not remember the total amount. I could not give within a few thousands how much it was.

Q. You would not say \$50,000 or \$100,000?—I do not think it was as large as \$100,000.

Q. As large as \$50,000?—A. I do not think so.

Q. In the neighbourhood of that, or in the neighbourhood of what?—A. I could not speak positively.

Q. On that memo, was entered the paper which you then held which was to be retired?—A. I presume so.

Q. And also the paper which was in the two other banks?—A. That is as I remember it. I think he mentioned the name of the Banque Nationale and the Banque du Peuple; I do not remember the number of the pieces of paper to be retired in these banks.

Q. Have you given me all the description of that paper that you can?—A. Yes.

Q. How soon after this explanation from Mr. Pacaud had you another interview with him?—A. I presume it was the day after.

Q. What passed then?—A. I cannot speak definitely as to the dates of the interview, but as I remember, I advised him that we would not discount the letter of credit.

Q. Was anyone with him?—A. No, I think not; he came again to me on the same subject. It may have been the next day; he came in with Mr. Vallière. He negotiated a discount of his note endorsed by Mr. Vallière for \$20,000, by one of these \$20,000 cheques, one of these five cheques.

Q. What was your answer to that proposition?—A. The bank declined having anything to do with the transaction.

Q. The bank would not touch the transaction at all?—A. No.

Q. What were the circumstances which induced you to refuse the discount, other than what you have told us?—A. I know of no other.

Q. Having told Mr. Pacaud that you would not have anything to do with this transaction at all, was any other proposal made to your bank?—A. Yes, he asked me to give him a letter to Mr. Vallière, in the way of guaranteeing the loan, and I told him we could not do that, but I would give him a letter undertaking to pay the

cheques as soon as the letter of credit was paid and the amount placed to the credit of Mr. J. C. Langelier, as Commissioner.

Q. And you gave this letter in the way you described before?—A. Yes.

Q. What was the proposal made to you in regard to a series of entries to be made in your books?—A. Simply that he should have a portion of this money on deposit until the letter of credit was paid, as I have already said.

Q. Was there any proposal made in regard to a series of entries to be made in your books which would not have been true entries?—A. Well, we considered the discounting of the letter of credit without paying out the proceeds of the letter was not exactly a correct transaction.

MR. BARWICK—I will repeat my question again.

Q. Was there any proposal made in regard to a series of entries to be made in your books which would not have been true entries?—A. The proposition was to discount the letter of credit and place it to the credit of J. C. Langelier, Commissioner, to charge these cheques against it—

Q. What cheques?—A. These five \$20,000 cheques against it.

Q. As if they had been paid?—A. As if they had been paid, and place a portion of it to Mr. Pacaud's credit.

Q. Which he could draw at once?—A. Yes. And the balance to remain on deposit to be withdrawn after the letter of credit had been paid.

Q. That is Mr. Pacaud wanted you to give him \$40,000 immediately and go through the form of giving him the balance, whereas in fact he would not have got the balance until that balance had been paid when the letter of credit was cashed?—A. He would not have drawn the balance.

Q. And to that proposition your bank would not lend itself?—A. No.

Q. That is why you refused the transaction?—A. Yes.

Q. Who got the money for the four notes made by Mr. Pacaud and endorsed in the way you have described, when they were discounted?—A. So far as I remember the proceeds went to Mr. Pacaud's deposit ledger credit.

Q. At what date?—A. I am only speaking from memory.

Q. The proceeds of the discount went to Mr. Pacaud's credit account—is that a fact?—A. Yes.

Q. To whose credit did the proceeds of the Tarte note go, I mean the \$400 note?—A. I could not say from memory, but I presume it went to Mr. Pacaud's credit.

By the Hon. Mr. Power :

Q. With respect to that letter of credit, supposing it was perfectly good and valid and you were sure of being paid, was not that equivalent to a deposit of money?—A. It was equivalent to a promissory note.

Q. Supposing the maker of the note was good and the note was sure to be paid would you consider that a dishonest transaction?—A. We considered from what Mr. Pacaud told us that we thought the money was not going to be applied as authorized by the Order-in-Council.

Q. That is the reason you gave in your previous evidence; but I wish to elicit if there was anything wrong—anything dishonest in the proposition to cash the letter of credit?—A. Not at all in discounting the letter of credit.

By Mr. Barwick :

Q. If it came to your knowledge that the money was being appropriated for the purpose named in the Order-in-Council, you would have discounted it?—A. Yes.

Q. But seeing that it was not, you refused?—A. Yes.

Q. These are the five cheques (Exhibits 28-A, B, C, D and E) which were brought to you before you learned this interesting story from Mr. Pacaud?—A. Yes. They were brought by Mr. Pacaud, endorsed by Mr. Armstrong, ready to be cashed.

By Mr. F. Langelier Counsel for the Quebec Government :

Q. I understand you to say that you are aware that not a cent of the proceeds

of these notes went to the credit of the endorsers?—A. I believe not. The whole of it went to Mr. Pacaud's credit.

Q. Did Mr. Pacaud apply to you when he got those notes?—A. He applied to me for the discount.

Q. Is it not a fact that those notes were discounted in order to raise money to make deposits—did he not tell you that?—A. I do not remember if he said that. He kept an ordinary account and from time to time brought in notes.

Q. He simply wanted you to discount notes and place the proceeds to his credit? A. I think so as I remember.

Mr. P. B. DUMOULIN, who had already been sworn, was re-called and examined by Mr. Barwick:

Q. You have been already sworn?—A. Yes.

Q. The 6th of May was the date of the discount of the \$20,000 note, secured by the cheque in your bank (Banque du Peuple) which has been produced and marked 28 A?—A. Yes.

Q. On that day Mr. Pacaud drew three cheques against his account?—A. Yes, \$5,000; \$1,000, and \$2,150—\$8,150 in all.

Q. Those cheques are shown in your account, exhibit 23?—A. Yes.

Q. On the 8th of May, the Banque Nationale made a large deposit in your bank?—A. Yes, this is a copy of the deposit slip (Exhibit 39).

Q. This deposit slip shows what the Banque Nationale sent in to you in the ordinary course of business on the 8th of May?—A. Yes.

Q. And there was a large amount deposited in your own currency?—A. Yes, \$10,585 to the credit of the Banque Nationale.

PIERRE GEORGE LAFRANCE, Cashier of the Banque Nationale in the city of Quebec, Province of Quebec, being sworn was examined by Mr. Barwick.

Q. As cashier of the Banque Nationale at Quebec, all important transactions come under your knowledge?—A. Yes.

Q. You have heard Mr. Dumoulin's evidence and this is the original deposit slip made in your bank by the Banque du Peuple on the 8th of May?—A. Yes.

Q. Now you deposited—that is your bank deposited in the Banque du Peuple \$10,585 of the currency of the Banque du Peuple?—A. Yes, that is so. I do not know who made the deposit. I cannot swear positively that the note shown in this slip (Exhibit 40) for \$5,000 was paid, but I think it was paid by the Banque du Peuple currency.

Q. And this slip is the credit slip in your bank?—A. Yes, it was a past due note.

Q. Whose note?—A. It was signed by Mr. Ernest Pacaud, endorsed by the Hon. H. Mercier, Hon. François Langelier and Hon. Charles Langelier, and by the Hon. C. A. P. Pelletier. The note is for \$5,000 dated the 28 February for 2 months. This is a copy of the note, and of the notarial protest.

Q. When was that note due?—A. First of May.

Q. And was paid?—A. On the 6th of May.

Q. And had been protested?—A. Had been protested.

Q. And this document shows that the usual form was gone through as provided by the statute, and that due notice had been given to the parties?—A. Yes.

Notarial protest filed, Exhibit 41.

Q. Had you an interview with Mr. Pacaud on the subject of this \$5,000 which was retired, when it was retired?—A. I saw Mr. Pacaud.

Q. In your bank?—A. In our bank.

Q. Tell the Committee what took place between you.—A. He just asked for the note, and said he was sorry it had been protested; that he had overlooked the day it was due.

Q. Is that all he said?—A. He said he was ready to pay it.

Q. Did he pay it in your office?—A. No, at the teller's desk.

Q. With, as far as you recollect, Banque du Peuple notes?—A. As far as I recollect.

Q. Do you remember how many notes there were. Were they large denominations?—A. Large bills.

Q. Now look at the deposit slip (Exhibit 39) again.—A. We do not say in a deposit slip what kind of bills are in the deposit.

Q. Have you anything to show?—A. No.

Q. How large were they?—A. I believe they were hundred dollar bills.

Q. Fifty hundred dollar bills?—A. They must have been that.

ELLIOTT E. WEBB recalled and further examined by Mr. Barwick, counsel for the Opposants.

Q. On the 10th of July the letters of credit were paid?—A. Yes.

Q. On the 11th of July what cash was withdrawn in any large sum from your bank by Mr. Pacaud?—A. By the books of the bank it appears that \$8,000 was withdrawn in one cheque.

Q. And apparently that much cash was drawn out of the bank?—A. Apparently so.

Q. The entries shewing the \$8,000 in cash withdrawn are entered in Exhibit 35?—A. Yes.

Q. And is the entry following the entry of \$3,000, which retired the \$5,000 note we have spoken of, and preceding the entry of the \$5,000 cheque, which retired the \$5,000 note spoken of?—A. Yes.

P. B. DUMOULIN recalled and further examined by Mr. Barwick, Counsel for Opposants.

Q. On 11th of July (which, as I point out to the Committee, is the day the \$8,000 in cash was withdrawn from the Union Bank), the deposit of \$3,000 was made in your Bank?—A. Yes, sir.

Q. And this is the deposit slip?—A. Yes.

Q. Whose handwriting is that deposit slip in?—A. I cannot say, I am sure.

Deposit slip filed, Exhibit 42.

Q. To whose credit was the \$3,000 deposited?—A. To the credit of Hon. Charles Langelier.

Q. Is that Hon. Charles Langelier's handwriting? Do you know his handwriting?—A. Yes, sir.

Q. Do you believe that to be his handwriting?—A. It is not as his usual handwriting, but it is something like it.

Q. It is written in pencil?—A. Yes.

Q. And as if in a hurry?—A. Yes.

Q. You believe it to be his handwriting?—A. It is something like it.

Q. Do you believe it to be his handwriting?—A. Yes.

Q. This deposit slip shows that on the 11th of July he deposited ten one hundred dollar bills and four five hundred dollar bills?—A. Yes.

Q. That is \$3,000 to his own credit?—A. Yes.

Q. He was the depositor?—A. Yes.

Q. Do you know what bank bills these were deposited in?—A. I do not know.

ELLIOTT E. WEBB recalled and further examined by Mr. Barwick, Counsel for Opposants.

Q. Have you the deposit slip of La Banque du Peuple, of 12th July?—A. The 12th of July was Sunday.

- Q. On the 13th of July?—A. Yes.
- Q. How many one-hundred-dollar bills came in from La Banque du Peuple, with their deposit on the morning of the 13th of July?—A. Thirteen.
- Q. Was that an unusual deposit?—A. No; I cannot say it was very unusual.
- Q. Did thirteen one-hundred-dollar bills of your issue come in their deposit the next day?—A. On the 13th of July.
- Q. Next banking day?—A. Yes.
- Q. Did your bank issue five-hundred-dollar bills?—A. No.
- Q. The five hundred-dollar bills are Dominion legal tender?—A. Yes.
- Q. Which La Banque du Peuple would prefer to keep?—A. Certainly.
- Q. This is the deposit slip which I hold in my hand, and it shows that there were thirteen one-hundred-dollar bills?—A. Yes.
- Deposit slip filed, Exhibit 43.

By the Hon. Mr. Power :

Q. With respect to that amount of \$8,000 which was drawn out on the 8th July from your bank; if you were informed that Mr. Pacaud had used that money to pay for a house which he bought, would you be in a position to contradict it?—A. No.

Mr. P. LAFRANCE recalled and further examined by Mr. Barwick, counsel for opposants.

The COUNSEL.—I am going to a new question now, and do not purpose offering further evidence with regard to the \$3,000 transaction, and can only say that by the evidence I have hoped to make out a *prima facie* case. It is impossible for me to establish it further.

Q. Now, Mr. Lafrance, on the 15th of May, a \$20,000 note of Mr. Pacaud's was discounted, secured by one of the five cheques?—A. Yes.

Q. Discounted by your bank?—A. Yes.

Q. This is a copy (Exhibit 19) of the account to which that \$20,000, the proceeds of the discount of \$20,000 was credited?—A. Yes, sir.

Q. On the 15th of May, a cheque was charged to that account—two cheques of \$5,000 each were charged to that account?—A. Yes, sir.

Q. What note had you falling due that day for which payment was made by one of these cheques?—A. There was no note due that day of that amount, there was a note of that amount paid though.

Q. Whose note?—A. There was a note of \$5,000 signed by E. Pacaud due the 18th May, which was paid on that day.

Q. And therefore paid three days before it matured?—A. Yes.

Q. Who were the endorsers of that note?—A. As it appears in our discount book it was endorsed by C. A. P. Pelletier, Honoré Mercier, Charles Langelier and others.

Q. Who were the others?—A. It is not mentioned in our books.

Q. Can you tell me?—A. I cannot positively say.

Q. Tell the Committee to the best of your recollection?—A. I believe that the name of François Langelier was on that note.

Q. To the best of your recollection was anybody else's name there?—A. I do not remember any other.

Q. What was the date of that note?—A. That note was dated the 15th of April—one month—due the 18th of May.

Q. Was that note a renewal?—A. I do not believe it was.

Q. Who retired that note; who came to you to retire that note?—A. Mr. Pacaud paid that note on the 15th.

Q. Had he conversation with you with regard to retiring that note?—A. In discounting the \$20,000 note he said he would pay that note.

Q. He promised to take up this five thousand note?—A. Which he did.

Q. And he took it out of the proceeds of his discount?—A. By cheque.

Q. Which cheque was returned to Mr. Pacaud, as appears by the receipt handed in by Mr. Gaboury?—A. Yes.

Q. What did Mr. Pacaud tell you with regard to this transaction when he discounted the twenty thousand note secured by the twenty thousand cheque—what was the conversation between you?—A. I don't know of much conversation outside of asking for the discount of it.

Q. Where was Mr. Mercier on the 15th of May?—A. In Europe.

Q. In France?—A. I believe so.

Q. On the 15th of May, the day when that note for \$20,000 was discounted for Mr. Pacaud secured by that cheque for \$20,000, Mr. Mercier was in France?—A. He was in Europe.

Q. Taking Exhibit 19 again, which is the account of Mr. Pacaud with La Banque Nationale, there are two entries of cheques of \$5,000 each; which we have just been speaking of, the first or second of these entries?—A. I cannot tell.

Q. This paper, Exhibit 44, explains the other \$5,000?—A. Explains one of the five thousands.

Q. Explains one of five thousand dollars cheques mentioned in Exhibit 19?—A. Yes.

Q. This document is a requisition for a bill of exchange on Paris?—A. In favour of Mr. Mercier—yes.

Q. For the sum of \$5,000?—A. For the sum of 25,500 francs, the value of \$5,000.

Q. At the current rate of exchange?—A. Yes.

Q. And this \$5,000 was part of the \$20,000, proceeds of the discount which was part of the \$60,000 Mr. Webb has spoken of to-day?—Yes, I believe so.

Q. Which was part of the \$280,000 we have spoken of?—A. It was part of the \$100,000. I could not say if it was part of the \$280,000.

Q. It was part of the one hundred thousand letter of credit?—A. Yes.

THE COUNSEL: Which, as I say, was part of the \$280,000 which was paid out of the Dominion subsidy.

Q. Now, the applicant for that bill of exchange was Earnest Pacaud?—A. He was the applicant for it.

Q. This signed by E. Pacaud per P. L. Who is that?—A. Myself. I made the requisition for him, and put his name.

Q. At his request?—A. At his request, of course.

Q. Where was this interesting document drawn up, and who were present?—A. This was signed in my office.

Q. Was Mr. Pacaud present?—A. I do not know whether he was present, but it was asked for by him. I made out the draft at his request, and this is the memorandum of the requisition.

Q. For what Mr. Pacaud wanted and which requisition you sent to your?—A. Teller.

Q. And what did the teller do?—A. He had the draft of 25,500 francs made out according to the requisition, and gave it to Mr. Pacaud on payment of \$5,000.

Q. Who was the draft made payable to?—A. To Honoré Mercier in Paris.

By the Hon. Mr. Tassé :

Q. On what date was this?—A. The 15th of May, 1891.

The Committee then adjourned until 10 o'clock a.m. to-morrow.

THE SENATE,

COMMITTEE ROOM, August 20th, 1891.

The Committee met at 10 o'clock, Hon Mr. VIDAL in the Chair.

Hon. Mr. O'DONOHUE desired to ask Mr. Barwick to what subsidy he referred in his closing remarks of yesterday?

Mr. BARWICK—I referred to the Dominion subsidy of \$479,626.40 which was paid by the Dominion Treasury to the Quebec Treasury on the 2nd of July, 1891—that is what I meant the \$5,000 sent to Mr. Mercier came out of.

Mr. DUMOULIN was re-called, and examined by Mr. Barwick.

Q. On the 6th of May, there was the discount of the \$20,000 note in your bank secured by one of these five cheques signed by Mr. J. C. Langelier?—A. Yes.

Q. On the 16th May, as appears from your books, Mr. Pacaud drew from the proceeds of that account a cheque for \$7,000?—A. Yes.

LOUIS CYRILLE MARCOUX, who being duly sworn, was examined :

By Mr. Barwick :

Q. What is your position?—I am Secretary-Treasurer of "La Caisse d'Economie de Notre Dame," Quebec.

Q. Show me the entries of a deposit of \$7,000 cheque of the Banque du Peuple which Mr. Dumoulin has just spoken of, and say to whose credit it was deposited? A. It was deposited with another cheque of \$1,000, making \$8,000 to the credit of Mr. L. P. Sirois, notary.

Q. Exhibit 45, which I now show you, is a certified copy of an extract from the cash-book and ledger of Mr. Sirois' account in the Caisse d'Economie?—A. Yes.

Q. That shows a credit of \$8,000 to Mr. Sirois on the 16th May, 1891?—A. Yes.

Q. Now show me the deposit slip?—A. Here is the original and a certified copy. (Certified copy put in as Exhibit 46).

Q. This is a true copy?—A. Yes. Certified on the 19th August, 1891.

Q. What cheque was that \$7,000 cheque shown on Exhibit No. 46?—A. It seems to be a cheque drawn on the Banque du Peuple. This deposit slip, Exhibit 47, shows that La Caisse d'Economie deposited the cheque in the Banque Nationale, who are the bankers of the Caisse d'Economie, and on that slip (Exhibit 47) is shown the \$7,000 cheque which was credited to Mr. Sirois, as shown on Exhibit 45; I understand it is that cheque, because we have not received any other cheque of that amount.

Q. So it is apparent that this is the cheque?—A. Yes.

Mr. DUMOULIN re-called :

Q. What is this document that I now show you?—A. It is a deposit of the Banque Nationale made with us on the 18th of May (Exhibit 48). The 17th was a Sunday. The \$7,000 cheque is the one the last witness spoke of.

Q. And this deposit slip (Exhibit 47) shows that you received back the cheque for \$7,000 which you had marked on the 16th of May?—A. It looks to be the same cheque.

Q. It is apparent that it is, is it not?—A. Yes.

Q. Mr. Pacaud's cheque?—A. Yes.

Q. And you received that back in the ordinary course of business on the 18th of May?—A. Yes.

Mr. MARCOUX re-called :

Q. This is another document which you promised this morning for the first time?—A. Yes. It is a cheque for \$8,000 drawn by A. P. Sirois on the 26th of May, 1891, on this account (Exhibit 45) to draw the sum of \$8,000, that was deposited on the 15th of May.

Q. That is to draw the proceeds of the \$7,000 cheque and the \$1,000 cheque, which made up the \$8,000, credit to Mr. Sirois on the 16th of May as drawn in Exhibit 45?—A. Yes. It is a cheque drawn on La Caisse d'Economie, payable to Dame Mary Jane D. Fry. It was accepted by La Caisse d'Economie on the 26th of May and paid on the 30th of May. The entries in the cash-book and ledger account are shown on Exhibit No. 35.

Q. Who is Dame Fry?—A. I do not know her.

Q. Can you give us any information as to who she is?—A. Well, we were speaking of it before I left, and the clerk said that she was proprietor of the house Mr. Pacaud bought on Dufferin Terrace, but this I am not sure of—I was told.

Q. So this is the \$8,000 paid on Mr. Pacaud's house?—A. I suppose. I was told she was the proprietor of the house.

Mr. BARWICK—And in this \$8,000 is the \$7,000 which came out of the \$20,000 discounted, which \$20,000 came out of the \$100,000 letter of credit, which letter of credit was paid with the capitation subsidy paid to the Quebec Government by the Dominion. Mr. Chairman—This concludes the evidence of tracing money in those three banks. I am not able, and the banks are unable to trace any more of the money, but I have traced—I can put in a statement subsequently—\$45,000, which I do not hesitate to say is part of the \$57,000 on that little memorandum and I am unable to trace more. The balance cannot be traced through the three banks whose books have been examined. The managers of the banks having every regard to their own customers have assisted us in every way they could, and I desire that they be discharged.

Hon. Mr. TASSÉ—You have ascertained that Mr. Pacaud's cheques have been withdrawn from the banks?

Mr. BARWICK—In the three banks all his cheques are withdrawn and the receipts for them have been put in. They were withdrawn from the Banque du Peuple on the 6th of August, from the Banque Nationale on the 7th, and Mr. Webb is unable to say on what day Mr. Pacaud took the cheque from the Union Bank, but thinks it was the 7th. The Union Bank receipt bears no date.

JOHN J. MACDONALD, of Rivière du Loup, in the Province of Quebec, Contractor, who, being duly sworn, was examined, and deposed as follows:—

By Mr. Barwick, Counsel for Opposants:

Q. You are a contractor of a great many year's experience?—A. Yes, sir.

Q. You were asked, I understand, to go over the Baie des Chaleurs road?—A. Yes, sir.

Q. When was that?—A. Some time last October.

Q. That is October, 1890?—A. Yes, sir.

Q. Will you be kind enough to tell us by whom you were asked and what took place?—A. I was asked by Mr. Heaton Armstrong, banker, of London, England, who was here at the time. I met him in Quebec. He told me that Mr. Mercier had asked him to take hold of the scheme, that is the Baie des Chaleurs, and he said if I was satisfied with the work and would take hold of it—and if Mr. Cameron was satisfied with the legal portions of it—he was prepared to take hold of it.

Q. Is that Mr. Hector Cameron?—A. Yes, sir. We discussed the matter with him, and I went to examine the work with that object in view.

Q. Did you go over the work?—A. Yes, sir.

Q. Describe how you went over the work, and what you did, and when that was?—A. I went down to Paspébiac and drove over the line. I went in to see all

the water crossings, and took a hand-car at the end of the sixtieth mile and came to Métapédia.

Q. You came through the sixty miles?—A. Yes.

Q. And examined the whole road carefully?—A. Yes; as carefully as I was able.

Q. Had you your engineer with you?—A. Yes, sir; and Mr. Malcolm, a practical contractor, was with me also.

Q. What was your engineer's name?—A. Mr. McCarthy.

Q. Why were they taken with you?—A. As practical men, to examine the work and enable me to make as close an estimate as possible.

Q. To whom did you report the result?—A. Well, I did not report it to any person. I made up the estimate for my own information and consulted Mr. Cameron on it. I think Mr. Riopel was the first person I spoke to about it—no, I went to New York with Mr. Armstrong and Mr. Cameron, and while there we met Mr. Mercier. I asked Mr. Cameron to meet Mr. Mercier with me, so that after he left there would be no misunderstanding as to the terms he was prepared to give us; then I returned to Montreal.

Q. That was after you met Mr. Mercier with Mr. Armstrong?—A. That I think was in October; it was all within a few days.

Q. Was it in New York?—A. Yes, sir.

Q. Where were they staying?—A. I forget the name of the hotel; we were at the Brunswick.

Q. Was it the Albemarle?—A. Yes.

Q. That was Mr. Armstrong, the banker?—A. Yes.

Q. Not Mr. Armstrong the contractor?—A. No, sir.

Q. So that you and Mr. Heaton Armstrong went to New York in October?—A. With Mr. Cameron—yes.

Q. And met Mr. Mercier at the Albemarle Hotel?—A. Yes, sir.

Q. You went so that there might be no misunderstanding as to the offer?—A. As to the offer Mr. Mercier made to Mr. Armstrong, I wanted to understand it before Mr. Armstrong left for England.

Q. Who was there at the Albemarle: Any other member of the Quebec Government?—A. Not that I am aware of; that is all I met.

Q. Was the proposition put before Mr. Mercier?—A. Yes, sir; by Mr. Heaton Armstrong.

Q. In your presence?—A. Yes, sir.

Q. Where is Mr. Heaton Armstrong now?—A. I think he is in Austria at present.

Q. He is a London banker?—A. Yes.

Q. A man of considerable means?—A. I believe so.

Q. A man who commands large amounts of money?—A. Yes, sir.

Q. Now, will you be kind enough to tell the Committee as clearly as you can what the offer of Mr. Mercier was?—A. Mr. Mercier was anxious that Mr. Armstrong should take hold of the scheme, and offered him \$10,000 a mile for the 40 miles that was to be built, and Mr. Armstrong was to take the bonds of the road.

Q. That is \$400,000 he offered?—A. Yes, sir.

Q. I want you to explain to me all that you can give us of the conversation or substance of the conversation with Mr. Mercier?—A. I do not remember particularly discussing the bonds. The principal thing with Mr. Mercier was to understand about the \$10,000 a mile for the 40 miles to be built.

Q. That was the 40 miles which began at the 60th mile?—A. Yes; at the Cascapédia.

Q. Was anything else discussed between you then?—A. No.

Q. How was that to be paid, that \$400,000?—A. It was not arranged; nothing was said as to how it was to be paid that I can remember at present. Some time after that, it was discussed.

Q. Am I right in concluding that all that took place with Mr. Mercier on that occasion was to make it clear to him that you were prepared to build the road for \$400,000 of subsidy?—A. There was a subsidy coming from the Dominion Government; that was an extra subsidy.

Q. As far as Mr. Mercier's Government was concerned at that time, you were prepared to build the road for \$400,000?—A. Yes, sir.

Q. That is \$400,000 subsidy of the Province of Quebec?—A. Yes, \$400,000 subsidy from Quebec on that 40 miles.

Q. You—to take what subsidies were payable by the Dominion Government?—A. Yes, sir.

Q. Was that offer to include the building of the bridge across the Cascapedia?—A. I do not think that was discussed then. Afterwards it was discussed, and \$50,000 was to be paid for that bridge. That was extra.

Q. Was that discussed with Mr. Mercier?—A. I don't think it was at that time.

Q. Was it ultimately?—A. It may have been discussed with him at another interview I had with Mr. Cameron and others at Quebec. I am not prepared to say at present.

Q. What amount was Mr. Armstrong, the English banker, to furnish?—A. The interest on the bonds was to be guaranteed for ten years at 5 per cent.

Q. By Mr. Mercier's Government—by the Province of Quebec?—A. Yes.

Q. What was to be the amount of the bonds?—A. Twenty thousand a mile on 100 miles.

Q. How many would that make?—A. Two millions—at 5 per cent.

Q. The interest for ten years?—A. Figuring it out, I allowed it to be 42 per cent.—not quite that; I called it that in figuring it.

Q. What do you mean by that?—A. We allowed that it would be \$840,000 that Mr. Heaton Armstrong would have to pay to the Quebec Government.

Q. He was to deposit \$840,000 cash with the Quebec Government?—A. Yes, sir.

Q. At the head of whose Government Mr. Mercier was, and that was to secure the guarantee of the bond?—A. The guarantee of the interest for ten years.

Q. Now, will you be kind enough to tell us the arrangement that was proposed between you and the Government as to how the \$400,000 was to be paid?—A. I met Mr. Pacaud in Quebec after that, who has acted for me as Agent in any business I had in Quebec.

Q. Business with the Government?—A. It was.

Q. Acted as your agent?—A. Yes; in business with the Government.

Q. Not in anything else?—A. No; only with the Government.

Q. A necessary intermediary?—A. I had him as agent.

Q. Was he a necessary agent?—A. I considered him so.

Q. Go on about Mr. Pacaud?—A. He advised me that we could not get any of the \$400,000 until the 100 miles was completed. I thought these terms were too severe and I proposed that they pay us \$200,000 when twenty miles was finished—that is from the sixtieth to the eightieth miles, and the other \$200,000 when the last twenty miles was finished—the eightieth to the hundredth—or when they were satisfied that we would finish the work.

Q. When was that, Mr. Macdonald?—A. I think, speaking from memory, that it must have been some time in December.

Q. December, 1890?—A. I think somewhere about that.

Q. What was the result of the proposal to Mr. Pacaud that the payments were to be made in that way?—A. I understood that was acceptable.

Q. To whom?—A. To the Government.

Q. Who informed you?—A. Mr. Pacaud.

Q. So that Mr. Pacaud went from you to the Government?—A. I presume so.

Q. And returned from the Government, and informed you that your offer was accepted?—A. I assumed it was.

Q. Was that the way you presumed it was?—A. Yes, sir.

Q. You had to do more in the money line than deposit \$840,000 with the Government?—A. We had to pay the debts on the works in full, and the other debts, whatever was left, would be divided amongst them. I may say that before I went down to examine the work I called upon Charley Armstrong at his office in Montreal.

Q. Is that Mr. C. N. Armstrong?—A. Yes. He showed me the plans and profiles and gave me all the information, and Mr. Leduc, the Chief Engineer, was there, and they gave me the profiles and a copy of the quantities. I had my engineer there before I went to examine the work.

Q. So Mr. Armstrong and Mr. Leduc, his engineer, or rather the engineer of the Baie des Chaleurs road, gave you the information they possessed in order that you might come to a proper conclusion in examining the road with your engineer and your practical contractor?—A. Yes, sir.

Q. You were saying a few moments ago that you were to pay all the debts due on the road?—A. I was not to pay; they were to be paid.

Q. They were to be paid?—A. That was the condition the Government insisted upon.

Q. Who informed you of that condition?—A. I think the Subsidy Act providing the 800,000 acres of land involved that.

Q. The Subsidy Act made it plain that the company which was to have the benefit of the 800,000 acres of subsidy was, as a condition precedent, to pay all the debts of the road?—A. On the line of the road, in the County of Bonaventure.

Q. And how was it arranged you were to pay that?—A. After going over the work, and making the estimates of what I thought the thing was worth, I met Mr. Riopel and Mr. Cameron—

Q. You say what the thing was worth?—A. I mean what the work was worth.

By the Honourable Mr. Miller :

Q. You mean the work done?—A. Yes; and the work to be done.

By Mr. Barwick, Counsel for Opposants :

Q. What the work had cost?—A. I was not interested in what the work done had cost, but in the work to be done.

Q. You were anxious to ascertain what amount of debts you would have to pay?—A. I made all the enquiries I could to obtain that information, and I got a statement from one of the Departments in Quebec of the claims for labour.

Q. By whom was that given you?—A. By one of the officers of the Department. I do not know his name.

Q. What Department?—A. I could not say. I think Mr. Pacaud told me where I would get it, and I went up and got it.

Q. Was it ready for you when you went up?—A. No; but they had the claims there; they had been filed.

Q. You examined the statements in the Department, which Department you are unable to name?—A. No.

Q. What were these claims?—A. Some of them were Mr. Macfarlane's claims, and some Mr. Armstrong's claims for work done between the sixtieth and the seventieth mile.

Q. Do you remember what the amount of the Armstrong claim was?—A. I think he allowed it would take about \$20,000—of course, I am not sure.

Q. On that section of the road, between the sixtieth and the seventieth miles?—A. That is about what it was, as far as I remember.

Q. Did you find any other claim from Mr. C. N. Armstrong, the contractor?—A. I think there were some claims for right of way—nothing in particular. It was principally for labour against Macfarlane where he had been working.

Q. The claims were principally claims against Macfarlane?—A. That is what I understood—for labour.

Q. You were enabled thus to come to a conclusion as to the amount of debts you would have to pay?—A. I made up my mind what I was prepared to pay the company to get an assignment from them of everything they had.

Q. And what was it you were prepared to do?—A. I first offered Mr. Riopel \$150,000, the money to be paid into the Bank of Montreal until the debts were all paid; and if anything was left Mr. Riopel should have it. I declined to become responsible for the debts; I proposed to pay the money into the Bank of Montreal.

Q. You declined with Mr. Riopel to become responsible for the debts, but offered to pay \$150,000 in cash to the Bank of Montreal out of which the debts whatever they might be, would be paid, and whatever balance remained after the debts were paid Mr. Riopel would have?—A. Yes; I afterward increased that offer to \$175,000 because Mr. Riopel would not agree to \$150,000.

Q. Was that offer of \$175,000 accepted by Mr. Riopel?—A. I thought so. I think it was some time in January; perhaps it was February—towards the end of January or the beginning of February. I supposed he had accepted my offer, and I wired for Mr. Hector Cameron, who was in Toronto or Ottawa, to come down to Quebec, that I had arranged with Mr. Riopel, and that I wanted him to have the agreement made out, and I also wished the Hon. George Irvine as solicitor in Quebec, to assist Mr. Cameron in looking into the matter. When Mr. Cameron arrived in Quebec I saw Mr. Irvine, and made an appointment at his office to arrange the agreement. Mr. Cameron and myself met Mr. Riopel with Mr. Charles N. Armstrong, in my room in the St. Louis Hotel. Mr. Riopel then said he had not agreed to the arrangement; he insisted on getting an interest in the contract and wanted me to assume all the debts without knowing what they were. I refused to go in and the thing broke off at that.

Q. So you refused to give Mr. Riopel any interest in the contract and refused to become responsible for any uncertain quantity of debts?—A. Yes; I wanted to get rid of the whole company. It was just a few days before that I thought I had concluded an arrangement with Mr. Riopel, and I sent for Mr. Cameron to conclude the arrangement. Mr. Cameron was my solicitor and also the solicitor for Mr. Heaton-Armstrong, and I desired to bring Mr. Irvine in as being acquainted with the laws of Quebec in order to see that everything was right.

Q. Where was that understanding come to with Mr. Riopel?—A. In his own house. I was to pay \$175,000 in cash into the Bank of Montreal.

Q. Were you in a position at that time to pay \$175,000 in cash?—A. Not myself, but I was by Mr. Heaton-Armstrong, by the arrangement he was to make before he left New York. Mr. Heaton-Armstrong at that time was prepared, and had the ability to put \$175,000 in hard cash. In making this agreement with Mr. Riopel I said that everything would be done subject to the approval of Mr. Armstrong in England.

By the Hon. Mr. Miller:

Q. In whose name was the \$175,000 to be paid into the bank?—A. I do not know that I had got that far; it was to be arranged by Mr. Cameron. After seeing Mr. Riopel I saw Mr. Macfarlane. In the meantime, Mr. Cameron had seen the manager of the Ontario Bank. I was in Ottawa to see as to the position of the bonds deposited with the Government and, so I tried to get all these different interests settled, and I then proposed to send the agreement over to Mr. Armstrong in England, to see if he was satisfied, when he would be prepared to pay the money.

Q. You had seen Mr. Macfarlane and made complete enquiries into his claim and discussed it with Mr. Riopel?—A. Yes.

Q. What did Mr. Riopel say about the Macfarlane claim?—A. He admitted to me they owed something to Mr. Macfarlane, and they were prepared to allow \$75,000.

Q. He admitted there was something due, and was willing to allow Macfarlane \$75,000 in payment of his claim?—A. Yes. I told Macfarlane so at the time.

Q. That was to be paid out of the \$175,000?—A. Yes.

Q. Mr. Macfarlane was to get, with Mr. Riopel's consent, \$75,000 out of the \$175,000?—A. It was to go towards paying his debts. All Macfarlane asked, in his

conversation with me, was to get a discharge. He did not want anything for himself; he wanted his creditors to be paid.

Q. That was the only anxiety Macfarlane showed—he wanted his creditors to be paid?—A. That is all.

Q. He wanted nothing for himself?—A. No.

Q. What was your estimate of the cost of the road—I want you to speak first of the first 60 miles?—A. My estimate was considerably higher than the estimates made before. I estimated it between \$60,000 and \$70,000 to finish the first 60 miles. In the first estimate I made there was a bridge—I forget the name—over a stream called Escuminac. There was a 60-foot span bridge there—an iron girder—and the abutment was carried away, and I allowed it would take a span of from 125 to 130 feet. To make the opening larger I estimated to raise the embankment along the Nouvelle River, where the water had washed over the spring before, a couple of feet, and some more openings put in to carry away the flood in the spring. I also estimated along Carleton Point, where there is some crib-work, to do further work there where some of the embankment was carried away. I also estimated for a telegraph line and for a large portion of fencing which was broken and for rolling stock of this 60 miles. From the report I got (I did not see it all) I did not consider the rolling stock up to the standard required, and a good deal would be required to be spent on that.

Q. You estimated that, at \$60,000 or \$70,000?—A. Yes. That first 60 miles is from Metapedia to Cascapedia.

Q. Now, the next 40 miles extended from Cascapedia to Paspébiac?—A. Yes.

Q. What was that estimated by you to cost?—A. Speaking from memory, including the money I was paying and all expenses connected with it, I think at about \$18,000 per mile. There were some very heavy superstructures, and some very heavy trestle work not on the first 60 miles.

Q. That \$18,000 a mile covers the completion of the road up to the standard of the contract; but what about running the road?—A. I figured the running of the road for the first five years we would lose money on it. We undertook to run it.

Q. You really and truly intended to run it after it was built?—A. Yes; we expected to get some industries, some mills along the line, as there were reports of a good deal of timber along that line, and there were other things leading us to hope that after a few years we would make a traffic.

Q. And the estimates you give us covers all that?—A. I do not know that the estimate of \$18,000 a mile covered the running of the road. I put the earth at 25 cents; Leduc had put it at 20 cents. We were not positive about the quantities, because there were no cross-sections in the work, but were just taken from the profiles of the centre of line of the road, which would not give a correct idea, and I added 10 per cent to Leduc's quantities. Of course, no measurements were made.

Q. I thought I understood you to say that this estimate of yours covered possible loss in running the road?—A. Well, I took snow fences and other things.

Q. Did it cover anything else?—A. Well, I thought I would have to pay some other things, which perhaps need not be discussed here.

Q. I think we will have to ask you what it did cover?—A. Well, I put into my estimate of \$175,000 the sum of \$50,000, likely to be paid to Mr. Pacaud during the progress of the work.

Q. \$50,000 as the subsidies became due, I suppose?—A. Well, I would be always wanting favours with the Government, just as they turned up; as the work progressed, I might require to get some subsidies paid before the time called for by the contract.

Q. You do not mean any favour to which you were not honestly entitled?—A. No.

By the Honourable Mr. Tassé:

Q. What Government do you refer to?—A. The Mercier Government.

By Mr. Barwick :—

Q. That is, you might require some favours of finances to the contractors, which are quite usual, out of this Government subsidy of \$400,000?—A. Not usual; they are very strict, generally.

Q. Did you think that Mr. Pacaud, if he got something, might secure you the payment of subsidies which were legitimately due to you?—A. I do not doubt that what I had in view was to have him assist me at any time I required assistance.

Q. And that is what you calculated?—A. That is what I put in my estimate.

Q. To go to the recognized intermediary between the Provincial Government of Quebec and yourself?—A. Yes, sir.

Q. Why did you come to that conclusion with regard to Mr. Pacaud?—A. Well, he was acting for me as agent, and if he did anything for me I was prepared to pay him for it.

Q. Why did you expect to pay that?—A. I am not prepared to say here.

By the Hon. Mr. Miller :

Q. Was it from past experience?—A. I do not care to go into my past experience; it is not here under discussion.

By Mr. Barwick, Counsel for Opposants :

Q. I do not wish to press you further, except to ask one question. We are dealing with the \$280,000 subsidy here; was it from past experience that you expected to pay that?—A. I suppose it was really that.

Q. That was the only reason, was it not?—A. That is all, sir—yes.

Q. What profit did you estimate on that road after paying Mr. Pacaud and building the road?—A. Well, my figures showed from \$80,000 to \$100,000 profit on the whole transaction.

Q. That is to the contractor?—A. Yes—myself, and whoever else would be associated with me.

Q. Legitimate profit on the work you did?—A. Yes, sir.

Q. Now you think the negotiations with Mr. Riopel broke up early in February?—A. I think so—I think it was in February.

Q. As you have described?—A. Yes, sir.

Q. When did Mr. Angus Thom appear on the scene?—A. Mr. Thom met me in Quebec early in the negotiations and offered me his services to assist in doing anything he could to bring about the arrangement. I showed him my figures and discussed matters with him freely, perhaps a little too freely, as I had confidence in him, and I believed he had a good deal of influence with Charley Armstrong, the contractor.

Q. Mr. Charles N. Armstrong?—A. Yes, sir. And in March, when I was leaving for England, I learned that he had an option from Mr. Riopel, and was likely to go into the work.

Q. After having seen all your figures?—A. I do not say he saw them all, but I gave him a great deal of information. I do not say that it was upon the information he got from me that he went into the thing. I immediately called upon Mr. Thom and asked if such was the case. I did a good deal of business with this house—Mr. Cooper—used to be Cooper & Fairman. He said he understood I was out of it, and if I was not he would withdraw; and he said if Mr. Cooper should get the work he would have to associate himself with some practical man, and asked what I thought about going into it with him. I asked if Charley Armstrong was into the work with them, and said I would not go into partnership with him, and I would not go into any ring, but if Mr. Cooper was alone I would go in. He told me the offer he had was \$560,000.

Q. From whom?—A. From the Quebec Government. I said: As you are getting \$160,000 more than I am getting, if you can bring it about I have no objection to going in with you.

Q. That is with Mr. Cooper?—A. Yes. I left for New York and met Mr. Cameron, and told him the arrangements I had made in Montreal with Mr. Thom, and wished him to return to Montreal and look after the negotiations while I was away, and as soon as they were in shape to let me know and I would see Mr. Heaton-Armstrong, of London, with reference to the bond.

Q. Did Mr. Thom tell you what he was getting for the Cascapedia Bridge?—A. There was the \$50,000; I looked upon that as an outside matter.

Q. So that Mr. Thom's or Mr. Cooper's syndicate was to get \$610,000.—A. Yes, sir.

Q. Whereas you were getting \$450,000?—A. Yes, sir.

Q. They were getting \$160,000 more than you?—A. Yes, sir.

By the Honourable Mr. Miller :

Q. That much more than you offered to do the work for?—A. Yes, sir.

By Mr. Barwick, Counsel for Opposants :

Q. Do you remember anything else that you told Mr. Thom at that time?—A. I do not remember anything at that time. Mr. Cameron wrote over to Mr. Heaton-Armstrong that the deal was closed with Mr. Cooper, and required me over as soon as possible if I wished to go into it. I spoke to Mr. Armstrong with reference to the bonds; if going in with Mr. Cooper he was prepared to take them as I had arranged before. He said when everything was right to send it to him and he would look into it, and if right, would go into it.

Q. Is that all the conversation with Mr. Thom at that time, that you remember?—A. That is all I remember.

Q. When did you learn of the passage of the Order in Council?—A. After I returned in May.

Q. Do you remember the date of the Order in Council?—A. No.

Q. Do you remember what month?—A. No; I saw the Order in Council, or rather a copy of it; Mr. Thom, showed it to me.

Q. Was that discussed between you?—A. Yes, sir.

Q. Be kind enough to tell us what was said about the Order in Council?—A. I was discussing things generally with Mr. Thom, and I think Mr. Cameron was with me at the time. I think I allowed that in that Order in Council they were getting even more than \$560,000. There was \$280,000 of the old subsidy which had not been used besides these 800,000 acres of land: that is the way I understood.

By the Honourable Mr. Miller :

Q. Local subsidy?—A. The old subsidy. I understood it was doubled up, so that there was \$7,000 a mile still due on the 40 miles to be built from the sixtieth to the hundredth mile, which would leave \$280,000; besides I understood there was 800,000 acres of land.

Q. That is \$280,000 due on the uncompleted subsidy?—A. Yes. And this 800,000 acres of land was changed into a cash subsidy of 35 cents an acre, which would be \$280,000; and as to the other 35 cents, I think it makes some reference to how it should be paid.

By Mr. Barwick, Counsel for Opposants :

Q. That is the deferred subsidy?—A. Yes; I forgot the particulars about it.

Q. What do you mean by lapping over the old subsidy?—A. The road got a subsidy of \$2,500 a mile through to Gaspé, and during the progress of the work, under C. N. Armstrong, he had got the subsidy for the 80 miles from Paspébiac to Gaspé applied to the other 80 miles, that is—from the hundredth to twentieth mile.

By the Honourable Mr. Miller :

Q. Making \$7,000 a mile?—A. Yes, sir.

By Mr. Barwick, Counsel for Opposants.

Q. What lapping over of the subsidies was Mr. Cooper's syndicate to get that you were not to get?—A. They got, as I understood it, \$560,000. That included the old subsidy of \$280,000, but by the Order in Council I think they were getting \$280,000 more than that by the deferred subsidy, but I am not clear upon that. The Order in Council explains it.

Q. Apart from your understanding of the Order in Council, did you arrive at this understanding from Mr. Thom?—A. I think that Mr. Thom expects it in that way too. But I am not clear enough on that to give an opinion.

Q. Was the question of profit discussed between you and Mr. Thom—the profit his syndicate was to make?—A. He expected to make \$300,000.

Q. That is \$200,000 more than you?—A. I told him I could not figure it up that way.

By the Chairman :

Q. You did not think there was that profit in it?—A. No.

By Mr. Barwick, Counsel for Opposant :

Q. Was the question of running the road discussed between you?—A. He thought he had acted very smart in getting the Order in Council so that he was not compelled to run the road, and he said he would not run it if it did not pay him; he would take good care Mr. Cooper did not lose money on it.

Q. Mr. Thom said he would take good care that Mr. Cooper would not lose money, and he thought himself very smart in getting the Order in Council passed without a provision compelling him to run the road?—A. I told him I did not think it was necessary; if he issued his bonds he would have to run the road.

Q. Angus Thom said if the road did not pay they need not run it?—A. He said they were not obliged to run it.

Q. Did Angus Thom say anything about what it was to cost Mr. Cooper to build the road?—A. Yes, he was discussing it; I think he allowed he could do it for about \$15,000.

Q. That is \$15,000 a mile?—A. Yes.

Q. Whence would the money be derived—who was to advance the money?—A. He was getting the subsidy, and the proceeds from the bonds when he would sell them.

Q. And Mr. Cooper was to lose no money?—A. No; not if he sells his bonds.

Q. Did he say anything about advancing the money to build the road?—A. He said he would not allow him to put any money into the road.

Q. So Mr. Cooper was to put no money into the road?—A. Well, practically nothing.

Q. He was to lose no money, and was to get the subsidy, but not to run the road if it did not pay?—A. He might have to put up a small sum—twenty or twenty-five thousand of his own—but to handle the thing properly he should have a capital or a line of credit for a couple or three hundred thousand dollars, and he was not going to do it.

Q. Did Angus Thom discuss Mr. C. N. Armstrong's claim with you?—A. Well I was rather astonished at the way they had got along, and the way they had got extra subsidies, and he said the way they fixed it, he was to pay Armstrong \$100,000 for his contract, but he said "It is all gone in boodle." That was the very expression he used.

Q. Mr. Angus Thom was Secretary Treasurer for this road and Mr. Cooper's representative?—A. Yes.

Q. Did Mr. Thom tell you anything else?—A. He told me he still had an interest—it was not in writing—an interest in the contract with Cooper.

Q. I would like you to tell me everything you recollect of what Mr. Thom told you about the settlement of Mr. C. N. Armstrong's claim against the road?—A. He said he had a right to pay in that way. He gave me to understand he had writ-

ten asking what Mr. C. N. Armstrong would take for his claim, and I understood it to be \$50,000. In discussing it with Mr. Thom in Quebec, when he was, as I supposed, assisting me in getting it—I am not positive if it was Mr. Thom—he told me that C. N. Armstrong would take \$30,000 for his claim, and I said I thought there was nothing due either him or Mr. Riopel from what I had seen of the work. I considered the subsidies paid were sufficient to do the work that had been done and more than do it: that is my judgment, and the judgment of the parties who went over the road with me.

Q. You mean the subsidies which had been paid?—A. Yes that is what we thought.

Q. Who are those parties?—A. William McCarthy, a civil engineer of large experience and Thomas Malcolm, a contractor of large experience.

By the Hon. Mr. Snowball:

Q. How much subsidy had been paid on that road?—A. I think somewhere in the vicinity of \$15,000 a mile, speaking from memory.

Q. Do you know that the Dominion Government paid \$6,200 a mile?—A. They paid more than that. They paid \$15,000 a mile on the first 20 miles. I think the whole thing amounts to about \$15,000 a mile.

By the Hon. Mr. Ogilvie:

Q. And you consider that would pay for all the work done on the road?—A. Yes; and more in my judgment.

By Mr. Barwick:

Q. Speaking from your experience what had that road cost?—A. Well, taking one mile with the other, it should not have cost more than \$12,000 or \$13,000 a mile, cash. That is what I thought at the time I went over it.

By the Chairman:

Q. That does not include rolling stock?—A. Well the rolling stock was a very poor quality; I think there was one new engine. I estimated what the rolling stock was worth, but I am not prepared to say now. I would be afraid to say.

By Hon. Mr. Miller:

Q. Is that included in the estimate of the cost of \$12,000 or \$13,000?—A. Well in making it up roughly, I would not say I made an accurate estimate. I allowed it would take about \$60,000 to finish the road.

By Mr. Barwick:

Q. I am going to ask another question, Mr. Macdonald. Is there anything else you desire to state to the Committee in explanation of what you have said now?—A. I do not remember anything more. I am not here with a desire to state anything.

MR. BARWICK—I propose, Mr. Chairman, to ask his opinion on the Armstrong statement, which is Exhibit 5, in relation to his own knowledge. This statement first shows a series of certificates apparently granted by Mr. Light, who will be called. There are seven certificates for each of the seven sections of the road. The sections are as follows:—Letter AE is the first 20 miles, F is the third 10, G, the next 10, H the next 10, J the next 10, K the next 10, and LMN the next 30, making altogether 100 miles. The total of this statement is \$1,235,297. Below that are certain other items, which, added to the \$1,235,297, make the amount of work apparently done by Mr. Armstrong \$1,260,635.52; then follow the credits which are deducted from that last mentioned sum, as follows; Dominion subsidy, \$556,000; provincial subsidy, \$350,000, or total of \$906,000, the difference showing a balance due Mr. Armstrong of \$355,635.52. Deducted from that are £21,500 sterling bonds, and also deducted are three items indicated on this document not yet ascertained as it appears. The balance apparent due to Mr. Armstrong is \$298,943.62. Then

follows a certificate of the amount which Mr. Armstrong claimed was due to him. This is not signed by the president of the road, Senator Robitaille, but by L. A. Robitaille, Secretary Treasurer, and L. J. Riopel, who signed as Managing Director. This document is drawn to certify that this amount was due to Mr. Armstrong, and originally read as follows:—

“ We certify that this amount of \$298,000 is due to Mr. Armstrong, in accordance with the terms of his contract with the company.”

(Signed) L. J. RIOPEL,
L. A. ROBITAILLE.

QUEBEC, 22 April, 1891.

The word “ due ” was stricken out; they could not stand that, and in the same handwriting, Mr. Riopel's, there is a star, to guide us to what he wrote in, and the words he wrote in place of the word “ due ” were as follows: “ is a correct statement of estimates of work done and remaining unpaid.” This insertion is initialed by Mr. Riopel and Mr. L. A. Robitaille, so that the certificate now reads as follows:

“ We certify this amount of \$298,000 is a correct statement of estimates of work done and remaining unpaid to Mr. Armstrong in accordance with the terms of his contract with the company.”

Then follows Mr. Armstrong's certificate, written and signed on the 28th of April, at Quebec, as follows:—

“ Received from J. C. Langelier, Deputy Provincial Registrar, the sum of \$175,000, in full settlement of this amount.

(Signed) C. N. ARMSTRONG.”

Q. Now, Mr. Macdonald, look at the amount of Mr. Light's certificate—what are stated to be Mr. Light's certificates—and give the Committee your opinion upon them?—A. I could not give an opinion upon these; this is the first time I have seen them. There are no quantities but just a total amount. It is impossible for me to give an opinion upon that.

Q. Can you give the Committee an opinion as to that being the cost of the road?—A. If I was to go into the figures I could. I am satisfied from what I understand these to be that it is far in excess of the cost of the road.

Q. What do you understand these figures to be in this document (Exhibit 5)?—A. I understand them to be the quantities of the sub-contractors, moneyed out to make up for the bonds he was to get. I understood that the price for earth work is doubled.

By the Hon. Mr. McCallum :

Q. Who told you that?—A. I was asked to give an opinion, and I cannot give a definite opinion just on looking at it.

By Mr. Barwick, Counsel for Opposants:—

Q. Mr. Light is here to explain that, and he will explain it himself. I understand this document to be a series of certificates of what was due for work done?—

A. You would suppose that, but to look at this statement it is only a bulk sum of each—

Q. Supposing that is so, what is your opinion as to these figures representing the cost of the road?—A. I understand this is for work done on the sixty miles. The first six series of certificates shows here only \$10,000 for the sixtieth to the seventieth mile.

Q. These show apparently the cost of the work on the first sixty miles?—A. Yes.

Q. Ten thousand dollars was apparently the cost of the work on the next forty miles. Did you know about the last forty miles—did you see that work?—A. I sent my engineer; he went over that ten miles to make an estimate.

Q. First give us your opinion as to the cost of the first sixty miles?—A. That would be over \$20,000 a mile; it never cost that.

Q. What was the report of your engineer as to the last forty miles?—A. I think they claim to have spent thirty or forty thousand dollars on that, and my engineer reported that he thought pretty near that amount of work had been done on it. Of course, I do not carry these figures in my head; I had an estimate at the time, and could give a more definite answer if I had the figures. He reported to me that he thought the work reported to be done was done.

By the Hon. Mr. Miller :

Q. What was your estimate of the cost per mile of the unfinished portion?—A. About \$18,000, as far as I remember now.

By the Hon. Mr. Tassé :

Q. The date of that paper is the 22nd April?

The COUNCIL.—Yes, sir; that is the date of it. The date of Mr. C. N. Armstrong's receipt is the 28th of April.

The Hon. Mr. Tassé—That was the date of the Order in Council?

The COUNCIL—The Order in Council was passed on the 23rd of April. The 28th of April was the day the two letters of credit were issued.

By Mr. Barwick, Counsel for Opposants :

Q. One more question, Mr. Macdonald; the \$906,000 is \$15,000 a mile, is it not?—A. It is \$6,000 over.

Q. The \$906,000, as received here, would be \$6,000 over \$15,000 a mile?—A. According to these figures.

By the Hon. Mr. McMillan :

Q. The witness did not explain why the arrangements were broken off after he had seen Mr. Thom. Why did you not go on with Mr. Cooper?—A. They were not prepared to come in with an interest; they wanted me to pay \$150,000 and take the whole thing over.

By the Hon. Mr. Snowball :

Q. Did you think the estimates put in your hands showing \$15,000 a mile would be an excessive estimate on the first 60 miles?—A. Yes.

Q. Your idea, as I understand it, was that \$12,000 or \$13,000 would be ample in the state the rolling stock was in?—A. Yes.

Q. That includes the first 20 miles?—A. That is the average right through.

Q. You know, no doubt, that the Dominion Government paid \$300,000 as their portion of that subsidy for the first 20 miles?—Yes, sir.

Q. That is \$15,000 a mile?—A. Yes, sir.

Q. That \$300,000 distributed over the first 60 miles makes \$5,000 a mile. Then then Dominion Government paid \$6,400 a mile for 60 miles. They doubled the first twenty on the next twenty, and doubled back on the last forty on to the other, so between these sums the Dominion Government paid \$11,400 a mile of their subsidies on these 60 miles, and the Local Government paid \$7,000 a mile, that is a total of \$17,700 a mile on this road. And in addition there is a sum of money on the last 40 miles for which the Dominion Government took bonds?—A. They lapped over from the seventieth to the hundredth mile, and took bonds, I believe, as a guarantee that the road would be built.

Q. And paid that subsidy?—A. I believe so.

By the Hon. Mr. Robitaille :

Q. Mr. Macdonald said it was in October last he came down to visit the road?—A. No; I said it was in October I came to see Mr. Armstrong.

Q. Do you remember what month it was you came to see the road?—A. I think it was in November some time; I have not got my book here to tell; it was a short time before the snow.

Q. Do you remember the day of the week it was you left New Carlisle?—A. No; I saw you before I left.

Q. You came on Wednesday and left on Thursday?—A. Yes.

Q. Do you remember how far you got that day?—A. I think I stayed at Robinson's.

Q. That is thirty miles. Do you remember what sort of weather it was?—A. It was raining very heavy.

Q. And cold?—A. Yes.

Q. Bad weather altogether?—A. Yes, sir.

Q. When was it you reached the sixtieth mile to go into your hand-car? You slept at Jimmy Robinson's on Thursday night?—A. At Robinson's; I think I started the engineer to go over the seventieth to the sixtieth mile, and I drove with Robinson. We drove to Maria.

Q. That was Friday morning?—A. Yes, sir. And I came back over the road on the hand-car to the end of the track, and got a man to take me across the river, and examined the bridges and the work there, and took dinner at Robinson's, I think that was his name—a brother of the hotel-keeper, and we waited there for McCarthy.

Q. When did you reach Metapedia, the end of the line?—A. I think Saturday night about eight o'clock.

Q. In the meantime, you and your engineers examined sixty miles of road on a hand-car, and that is all your knowledge about it?—A. I went over all the crossings and saw the general features of the country.

By the Hon. Mr. Power :

Q. In your negotiations with Mr. Mercier, with respect to your taking over this work and completing it, you and he came to the terms that he offered. Were they satisfactory to you—the \$400,000 which Mr. Armstrong, of London, proposed—did you and the Quebec Government have any difference—was this proposed undertaking of yours broken off on account of any difference with the Government of Quebec?—A. No. It was broken off because Mr. Riopel did not agree that he had arranged with me for \$175,000, and insisted on getting better terms, and I would not give it to him.

Q. You offered to pay \$175,000 to get rid of the old corporators?—A. That was the intention, and the money to go to pay the debts.

Q. In addition to getting control of the stock of the road, this \$175,000 was to pay all claims on the road?—A. That was what I proposed it should go for; the claims on the road had to be paid in full.

Q. You spoke of Armstrong's claim and McFarlane's claim. Did you include the money they owed to people who worked for them?—A. I had nothing to do with Armstrong's claim, any more than that Riopel told me he had written, offering for \$50,000 to sign over and step out.

Q. I want to get at what this \$175,000 covered. Supposing you discovered that McFarlane and the workmen on that road were entitled to \$60,000, under your agreement, would you have paid that \$60,000 to McFarlane before the workmen were paid, or would you see the workmen paid?—A. I would not pay anything to Armstrong myself. Riopel was satisfied it should go towards paying them in full.

Q. Does that include the statement?—A. Yes; the statement of McFarlane's, I saw, was for about \$22,000. That was the statement given to me from the department at Quebec. I do not remember the name of the official who gave it to me.

Q. This \$175,000 included what was due, including wages of workmen employed by McFarlane?—A. Yes.

Q. And you thought Riopel accepted, when he afterwards insisted on getting an interest in the contract?—A. Well, he always insisted on getting an interest in the contract, but I would not consent to it.

Q. Well, how did you come then to think you had closed with him?—A. Well, I thought that we had closed with him for \$175,000, but he afterwards contended, when we met at the hotel, that he had not agreed.

Q. You say Mr. Riopel admitted that there was something due Mr. McFariane, and agreed that \$175,000 should be paid?—A. He said he was willing to have \$75,000 allowed.

Q. Did that pay the debts, including the workmen?—A. Yes.

Q. You told us about what the first sixty miles would cost to complete, \$60,000 or \$70,000. What do you think would be a fair estimate of the value of that sixty miles of road in the condition in which it stood when you examined it?—A. I thought in going over it about \$13,000 a mile, speaking from my experience in doing similar work; it was a rough estimate.

Q. That would be \$780,000 you think the property was worth?—A. I think so.

Q. I mean in the condition in which it was?—A. I think the actual cost of the work could be done for that.

Q. Did you think you were driving a hard bargain in wanting to get for \$175,000 a property worth \$780,000?—A. In making a bargain I generally try to make the best I can. It is for the dealing with me to do the same.

Q. Was that not a keen bargain? I am asking as to the value of the road, and it appears you wanted to get a property worth \$780,000 for \$175,000?—A. No; I was not.

Hon. Mr. OGILVIE—Mr. Power wants to know the value in cost?—A. I told him the actual cost of the work, but I do not consider the question is put in a proper way.

Q. It was suggested that Mr. Pacaud was a recognized intermediary between you and the Quebec Government. Were you instructed by any member of the Quebec Government to deal with him?—A. I have no right to say that. So far as the Government is concerned, I do not see that, and do not wish to leave that impression. He was my agent; I never said he was an intermediary. I looked upon him as my agent; he acted as my agent.

Q. Did any member of the Quebec Government ever give you to understand that Mr. Pacaud was an agent of the Government, or represented them in these transactions?—A. No.

By the Hon. Mr. McCallum:

Q. Did Mr. Pacaud give you to understand that he was the agent of the Government?—A. I had Mr. Pacaud, because I considered him the best man I could have.

Q. Why?—A. Because in any business I had he generally succeeded in getting a settlement for me. I acted from my past experience.

By the Hon. Mr. Power:

Q. Had you not some arrangement with Mr. Riopel by which you had an option on the taking over of this work for some time?—A. No; I had first arranged what I would pay him. If we had arranged on the \$175,000 basis I would have got the option to see if I could arrange with the other interests; it was very complicated.

Q. Well, in January or February you and Mr. Riopel differed, and the thing was off?—A. Yes.

Q. Did you give up all expectation of getting this work?—A. No; I still thought I could perhaps get a hold of it, and I think I wired Mr. Pacaud to that effect. I thought that after a while Mr. Riopel might come to time.

Q. Was there any reason, after you broke off with Mr. Riopel in January or February, why he could not bargain with somebody else, with whom he could make a better bargain?—A. He had a perfect right to do it.

Q. You say in March you heard Mr. Thom had an option on it. Was there any reason why he should not have made a bargain?—A. I was surprised to hear of Thom, because I did not suppose he was a man in that line of business, and as he appeared to be very friendly with me, I was surprised to hear that he was negotiating.

Q. Have you any reason to believe that he interfered before your bargain was off?—A. I have no doubts about that, but I am not prepared to say.

Q. Upon what did you base your doubts?—A. I am not prepared to say, particularly.

Q. Have you any reason to give for supposing in the end of January or the beginning of February, before you broke off with Riopel, that Thom contemplated taking over this work?—A. No; I have not the slightest reason.

Q. And you say there is no reason why he should not have gone into it after you had broken off?—A. He had a right to do it if he wished.

Q. Why did you go to England a short time afterwards if you thought it likely to make an arrangement?—A. Mr. Cameron was my solicitor and also acting for Mr. Heaton-Armstrong, and I told him of the conversation I had with Thom, and asked him to return to Montreal as soon as he could, and if any arrangement came to be was to notify me and I would return.

Q. When did that conversation take place you spoke of?—A. It was in May I got back from England.

Q. Before the middle of May?—A. I think so.

Q. You say Thom expected to make \$300,000. Did you think he was going to make that?—A. I did not.

Q. Thom is not a man with as much experience in railway building as you are?—A. I am not aware that he is.

Q. You say that Thom said they allowed Armstrong \$100,000, and that it had all gone in boodle? Did he say anything more than that about it?—A. Those are just the words he used.

Q. This conversation was in May, some time after the money was paid?—A. Yes.

Q. You said nothing was due to Mr. Riopel or Mr. Armstrong?—A. I said nothing was due to them because of the subsidies they got.

Q. You are aware that \$24,000 was paid to Senator Robitaille?—A. I have seen it by the reports of the Committee here.

Q. Did you think that was due him?—A. I do not know what it is for. I considered, whether Robitaille got his money out of it or not, that the \$15,000 a mile was ample for the work done.

Q. You already estimated that the road was worth a good deal in its then condition, and the people naturally expected to get something?—A. Certainly.

Q. What share did you want in this contract when you came back and found that Mr. Cooper and his associates had got hold of this contract? What proportion did you offer?—A. I understood that Mr. Cooper was the only party, and that the other men had just stock enough to qualify 10 per cent. paid up of \$500, and that probably Dawes would take an interest with Cooper, and I then said if Dawes took an interest I would take a third, but before I went to England I said if Cooper got it I would get an equal interest. They wanted to give me the whole contract if I gave them \$150,000, and Cooper said he would settle with Armstrong, and I declined.

Q. You were to get the whole thing for \$150,000, and in addition to that Thom or Cooper was to settle with Armstrong?—A. Yes.

By the Hon. Mr. Miller :

Q. The amount of \$175,000, out of which the accounts of the old company were to be paid was to be paid into the bank?—A. The money I offered I proposed to pay into the bank.

Q. Had it any relation to the \$175,000 out of the letter of credit?—A. No; I was getting no money until I had earned it; the present company got it before they had earned it.

By the Hon. Mr. McMillan :

Q. Did Mr. Thom or Mr. Cooper send engineers over the road?—A. I could not say.

Q. You never heard that they did?—A. No.

Q. Are you of opinion it was your figures they based their calculations upon?—A. I could not say that. Mr. Thom, I have no doubt, got information from Mr. Armstrong. He was over the road, and they had all the profiles.

By the Hon. Mr. McCallum :

Q. I think you stated that you took Mr. Pacaud as your agent to act with the Quebec Government, and that he was the best man you could take?—A. Yes.

Q. How did you think that?—A. He was generally considered the best man, and I like to get the best man when I employ an agent or solicitor.

Q. Why did you think he was the best man?—A. Because he suited my purpose best.

Q. That is parrying the question. What purpose?—A. Any negotiation or business I had with the Government.

By the Hon. Mr. Miller :

Q. You thought that from past experience?—A. That is about it.

By the Hon. Mr. McCallum :

Q. What past experience have you had?—A. I am not going into any past experience. I decline to answer anything in connection with my past experience with the Quebec Government.

Q. I think I have a right to ask what that past experience was. Was he always successful?—A. It was nothing in connection with this enquiry.

Q. He was not successful in this matter?—A. No, sir.

Q. Therefore you did not pay him any commission?—A. Not a cent.

By the Hon. Mr. Boulton :

Q. You were to give \$175,000, I believe, to Mr. Riopel?—A. Yes.

Q. He was the managing director of the old company. Of this \$75,000 was to go to pay Mr. McFarlane and his creditors?—A. He said he was willing to allow \$75,000, but in making my offer I did not stipulate that.

Q. Then \$50,000 was to go to Mr. Armstrong, who was the original contractor?—A. He never would give me a statement of the arrangements between him and Mr. Armstrong; they were to settle that between themselves.

Q. It was not to go to the old company?—A. Not until all the debts were paid.

Q. But \$50,000 was to go to Mr. Armstrong or his creditors, and \$50,000 to Pacaud?—A. No.

Q. I thought you said your estimate—A. In my estimate—yes. But that was not to come out of the \$175,000.

By the Hon. Mr. Tassé :

Q. When the new subsidy of 800,000 acres was voted last fall did you understand that the old subsidy had disappeared?—A. No, sir; I was in the House when that was voted, and I did not suppose the 800,000 acres would apply to the 40 miles. I think the wording of the Act is very vague. I thought that of the \$280,000 there would be enough taken out to make the \$10,000, and the \$50,000 for the bridge. I was not aware there was a separate subsidy.

Q. Did you understand the subsidy was voted for a syndicate to do the work?—A. Yes; it was to get up a new company.

Q. Were you negotiating at that time?—A. Yes, sir.

By the Hon. Mr. Miller :

Q. When you said you knew that Mr. Pacaud was the best man to employ from past experience, had he acted as your intermediary with the Quebec Government?—A. He had acted as my agent.

Q. Between you and the Government?—A. Yes.

Q. And that is what you meant by past experience?—A. Yes.

The Hon. Mr. O'Donoghue:—Mr. Chairman, Mr. Armstrong desires to put a few questions to the witness.

Agreed to.

By Mr. C. N. Armstrong :

Q. A question has been brought in as if to make evidence in a case now pending between Mr. McFarlane's estate and myself?—A. That is not so, as far as I am concerned.

Q. You said, Mr. Macdonald, that you met Mr. Mercier in New York with Mr. Heaton-Armstrong?—A. Yes, sir.

Q. After he had asked Mr. Heaton-Armstrong to take hold of the Baie des Chaleurs Railway?—A. Mr. Mercier met him either in Montreal or Quebec, as I understood him.

Q. At the interview were you were present, it was after he had spoken to Mr. Armstrong, and the object of the interview was to come to some arrangement?—A. The object of the interview was that I wished while Mr. Heaton-Armstrong was in the country to meet Mr. Mercier, so that after he left there would be no misunderstanding between myself and Mr. Cameron and the Quebec Government as to what Mr. Heaton-Armstrong told me was told him—that is, \$10,000 a mile for the 40 miles.

Q. I want to know by what authority he was dealing with another person's property?—A. I cannot say.

Q. Did he not give you any answer on that point?—A. He did not speak of it.

Q. How did he propose to deliver the property?—A. He did not come to that point. If he was prepared to pass an Act to give this \$10,000 a mile I would not take it without settling with Mr. Riopel, and that was my object in dealing with Mr. Riopel, and yourself, and Mr. McFarlane and the Ontario Bank, and all the parties interested.

Q. Did Mr. Mercier then or at any other interview agree to have a Bill passed by which the charter of the company would be taken away?—A. Mr. Mercier never agreed to that, as far as I am concerned.

Q. Did he with Mr. Armstrong?—A. I do not think he did; I am not prepared to say.

Q. Then, of course, it was all supposition as to whether Mr. Mercier would be able to deliver this property?—A. If he did not deliver it we would not go on. There would be no money spent on either side.

Q. You were proceeding upon the supposition that the amount of subsidy due or payable upon the construction of the line should be increased to \$10,000 instead of \$7,000. At that time was Mr. Mercier and his Government favourably inclined towards the railway company?—A. Of myself I do not know; from outside reports I should say he was not.

Q. You were three days altogether in examining that hundred miles of railway?—Yes, about three days.

Q. In your opinion, the last 40 miles of the road were worth \$18,000 a mile to construct?—A. Yes.

Q. That was on a cash basis?—A. Yes.

Q. If half the amount was payable in bonds, how much per mile would you do it for?—A. I am not prepared to say; I did not figure on that.

Q. What did you consider the bonds were worth?—A. Mr. Heaton-Armstrong was to take them at 75.

Q. Less 42?—A. About that.

Q. That would leave 33 per cent. net. At \$10,000 per mile that would be worth about \$3,300 a mile?—A. Whatever it figures out to.

Q. If you had been paid \$9,000 in cash how much in bonds would you ask in addition to that?—A. I was getting the bonds for the whole road.

Q. But you were being paid \$18,000 a mile cash?—A. For the 40 miles.

Q. But you say the first 60 miles was worth only \$12,000 or \$13,000 a mile?—A. That was in the condition it was then in.

Q. Would the 60 miles cost less than the others?—A. As a whole, it would.

By the Hon. Mr. Miller :

Q. Would the amount of money you would realize on the bonds and which you would otherwise receive be more than \$12,000 or \$13,000 a mile?—A. Yes, sir.

By Mr. C. N. Armstrong :

Q. The bonds would realize \$6,600 a mile, that is \$20,000 of bonds of 33 per cent. ? And it is on that basis you calculated there was a profit of \$80,000 or \$100,000?—A. I am speaking from memory; I have not the figures with me, and I am not going to be exact as to the amount it cost.

Q. Did you see all the rolling stock?—A. No; I saw some of it. The rolling stock was reported to me.

Q. Who reported it to you?—A. The man who was in charge at Metapedia; I asked him about it particularly.

Q. Did he tell you there were new passenger cars, first and second-class, also baggage, mail and express?—A. There was only one new engine furnished by McFarlane. There were a lot of old cars lying along the embankment near Carleton. I understood there was a lot of cars you could not keep on the track.

Q. Then you did not allow much for rolling stock?—A. I did not allow a great deal for it. I allowed what I thought it was worth.

Q. I suppose you were not aware that there was \$75,000 or \$100,000 worth of rolling stock?—A. I did not see it; I got a statement of the estimate made by Mr. Light, and I think he allowed \$60,000 for rolling stock.

Q. That was all you knew about it?—A. I stated I had not seen it all, but I made my estimate from the information I got.

Q. In regard to the \$175,000 you offered to Riopel, was it not stated that you were to settle the claim of the Ontario Bank against the McFarlane estate out of that?—A. Yes; that was for the whole thing; I think the Ontario Bank offered to take 50 cents on the dollar.

Q. Are you sure it was not 30 cents?—A. No; I think we, representing Riopel—we did not offer it ourselves—offered 30 cents.

Q. Do you remember telling me on a certain occasion in the Windsor Hotel, in presence of Mr. Cameron, that you could settle for 30 cents?—A. I could not say so myself, because I had no interview with him, but Mr. Cameron had seen him. My recollection was that he offered 50 cents.

Q. How much did you calculate, after paying these debts, would be left for Mr. Riopel out of that \$175,000?—A. I thought perhaps \$30,000 by paying all outside claims. McFarlane's claim and yours, by the statement I got from the Department of the Government, was somewhere about \$42,000. I am not clear enough to say positively.

Q. But you refused to take the responsibility of any of those claims at all?—A. Yes.

Q. So, if Mr. Riopel accepted your proposal it is quite possible he would not have had enough money to pay the claims?—A. That is all I was prepared to give.

Q. That is your opinion?—A. Well, I think from the enquiries I made from the Ontario Bank and the Eastern Townships Bank, and some other claims he would have some money left.

Q. By compromising the claim of the Ontario Bank?—A. Except the debts estimated for labour, I think all else would have to be compromised.

Q. Did not Mr. Riopel offer to accept \$200,000, provided you agreed to settle the claims out of that?—A. No; but I have reason to believe he would afterwards have taken \$200,000; when I offered him \$175,000 he said he did not agree to that, and the thing broke off. He wanted me afterwards to assume the responsibility of paying the debts.

Q. You spoke of an interview where I was present. Did Riopel not offer to you, if you would pay the debts, without paying me anything at all, that he was willing to take a half interest in the enterprise. You claim that the profit would be only \$80,000

or \$100,000, and that there would be considerable risk?—A. I will not say he did not say so, but I declined to have him in the arrangement, because the arrangement with Mr. Heaton-Armstrong was that they must all get out.

Q. At the end of that interview, did you not forcibly say you would have nothing more to do with the thing?—A. We had some sharp words.

Q. Did you not say you would be damned if you had anything to do with the concern?—A. I may have said so.

By Mr. Thom :

Q. When did I state to you I had spent all that money in boodle, or that it had been spent in boodle?—A. In your own office in Montreal.

Q. What time?—A. In May, after I returned from England; I cannot give the exact date.

Q. After this contract was closed?—A. Yes; I think so.

Q. Who was present?—A. I am not sure whether Mr. Cameron was present, but he may have been present; if he was not, then nobody else was present.

Q. When you returned from England was I in Montreal?—A. I do not know; I am not prepared to say; you may have been in Quebec.

Q. Is it not a fact the first time you met me in my office in Montreal that Mr. Cooper and Mr. Cameron were present, and I showed you a copy of the Order in Council?—A. I do not remember Cooper being present.

Q. Was he in the next office?—A. I do not think he was. He came in afterwards. I was sitting in Mr. Cooper's office with Mr. Armstrong; I think I left the room and went into your office.

Q. Is it not a fact the first time you met me in my office in Montreal that you and Mr. Cameron went into this matter very fully with me, after I showed you the Order in Council, that you and Mr. Cameron knew I was going to Quebec that night, and delayed me until 8.30, in order to get an expression of opinion from me as to what I would take to let you in?—A. That was some time afterwards.

Q. I am talking about the first time?—A. That was not the time you left for Quebec.

Mr. LAFRANCE recalled.

Mr. BARWICK—Mr. Chairman, I desire to call your attention to an Exhibit (No. 15), which shows the proceeds of the discount of the \$75,000 letter of credit by the Banque Nationale; the proceeds amounted to \$74,111.64. Against the proceeds are debited the \$24,000 cheque which was paid to Senator Robitaille, the \$16,000 cheque paid to Mr. Thom, to Mr. Riopel, the \$2,250 cheque paid to Mr. Cooper, and now I am proceeding to deal with the balance—\$31,750, with the exception of a small sum of \$111.64. This \$31,750 cheque is referred to in Mr. Armstrong's evidence, and I call Mr. Lafrance to prove what became of the \$31,750.

Q. This is a cheque (Exhibit 15A) of J. C. Langelier, Commissioner, for \$31,750, endorsed "pay to A. McIntyre Thom or order, C. N. Armstrong." And that was deposited in your bank?—A. That was deposited in our bank.

Q. Let us see a copy of the account. (Document produced.) This is a copy of the account of \$31,750 from your ledger?—A. Yes.

Q. Showing that on the 29th April, the date of the discount of the \$75,000 letter of credit, there was deposited to Mr. Thom's credit in your bank \$31,750?—A. Yes, sir.

Q. This cheque (Exhibit 15A)?—A. Yes.

Account filed (Exhibit 50).

Q. These are the cheques (cheques produced) which were drawn against it?—A. Yes.

Q. How many cheques are there?—A. Twenty.

Cheques filed, Exhibits 50 A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T.

The Hon. Mr. TASSÉ—Mr. Thom objects to the production of the cheques beyond the \$75,000.

Objection overruled.

The COUNSEL—I have no desire to pry into Mr. Thom's private affairs; I am ready to meet him at any time to go over these cheques and find out which relate to these matters and which do not. I will refer to nothing that relates to Mr. Thom's private business.

Q. These cheques relate solely to the \$31,750. This closed the account of \$31,750?—A. Yes.

Q. Did they open it and close it?—A. Yes.

Q. Had Mr. Thom any other account at the bank besides this one?—A. Yes; he had one after that.

Q. But never one prior to that?—A. No.

By the Hon. Mr. Tassé :

Q. Was it a continuation of the same account?—A. The deposits were made to the same account, but had not reference to the \$31,750.

AUGUSTE EDGE, of the City of Quebec, in the Province of Quebec, Advocate, who, being duly sworn, was examined and deposed as follows :—

By Mr. Barwick, Counsel for Opposants :

Q. Where do you live?—A. In Quebec; I am an advocate there.

Q. You were at one time Private Secretary, were you not?—A. Yes.

Q. To whom?—A. To Colonel Rhodes, Minister of Agriculture; and subsequently I became Secretary to Mr. Pacaud.

Q. Mr. Ernest Pacaud.—A. Yes, sir.

Q. Are you still his Secretary?—A. I am, sir.

Q. Where is your office?—A. In Quebec, at *L'Electeur* office.

Q. You are on the staff of *L'Electeur*?—A. No, sir; I am employed by Mr. Pacaud as Private Secretary.

Q. Did you ever see that document before (Exhibit 20)?—A. I did; that is my signature.

Q. What is this document?—A. I suppose it was an authorization given to me to draw the cheques at La Banque Nationale, but I did not know, and do not know yet the nature of the cheques I drew.

Q. You knew nothing about the nature of the cheques?—A. No; they were given to me by Mr. Lafrance, and the letter was sealed.

Q. Who gave you this order for the cheques?—A. Oh, Mr. Pacaud.

Q. In the office of *L'Electeur*?—A. I do not recollect well; I think so, but I can not say.

Q. What did Mr. Pacaud say to you?—A. He said to go to the bank and draw the cheques that were to be given to me by the Cashier. He did not specify at all what were the cheques that were to be given to me, but to ask for the cheques, because I suppose he had previously seen the Cashier.

Q. And you went to the bank and got the cheques—and what did you with them?—A. I took them to Mr. Pacaud.

Q. Where are they now?—A. I do not know.

Q. Mr. Pacaud has not told you?—A. No.

Q. Where is Mr. Pacaud now?—A. He sailed for Europe on Saturday last. Of course, I did not see him go aboard, but he left for New York to sail for Europe.

Q. On what day did he leave Quebec?—A. On Monday afternoon last; I think it was the 10th.

Q. Did he return to Quebec after he left?—A. No, sir; not to my knowledge. I am sure he did not return.

Q. Did he leave Quebec on Monday last to come to Ottawa?—A. No, sir.

Q. And turned back?—A. No, he left Quebec on Monday by the Quebec Central for New York.

Q. With any intention of coming to Ottawa?—A. He left on Sunday for Ottawa.

Q. And where did he go on Sunday?—A. On board the train he was told that as the summons specified documents he had better come down and wait for the summons.

By the Hon. Mr. Miller :

Q. How does he know these facts?

By Mr. Barwick, Counsel for Opposants :

Q. Who told you that?—A. Mr. Pacaud. On the Friday before Mr. Paeaud told me that he was leaving on Saturday for Murray Bay, to join his family, and to escort his wife to Murray Bay, and he told me to spend the whole day at his office, and wait for that order. I did so. On Sunday morning he came back from Murray Bay, and the first question he put to me was if I had seen the summons. My answer was no. When he saw that, he left for Ottawa on Sunday, but he returned, as I explained a moment ago. On Monday till the afternoon I had not seen the summons. On Monday in the afternoon we had not seen the summons, neither the detective, and Mr. Pacaud left for New York, as it was understood by a telegram he had sent to the Committee that he would leave that day for his holidays. He was asking, if I remember well, to be summoned on Monday. We had no summons on Monday, and the detective came only to Quebec on Tuesday.

Q. Did you go to the train on Sunday with Mr. Pacaud?—A. He went to the Canadian Pacific Railway train and bought a ticket at the ticket office. I do not know for what place the ticket was bought; there was a gentleman with him.

By the Hon. Mr. Snowball :

Q. Did he tell you he was going to Ottawa?—A. Certainly.

By the Hon. Mr. Miller :

Q. Did he tell you when he would leave New York for Europe?—A. I was told the same week; it was on the French line; I think by the steamer "La Turrenne."

By Mr. Barwick :

Q. Here is his name on the sailing list of that steamer—Mr. and Mrs. E. Pacaud on the 15th of August, that is the gentleman to whom you are Private Secretary?—A. Yes.

Q. He sailed from New York to Havre on the 15th of August; that is apparent from this list?—A. It appears to be so.

Q. What did he tell you on Monday about having seen Mr. Mercier on Sunday?—A. He did not speak to me about that.

Q. Did he tell you he had seen Mr. Mercier on Sunday?—A. I do not remember.

Q. Are you sure?—A. He may have pronounced the name of Mr. Mercier, but I do not remember. I would like to continue in French.

Witness then continued his evidence in the French language, which was translated by the Clerk of the Committee.

Q. Who told you that Mr. Mercier and Mr. Pacaud met on Sunday?—A. I never said he had met him.

Q. Did anyone tell you that Mr. Mercier and Mr. Pacaud met on that Sunday?—A. I do not know anything about it.

Q. You quite understand the question?—A. I do not know whether Mr. Pacaud, in taking the afternoon train, met Mr. Mercier; he might have met him at Ste. Anne or he might not. The train Mr. Pacaud took passed Ste. Anne; except that I do not know whether the Sunday train stopped at Ste. Anne or not.

By the Hon. Mr. Tassé :

Q. Have you communicated with Mr. Pacaud since he left for New York ?—
A. No.

Q. This is Mr. Pacaud's newspaper, *L'Electeur*, which I hand you. In it there is a letter from Ernest Pacaud in answer to a letter from Mr. Mercier ?—A. I think so.

Q. Read the letter ?

Witness read the letter in French, and it was translated by the Clerk of the Committee as follows :

“ To the Journalists of the Province of Quebec.

“ I ask my confrères to be good enough to take communication of the invitation which has been given them by the Hon. Mr. Mercier, Prime Minister of the Province. In order to prevent all misunderstanding I believe that it is preferable that no special invitations should be given, and I beg my confrères to be content with the letter of Mr. Mercier. Every paper which is desirous of being represented under these circumstances is requested to inform me thereof between now and this day week, giving the names and the surnames and residences of the journalists. As may be seen by Mr. Mercier's letter, this information is indispensable for the preliminary arrangement for the reception. The Honorable Mr. Mercier's invitation is given to all, without distinction of party, nationality or religion, and in consequence in a large and generous spirit. I hope my confrères will appreciate Mr. Mercier's thoughtfulness and will accept his invitation.—(Sgd.) ERNEST PACAUD.

Q. You see that Mr. Pacaud's letter appears in *L'Electeur* on the 8th of August ?
—A. Yes.

Q. You see that Mr. Pacaud's invitation is given to journalists to be answered between then and the week after ?—A. Yes.

Q. Consequently, the invitation would be answerable up to the 16th ?

Objection was here taken to the questions, and they were not followed up.

By the Hon. Mr. McInnes :

Q. Was Mr. Pacaud aware that he was required before this Committee to state what disposition he made of the \$100,000 which it is alleged he received ?—A. I never saw any document or saw that.

Q. Did Mr. Pacaud on Saturday or Sunday before leaving Quebec for Ottawa, give you any idea of the evidence he would give before this Committee ?—A. No.

By the Hon. Mr. Tassé :

Q. You drew Mr. Pacaud's cheques from La Banque Nationale ?—A. Yes.

Q. Did you go to any other bank to get Mr. Pacaud's cheques ?—A. To the Banque du Peuple and the Union Bank.

By Mr. Barwick :

Q. What is the date you got the cheques from the Union Bank ?—I do not remember. I think it was on the same day I got the other cheques.

Q. Here is a document, Exhibit 51. That is Mr. Pacaud's signature ?—A. I think so.

Q. That is a cheque payable to Henry Harris for \$280 ?—A. Yes.

Q. Henry Harris is the agent of the French line at Quebec ?—A. I do not know ; I think Mr. Stocking is the agent for the French line.

Q. Is R. M. Stocking agent for the French line at Quebec ?—A. Yes.

The Committee then adjourned.

THE SENATE COMMITTEE ROOM No. 8,
FRIDAY, 21st August, 1891.

MR. BARWICK :—Mr. Chairman, I have the statement of the notes send in by Mr. Webb of the Union Bank, giving the dates of the notes. This statement shews that the note for \$5,000 which was paid on the 11th July was due on the 13th July, was a four months note, dated 10th March, and was made by Ernest Pacaud and endorsed by the Hon. Mr. Mercier, Mr. Tarte, Senator C. A. P. Pelletier, and the Hon. Charles Langelier. The note of \$3,000 which was paid on the 11th July was due 4th August, a four months note, dated 1st April, made by Mr. Pacaud and endorsed by Mr. Mercier and others. The second note of \$5,000 which was paid on 9th May, due 18th May, one month after date the 15th April, made by Mr. Pacaud, and endorsed by the Hon. Mr. Mercier and others. The note for \$400 was due 14th May, was a twenty day note, was dated 21st April, maker Mr. Tarte, endorser Mr. Pacaud. (Document filed, exhibit 52.) I have here the next exhibit, which refers to a deposit of bonds with the Dominion Government, which was referred to in Mr. Bradley's evidence, and in a short memorandum giving the history of the road. The last clause of that memorandum reads :—

"The road not having been completed on 1st December, 1888, the balance of subsidy unpaid (\$244,500) lapsed and was re-voted by the 49 Victoria, Chapter 17, by this same authority the subsidy of \$3,200 per mile on the thirty miles from the seventy-first to the hundredth was doubled up on the thirty miles from the forty first to the seventieth mile, making the subsidy on this section \$6,400 per mile. The company depositing with the Government bonds of the company to the value of £83,000 sterling as security for the fulfilment by the company of their undertaking to build the section from the seventieth to the one hundredth mile without Federal subsidy."

This letter is addressed by A. P. Bradley, Secretary of the Department of Railways and Canals, and is addressed to J. M. Courtney, Deputy Minister of Finance.

"SIR,—I am instructed to enclose to you for safe keeping 83 bonds dated the 2nd January last of the Baie des Chaleurs Railway Company Nos. 0001 to 0083 for £500 sterling each, with 50 coupons attached for £12 10s. payable on 2nd July and 2nd January in each year from 2nd July, 1889, to 2nd January, 1914. These bonds have been received in conformity with the provision of the Railway Subsidy Act of last Session, being equal in amount, and over the sum of \$200,000 as security for the completion of thirty miles of that company's line from 70th to 100th mile."

(Document filed, Exhibit 53).

I put in next Exhibit 54. This is dated 14th June, 1888, and is a transfer from the Baie des Chaleurs Railway Company to the Manager of the Ontario Bank at Montreal, and the intervention of Charles N. Armstrong, and this document transfers certain Provincial subsidies.

THE CHAIRMAN—Does it mention the amount?

MR. BARWICK—It transfers to the manager of the Ontario Bank in Montreal in trust \$75,000 payable by the Province of Quebec on completion of the fifth and sixth sections of ten miles each—miles 40 to 60 on account and in view of the land subsidy granted to the said company by and in virtue of the Act of the Legislature of the Province of Quebec, 45 Victoria, chap. 23, the said sum so payable as aforesaid and hereby transferrèd being equivalent to thirty-five cents per acre upon two hundred thousand acres of land, being the subsidy upon the fifth and sixth sections of the line of the said company. That comprises the twenty miles which Mr. McFarlane was to build. (Document filed, Exhibit 54.)

Exhibit 55 is dated the 14th June, 1888, and is a signification from Mr. Armstrong from the Provincial Treasurer of Quebec, mentioned in Exhibit 54. Document filed Exhibit 55.)

The next Exhibit I put in is a letter from Mr. Machin, the Assistant Treasurer of the Province of Quebec, dated 13th December, 1889, and in explanation of this I desire to refer to the Sessional Papers of 1890, Volume 23I. Sessional Paper No. 7, page 62, points out how \$29,046, part of the \$70,000 transferred to the Ontario Bank, was retained by the Quebec Government and how it was applied notwithstanding the transfer to the Ontario Bank. Page 120 also deals with that, and this letter is the Government's explanation of what the bank has always claimed was a misappropriation of the subsidy, and I may say that in spite of every effort, we have never got any relief on that point.

The Hon. Mr. POWER—Is this matter now in litigation?

Mr. BARWICK—It cannot go into litigation without the fiat of the Lieutenant-Governor of Quebec, which fiat we cannot obtain.

(Document filed Exhibit 56.)

The last Exhibits I propose to put in are extracts from the official reports of the Province of Quebec, and extracts from the Statutes which affect the question before us, an extracts from the Hon. Mr. Mercier's speech delivered in the House on the introduction of this Bill. With the permission of the Committee I would like to arrange these in proper order, and put the proper headings on them, as they have only come into my hands now.

(Documents filed Exhibits 57, 58, 59, 60, 61.)

ALEXANDER LUDERS LIGHT, Civil Engineer, of the City of Quebec, in the Province of Quebec, being duly sworn was examined by Mr. Barwick, Counsel for the Opposants:—

Q. You are a Civil Engineer of great experience and occupied an official position?—A. For many years I was Government Engineer for the Province of Quebec.

Q. As such had you anything to do with this Baie des Chaleurs Railway?—A. I had all to do with it. I was Chief Engineer of the Company, and with the consent of the Government I was Engineer of the Quebec Government as well.

Q. This road was divided into 10-mile sections?—A. It was.

Q. And the sections were divided as you see them in Exhibit No. 5?—A. They were.

Q. A E being one section of 10 miles, and so on, and K, L, M, N, how many?—A. That was other miscellaneous work; that went to work done between the 60th and 100th miles.

Q. Who was the contractor?—A. C. N. Armstrong.

Q. Are you acquainted with the particulars of his contract?—A. I never saw it, I understood it was a bond contract. He was to be paid in bonds at the rate of \$20,000 a mile.

Q. He was not to get it in cash?—A. Well, I did not understand that.

Q. Who were the sub-contractors for the first 20 miles?—A. Messrs. O'Brien, Macdonald, Taylor & Rogers.

Q. Did they complete their work as sub-contractors?—A. They completed it as far as they were permitted, but Mr. Armstrong made an arrangement with them to relinquish their work, when he was not in very good finances—a mutual arrangement was made that they should relinquish, which they did.

Q. Who were the contractors for the part of the road between the 20th and 30th miles, section "G"?—A. A Nova Scotia firm, a man named McGregor, I think. I think he completed his work very well. He did not ballast it, but he did a good deal.

Q. Was there any sub-contractor from the 30th to the 40th mile, before Mr. McFarlane went there?—A. There was no sub-contractor; Mr. Armstrong himself I understood did a certain amount of work, not much, some grading and clearing.

Q. How much?—A. Oh, probably 50,000 cubic yards of earth work, more or less. I saw all these estimates and my recollection is that the work was about 50,000 cubic yards.

Q. What happened to his workmen, so far as their pay was concerned with respect to that work?—A. I merely know generally; the men struck on account of non-payment of wages; I merely know there was a great row; they were not paid.

Q. When was that?—A. I think in the spring of 1888 or the winter of 1887-88.

Q. When did Mr. MacFarlane go in?—A. In the spring of 1888.

Q. And what was the position of those workmen's wages when Mr. MacFarlane came in?—A. I believe they were still unpaid.

Q. How were they settled?—A. I understood—it is mere hearsay—Mr. MacFarlane went and paid them. The first thing to do was to pay them or they would not allow them on the work.

Q. Who finished O'Brien's work on the first 20 miles?—Mr. MacFarlane; it is not yet finished; well I should say the 20 miles was finished; MacFarlane did it.

Q. The second 20 miles was finished before MacFarlane went there?—A. No, Mr. MacFarlane finished that; it was in a very unfinished state.

Q. Mr. MacFarlane's contract covered what besides?—A. He was to finish from the 1st to the 40th mile; it is not yet finished and completed from the 40th to the 60th mile.

Q. What work had been done from the 40th to the 60th mile when he went in?—A. Nothing that I can remember.

Q. Who did the track-laying on the road?—A. The first 20 miles was laid I think by O'Brien, and the other gentlemen who were sub-contractors, or a greater portion at any rate.

Q. What other work did Armstrong do upon the line of road besides what you have mentioned?—A. After the failure of MacFarlane or after he had closed down, about that time, he began work between the 60th and 70th mile grading and clearing principally.

Q. What amount of work did he do on that section?—A. I should imagine of actual value about \$20,000 worth of work and furnishing material. He furnished timber for the Cascapedia Bridge; I should say about \$20,000 worth of work actually done and supplies furnished on that portion.

Q. Who paid them?—A. I do not know. I know the men struck there again.

Q. How were the men who struck then paid?—A. By hearsay I understand that Mr. J. C. Langelier was appointed Commissioner by the Quebec Government, and I think he went and paid off all those liabilities; he went down to pay off those liabilities and I understand he paid them.

Q. When was that?—A. In the autumn of 1889, I think.

Q. Who was the engineer of the Baie des Chaleurs Company?—A. I was and also of the Quebec Government.

Q. What position did Mr. Leduc occupy?—A. He was Mr. Armstrong's engineer; his name is, I believe, Mr. Denis Leduc: he is a civil engineer.

Q. What were Mr. Leduc's duties as engineer for Armstrong?—A. He took particular charge of the work and made the surveys and set out the work and generally made the measurements for the estimates; he took acting charge for Mr. Armstrong.

Q. Had he any duty in connection with the preparation of the estimates?—A. He made the measurements and probably all the estimates showing what work had been done and showed the cost of the work.

Q. Were these estimates the basis of the payment of the subsidies?—A. The estimates made by Mr. Leduc were the estimates for the sub-contractors. He made two sets of estimates.....

Q. Not too fast please. Who made the estimates which governed the payment of the subsidies?—A. Mr. Leduc.

Q. These are the estimates of which we have been speaking?—A. Yes.

Q. Did these come to you in the ordinary course of your duty?—A. Always.

Q. What was your duty?—A. To carefully check the quantities of everything, and the prices, to see that they were properly moneyed out.... that they were correct estimates. That I always did very carefully.

Q. And you certified these?—A. Yes.

Q. What was done with them?—A. One copy was for myself and one I suppose went to his employer.

Q. What became of your copy?—A. I have them yet.

Q. How did they reach the Government?—A. I had nothing to do with giving them to the Government. I made reports to the Government.

Q. On your estimates?—A. Yes; telling them how much work was done.

Q. To what Department?—A. The Minister of Railways.

Q. Who was the Minister of Railways?—A. Mr. Garneau.

Q. You mean Commissioner of Railways, that is the proper title I think?—Yes Commissioner of Railways.

Q. These estimates you have been speaking of show truly the amount of work done and the cost of it?—A. Yes.

Q. And were sent in as a truthful statement in order that the Government might be guided in paying the subsidies due and granted by the Provincial legislature?—A. These estimates did not go to the Government. I made my own special report.

Q. I mean these reports based upon the estimates?—A. I made my own report independent of the estimate.

By the Hon. Mr. Miller :

Q. Your reports were based upon the estimates were they not?—A. Yes.

By Mr. Barwick (Counsel for Opposants) :

Q. And embodied the results of the estimates?—A. Yes.

Q. And on your reports which were truthful reports and intended to be so, the Government paid the subsidies?—A. Yes.

Q. I place in your hand exhibit 5 which is a statement of account between the Baie des Chaleurs Railway Company and Mr. Armstrong with a certificate of balance coming to Mr Armstrong in accordance with the terms of his contract. At the top of the exhibit are a series of figures apparently based upon certificates of A. L. Light; that is yourself?—A. Yes.

Q. And this document originally concluded, you will see, by certifying that \$298,943.62 was due to Mr. Armstrong in accordance with the terms of the contract with the Company. You notice the word "due" is struck out?—A. Yes.

Q. You heard the explanation that that word was struck out by Mr. Riopel and that he wrote instead these words: Is a correct statement of estimate of work done and remaining unpaid?—A. Yes.

Q. This document is dated 22nd April, 1891?—A. Yes.

Q. Now, will you be kind enough to give the Committee your opinion upon these figures and any explanation the Committee ought to have of them?—A. May I explain them in my own words?

Q. Certainly.—A. I have already stated that two sets of certificates were made out, the certificate that I had to do with it as chief engineer of the Company was the certificate between them and their contractor, Mr. C. N. Armstrong who, was to be paid in bonds at the rate of \$20,000 a mile. This exhibit that is here shown, as near as I can remember, represents the certificates that were given by me to the Company and of which Mr. Armstrong got a copy. They are correct and I think probably they are the only certificates that the President of the Company, who has said they were correct, had any cognisance of. They would go directly to him and I have spoken to him about them several times. There was another set of certificates as I have already stated that were between the contractor Mr. C. N. Armstrong and his sub-contractors. They give the same quantities, exactly the same quantities, but they give much lower prices than the prices to him, the value of the work as done by these sub-contractors and in accordance with the prices in their sub-contract. These certificates I also have. They are at much lower prices than the others because they were to be paid in cash got from the subsidies and therefore you can

hardly judge without both sets of these certificates before you. You see there is only one set here and the others you have not. I have them and Mr. Leduc has them: there is quite a difference between these two certificates. The one represents bonds at \$20,000 per mile the other represents the value of the work at fair prices by the sub-contractor.

Q. How much more are the certificates shown in exhibit 5 in gross amount than the amount of the certificates showing the work done and the actual cost?—A. I will have to give merely my impressions. These things could be had exactly if the Committee of the Senate chose to send for them. Their prices for actual work in the contractors, certificates to these sub-contracts I should say were from forty to fifty per cent lower than the others. I will give two instances that I remember. The earth work in the certificates here shown was put in at the rate of 40 cents a yard. Remember the quantities were the same in both certificates I think in the sub-contractors certificates it was something like 25 cents a yard. That would make a difference of about fifty per cent. The price of rock in these certificates was \$2.25 cents per yard; in the sub-contractors' estimates, if I remember right it was about \$1.25. That difference was carried all through the actual work. In the materials furnished, there was not that difference because they were easily bought.

Q. So, Mr. Light, when you took these certificates sent into the Government, upon which the subsidies were to be paid, and proceeded to make up the second set of certificates shown in exhibit 5, you hoisted all the prices to make a total of \$20,000 a mile?—A. That was for the company, I did not do that for the Government.

Q. That is the certificates on Exhibit 5?—A. Yes.

Q. These are company's certificates?—A. Yes.

Q. And for the purposes of the company in order to show \$20,000 a mile which they had contracted to pay Mr. Armstrong, you raised the prices from the Government's estimate proportionately?—A. Yes.

Q. So that \$1,235,297.55 is the result of the raising of the certificates?—A. Yes.

Q. And the actual cost of the work was about fifty per cent. less than that?—

A. That should be investigated by the Committee, they can get the exact figures?

Q. How much above?—A. About forty or fifty per cent. more or less.

Q. The certificates will show?—A. The certificates will show exactly.

Q. I know the reason but will you be kind enough to explain to the Committee why you did not bring the certificates with you?—A. I got my notice to come here at half-past eleven in the day, and to be here next day to do so I had to leave in an hour and a half. I could not get the papers that were required in an hour and a half. I gave up my house a year and a half ago, and all my papers had been stowed in different boxes, papers referring to these and other matters.

Q. You had not time to bring the papers? You hastened to obey the summons of the Committee?—A. Yes.

Q. Do these certificates (the second set of certificates shown here) pretend to show that the amounts therein given represent the cost of the work?—A. No they represent more than the cost of the work a good deal.

Q. What would any one on looking at them take these certificates to mean?—

A. It is headed fairly and properly: This certificate is meant to represent the bond price of \$20,000, it is a perfectly fair transaction.

Q. It is stated to represent \$20,000 a mile in bonds.—A. Yes; if these bonds represent fifty cents on the dollar, Mr. Armstrong's price would be \$10,000 a mile; if they brought par it would be \$20,000 a mile.

Q. So these certificates were intended to govern the dealings between the Company and Mr. Armstrong; and any practical man who looked at them would know these certificates were not the amount giving the cost of the work?—A. Well if he had been over the work and knew about it as I did, or as Mr. Leduc did.

Q. Well looking at these certificates the results of which we see in Exhibit 5, is there anything there to induce a man looking at them to believe they represented

the cost of the work?—A. I should certainly think there is—the cost of the work in bonds, I mean.

Q. I want to find out whether on the face of them they were honest certificates?—A. Oh perfectly honest between the company and the contractor; their arrangement was to pay him \$20,000 a mile and these certificates represented that.

Q. There is no value fixed on the bonds?—A. No.

By Hon. Mr. Miller :

Q. Would it represent the facts correctly if that statement was to be met by a cash subsidy?—A. I never saw the contract between Armstrong and the company.

Q. What I mean to say is, if the company expected to get in payment of these estimates cash out of the subsidies, would these estimates then be correct?—A. They would give too much by about 40 per cent or 50 per cent.

By Mr. Barwick :

Q. The amount Mr. Armstrong was to get from the company depended on the price the bonds brought?—A. That was my understanding.

Q. And that was your understanding in making up these certificates?—A. Yes.

Q. Did you hear J. J. Macdonald's evidence with regard to the work?—A. I did.

Q. Do you agree with him?—A. The matter can be so easily ascertained it is not fair to ask me. These things are very doubtful; in the matter of the cost of the work, you can find it out easily by sending for the certificates; it would be a mere guess on my part.

Q. But your guess is valuable, I want to know what you think of Mr. Macdonald's figures given yesterday as the cost of the work done and the cost of the work to be done?—A. As to his estimate of the cost of the work to be done, I agree with it exactly; the other I would rather not say anything about. It can be ascertained by sending for these certificates and for Mr. Leduc who made them. He could easily be had and I am willing to come here and work upon the cost of the road.

Q. What about the character of the work done, that cannot be ascertained by papers?—A. I heard Mr. Macdonald, I would not say I disagreed with him, but even he is at a loss without quantities.

Q. Would you undertake to contradict his statement?—A. No, he is a man of great experience and judgment, but he is not an expert, although he had an expert with him, and then he only took a day and a half to go over the work.

Q. Have you known of a similar case where payments were to be made solely in bonds?—A. I do not think I have; there is no reason it should not be so.

Q. There is nothing improper about it?—A. There is nothing to prevent it, no reason why a man should not take his risk and sell his bonds.

By the Chairman :

Q. With reference to the report which you make to the Government, which I presume mentions the quantities or what was payable out of the subsidies, that I presume was based upon the lower estimate of cash or the higher estimate payable in bonds?—A. I always made my own independent reports which I think the Government had perfect confidence in. They knew what they have to pay, so much a mile; I would make full report upon the work done without giving any special quantity, and telling them the work was, say between the 20th and the 30th mile, completed in a proper and workmanlike manner, and that it was safe to open for traffic.

Q. Had that anything to do with the price?—A. No. Nothing to do with either of those figures in exhibit No. 5. If they wanted explanations I went before Mr. Garneau and explained them to him.

By the Hon. Mr. Bolton :

Q. It has been stated here that the subsidies amounted to about \$15,000 a mile. Were the certificates you gave value for these \$15,000?—A. They did not give any figures, the Government were perfectly able to judge for themselves, both Federal

and Local ; they knew how much they were to give and they gave no more ; and when the road was completed, in 10 miles sections, they paid the same thing, no matter how costly the work was.

By the Hon. Mr. McInnis (B. C.) :

Q. How much did the subsidies amount in these different 10 mile sections ?—

A. I could hardly tell you ; the Dominion paid so much and the local Government so much ; I had nothing to do with it ; I do not know about the subsidies except generally as you would yourself. It was not my special business.

By Mr. Barwick :

Q. Do you remember an interview in Ottawa, a couple of years ago, when the subject of building the whole 100 miles was discussed with Mr. MacFarlane ?—A. I was called here specially in the winter of 1888-89. The interview was held in the Tower Room of the House of Commons, Mr. Armstrong, Mr. Riopel, Mr. MacFarlane and myself were present. Mr. Riopel was managing director of the road.

Q. Be kind enough to tell us what you were called together for and what took place ?—A. As I understand it, I was called to witness a contract or hear it read, at any rate, between the company and Mr. MacFarlane in which Mr. MacFarlane was to build the balance of the 40 miles between the 60th and the 100th miles of the road. This contract was prepared I understood by Mr. MacFarlane and Mr. Armstrong, and Mr. Armstrong was a consenting party to it ; in fact I believe he was anxious to have it executed. The contract was read, over clause by clause to him and MacFarlane and to those assembled. I suppose I might give my opinion as an expert upon that contract. It was a perfectly satisfactory contract, satisfactory to MacFarlane and satisfactory to Armstrong and perfectly satisfactory to me, certainly.

Q. As representing the company ?—A. I was the engineer of the company. It was not satisfactory to Mr. Riopel. There was a clause in it that the sub contractor, MacFarlane was to own the road until he was paid and satisfied. Mr. Riopel entirely objected to that clause and would not execute the contract unless it was struck out. MacFarlane would not strike it out. He thought he had a right to protect himself. I thought the same, and I think Mr. Armstrong, who seemed to be perfectly fair, thought likewise. Mr. Riopel would have none of it and broke up the arrangement. I thought it fair and just. I asked him where would he get a contractor to take money from the bank and build a road and hand it over to him unpaid. I went down immediately afterwards to the Senate and gave the President of the road my opinion about it. I thought it perfectly fair and just. I had nothing more to do with it. I thought it was a most serious mistake not to carry it out and I told the President so. I said to him, if the contract is carried out, you will get the road completed and you will probably hold the county, and if it is not completed you will lose the whole thing. I thought it was a fatal error and think so still.

Q. Do you know anything of Mr. MacFarlane's ability at that time to carry out his contract and build the road ?—A. Merely by hearsay. I was told that the Ontario Bank was prepared to furnish Mr. MacFarlane with all the money he required, that there were subsidies due, and I thought it was a capital arrangement for the company. That was merely what Mr. MacFarlane told me. I do not know myself personally. I had not seen the Ontario Bank.

Q. I forgot to ask you one other question with regard to exhibit 5. What in your opinion was the value of the work done by Armstrong himself ?—A. I should think the work done by Armstrong—he may have furnished materials, I do not know of—but the actual work done with pick and shovel was worth I should say altogether \$40,000.

Q. Not \$1,235,297 ?—A. It may have been between \$40,000 and \$50,000, outside of supplies he furnished, rails and cars. I do not know he furnished them, but if so that would add to the amount, but of earth, rock, grubbing, fencing work, \$40,000 to \$50,000 would be the actual work done by Armstrong personally. He did work between the 60th and 70th miles and between the 30th and 40th miles. Those two

places he began work upon, and in each case the men struck for wages and other people paid them—I do not know the whole, but the bulk of it.

Mr. BARWICK—And I say to the committee that it appears, from the papers put in, that the Quebec Government paid almost all of it.

WITNESS—I understood that Mr. J. C. Langelier paid the whole thing very handsomely and very properly.

By the Chairman :

Q. Can you give the Committee any information as to the payment of a subsidy of \$140,000 after Mr. MacFarlane failed?—A. I can give no information further than what appears in the letter from Mr. Riopel. In reply to a letter of Mr. MacFarlane's, which was published in the Gazette, 1890, I think, in which he went into a full statement of his claims and how he had been treated on that road, which letter I read. In a short time afterwards it was replied to by Mr. Riopel, as managing director of the road, and, if my memory does not fail me, Mr. Riopel therein stated that Mr. MacFarlane not having finished his contract, I took the balance of the subsidies and paid them to Mr. Armstrong, as I ought to do. I think those were the words. I do not know the exact quantity of these subsidies. It is a matter I have nothing to do with. But it is in the papers and these subsidies can be found out.

Q. What was your recollection of the figures?—A. I think it was \$140,000. It was in the *Gazette* and can be had.

By Mr. Barwick, Counsel for Opposants :

Q. What was the date; what month?—A. I could not give you that. I may say I was very much struck at the time, because I thought if that \$140,000 had been paid to Mr. MacFarlane he would not have failed and he would have finished the contract. I could not see why it was given to Mr. Armstrong, who had done so little work. That is what struck me as an honest man and an outsider. I was very much struck with it.

Q. What were the actual circumstances which stopped Mr. Macfarlane in his work?—A. In the first place, on the 40 miles he undertook to furnish, there was twice, I should say speaking generally, twice as much work to do as had been represented to him there was to do. There was a certain price put in each contract to cover this quantity of work, and if there was twice as much work to do there was only half the money in the subsidy to finish it. He did finish the work as far as he was able, perfectly regardless of how much he got. Therefore, that would be a trouble. Again, he was unable to finish the contract because he was not given his bridges. The bridges given to him to be put in turned out to be too small, and after a certain freshet that occurred in October, 1888, all the existing bridges were condemned by myself as being too small. I took Mr. Riopel up to them and showed him it was vain to attempt to put these bridges in. One of these had already gone down at Escuminac.

By the Hon. Mr. McCallum :

Q. The openings were too small?—A. Yes.

By Mr. Barwick, Counsel for Opposants :

Q. Mr. Macfarlane was to finish the work on the first 40 miles and was to be paid a percentage on the cost?—A. Yes.

Q. What was the percentage?—A. 12 per cent. on labour.

Q. What on material?—5 per cent., I think, on the things he had to buy. We could easily buy them; simply give an order and have them delivered.

Q. What was the amount of subsidies he got?—A. I do not know.

Q. It was \$70,000 as it appears here?—A. I think so.

Q. So that he had to do double the amount of work on that section that was represented, and then, instead of receiving double, he only got \$70,000?—A. Yes.

Q. Do you remember a strike that took place on Mr. Armstrong's section?—A. I do.

Q. That is the section from.....?—A. The sixtieth to the seventieth mile.

Q. When did that occur?—A. I think in the autumn of 1888.

Q. Before Mr. MacFarlane stopped or after?—A. I think about the same time. Each one claimed that his failure was due to the other, MacFarlane said Armstrong failed and my men struck, and Armstrong said that MacFarlane's men struck and my men struck; each one accused the other. I cannot tell the worth of it.

Q. How long did that wash out keep back Mr. MacFarlane's work?—A. It occurred in October, 1888, and it must have kept him back very materially.

Q. Mr. MacFarlane tells me five months?—A. It kept him back a long time. He had to rebridge it. I said: "Why do not you go in and put in a larger bridge." He said he could not get any order for a larger bridge. He put in temporary trestle work and it took him a long time to put it in.

Q. Mr. MacFarlane says he was detained five months?—A. I do not know, but it detained him materially.

Q. Was there any delay in his getting the order to put in the long spans?—A. There was a great delay. He did not get his order to put in the long spans until two months after his contract had actually expired.

Q. I think at the end of 1888. A. He did not get orders to put in the longer span until March 1889.

Q. The wash out was in October, 1888?—A. Yes; I would say on my own account that I took Mr. Riopel there to show him this washed out bridge, and I showed him another one that was entirely too small, and told him they were all too small and I should condemn the whole of them, and if my condemnation as engineer of the company was not enough—and he did not seem to think much of that—I would bring the Local Government to bear. They were entirely too small, and I would not approve of them. Mr. Armstrong came to me and said that there was such a difference of opinion between him and me, or between his engineer and me, would I consent to another engineer being brought in whose opinion could be taken. I said: Yes, if he does not want a job, if he is not looking for my place. They suggested Mr. Marcus Smith, of the Department here. I said yes at once, he is a first rate man. I accepted him at once. But the Department would not let him come away; they did not wish to mix the Federal Government up with the Local in any way. They then proposed another man, Mr. John C. Bailey, of Toronto. I did not know anything about him myself. I had never worked with him. But I had always heard him spoken of as a good engineer and an honest man. I said that is enough; fetch him on. He came on in the winter and wanted me to go over the road with him. I said: No, I have made my report; there is the work, go over it and see it. He went over the work at the end of February, I think, and made a most careful examination of everything, and asked the engineer who went with him what did Mr. Light say to put in here, and when he was told he said: "Did Mr. Light say that. He is a man of experience, but if he had not said that I would have gone higher." He went through the whole of the works, and not only substantiated everything I said, but would have gone higher. But his report did not come into the hands of the Company until March, three months after the work had been taken away from Mr. Macfarlane.

Q. You met Senator Robitaille throughout these transactions a great deal?—A. A great deal. I found him, I may say, a most honest man, and most anxious that the work should be properly and faithfully and honestly carried out. I went to him in everything; if there was a difficulty with the other men I would go at once to Senator Robitaille.

Hon. Mr. ROBITAILLE—Will the Committee permit Mr. Armstrong to put a few questions to the witness for me.

This being agreed to, witness was examined by Mr. Armstrong.

Q. You say you have never seen the contract between the company and myself?—A. I never did. It was not brought to my knowledge.

Q. Still you say the price of the contract was to be paid entirely in bonds?—A. I said I understood it was to be.

Q. At all events that the estimates made by my engineer and submitted to you was on the basis of bonds entirely?—A. One set.

Q. Was there more than one set?—A. There were two sets of estimates submitted by your engineer. There was one set for the sub-contractor and the other for yourself, I believe.

Q. What had you to do with my estimates?—A. They were brought to me to certify and approve of them. I think the sub-contractors felt more comfortable if I approved of those estimates.

Q. That referred to the quantities?—A. Yes, the prices I had nothing to do with.

Q. The quantities furnished my engineers were exactly the same as furnished my contractors?—A. I think so.

Mr. ARMSTRONG—In the evidence here is a statement of the manner of payments as follows:

“During the construction of the line from the end of the first 40 miles to the terminus of Paspebiac, the contractor shall be paid in cash 60 per cent of the monthly estimates of the company’s engineer; and upon the completion of each section of 10 miles, and as soon as the subsidies from the Governments of Canada and Quebec, shall have been received for the said 10-mile section, the contractor shall receive out of the said subsidies the balance of his contract price for the said section, less 15 per cent to be retained as guarantee until the completion of the line to Paspebiac. All the said payments shall be made in a proportion of cash and debentures of the company as will be necessary to establish the payment of the whole of the price of his contract in the proportion of six thousand four hundred dollars in cash, and thirteen thousand six hundred dollars in debentures of the company for each mile, the same as provided by clause 3 of this contract. The remaining 15 per cent, together with the 15 per cent previously retained of the first forty miles, shall be paid to the contractor upon the completion of the line to Paspebiac, to the satisfaction of the engineer of the company, and in accordance with the terms of this contract; but only after delivery by the said engineer to the said contractor of a certificate of acceptance of the said railway, in working order and in every respect completed under the terms and conditions of this contract, and after deducting all sums which may then be payable by the said contractor to the said company, for damages or reimbursements under some or any of the stipulations of this contract.” You will see by that it was not entirely a bond payment.

Mr. BARWICK—Mr. Chairman, he has left out a clause on the previous page.

Mr. ARMSTRONG.—I will read it—“The present contract has been made and entered into by the said contractors for and in consideration of the sum of twenty thousand dollars per mile, payable as follows: the sum of six thousand four hundred dollars per mile, to be paid to the said contractor, by a transfer to him, of the subsidies payable to the company by the Dominion Government, and also for and in consideration of the further sum of thirteen thousand six hundred dollars per mile, to be paid to him by the transfer and delivery to him of first mortgage bonds of the said railway company, payable in twenty-five years, bearing interest at the rate of 5 per cent. per annum, said bonds forming a portion of a first issue of fifteen thousand dollars per mile, which said first issue shall be secured by a first lien and mortgage on the land grant of the company and on the railway of the company and all its appurtenances and belongings.”

Q. You are satisfied by that contract I was entitled to a certain amount of cash?—A. I would seem so. I wonder it was never shown to me.

Q. With regard to the contract price of \$20,000 a mile, are you not aware that an estimate was made between the company and myself of the probable cost of each section of that line?—A. I am not aware of that, it is quite possible, I would not say it was not.

Q. And that each ten mile-section, a certain valuation was to be put upon it?—A. I think it quite probable.

Q. And that the estimates referred to here were based upon those estimates made as to the cost of each section?—A. I do not know.

Q. Well, as engineer you were responsible?—A. They were held what they were for, to cover \$20,000 a mile in bonds; the estimates will show that.

Q. Do you consider \$20,000 a mile payable in the manner provided was too large a price to pay for that work?—A. I do not think it was, payable in bonds. I do not think the bonds will sell for 75 cents on the dollar.

Q. You will allow there was considerable risk?—A. Yes, there was.

Q. You say there was a strike of my men on the 4th section in the spring of 1888? What do you call spring?—A. I went there in the winter. A good deal of the work was done. It may have been in the spring or the fall, I cannot be quite sure. It was some time in the autumn or winter. I know there was a strike and a very serious one, but the hour and minute I cannot tell.

Q. Would you be surprised to know that it occurred in July?—A. It may have.

By the Hon. Mr. McCallum :

Q. There was a strike sometime?—A. It occurred.

By Mr. Armstrong :

Q. When did Mr. MacFarlane commence his work?—A. He signed his contract in June, it would be some time in July, 1888, I think.

Q. About the time of the strike?—A. I do not know. I understood him to say that he went to rescue you out of the tower where the men had you and were threatening to kill you, and they would not let you go without paying and he paid them.

Q. Did he not tell you that I furnished the money?—A. I do not know. He told me he paid them and that personal violence was threatened to you.

Q. Where you in Quebec during the trial of the case where it was proved on oath that these were the facts?—A. I did not attend the trial all the time, just long enough to give my own evidence, what you state may have been proved, but I do not know anything about it.

Q. In regard to these estimates mentioned here, have they anything to do with the payments of subsidies by the Quebec Government?—A. Nothing, as I already explained, I made my report entirely independent of the estimates.

Q. Did you ever give the Government an idea of the cost upon which they paid the subsidies?—A. I do not know.

Q. Had you to report the value of the work remaining to be done?—A. Yes, I did that.

Q. By your reports on these sixty miles you considered the work finished as far as the Government was concerned?—A. No, between the 50th and 60th miles one, was laid too low, and I recommended the Government to keep back five or six thousand dollars.

Q. With the exception of that you considered the subsidies earned?—A. With the exception of the bridges; they are not in yet.

Q. Did you except that in your report to the Government?—A. Whatever I reported is to be seen.

Q. Are you aware that they paid the whole of the subsidy on that section?—A. I am not. They never consulted me about their payments.

Q. Attention has been called to the change of the word "due." Do you know anything of that?—A. I know nothing about it.

Q. How does the cost of the work to be done on the first 40 miles compare with the work to be done on the last 40 miles?—A. I should think the work on the last 40 miles, merely from passing over it once, was considerably heavier. It has two heavy bridges, one over the Bonaventure, with a span of 100 feet, and there were three or four bridges over the Cascapedia, between the 60th and 70th miles.

Q. With the exception of the bridges how does the earthwork and the rock-work compare?—A. I should say a little the heaviest between the 60th and 100th miles. You pass Black Cape, you remember, and that is heaviest work.

Q. And as an engineer of the Government you are prepared to say that the work on the last 40 miles is considerably heavier than on the first 40 miles?—A. I am not prepared to say. I would prefer to see the profiles here, it is capable of proof. If the papers were brought here they would all speak for themselves.

Q. You consider the work on the last 40 miles heavier than on the first 40 miles? How do you come to think that?—A. Merely from passing over it once, profile in hand.

Q. Are you sure that there are not a number of steel bridges on the first 40 miles?—A. Not so large; there are a great many; generally small.

Q. What difference is there between the cost of the bridges on the first 40 and the last 40 miles?—A. I would not be prepared to say without the papers, it would be vain.

Q. You believe Mr. Macdonald's estimate of cost of the last 40 miles is about correct?—A. I cannot tell.

Q. But you said so?—A. No; I have a great opinion of Mr. Macdonald.

Q. You have already stated that his estimate of \$18,000 a mile was a fair estimate?—A. I have not seen his figures and I value his opinion, but I should want more than that before I took a contract; I should want actual figures and quantities.

Q. You stated that Bailey's report was made in March, 1889, three months after MacFarlane's failure?—A. Two or three months afterwards I understood it.

Q. Would you be surprised to know it was made six or eight months before his failure?—A. Perhaps so. But it was two or three months after he stopped work.

Q. You say Mr. MacFarlane was detained some five months by that washout?—A. I did not say so; I said he said so.

Q. Counsel stated that he was delayed on account of the trestle work—how long was that bridge?—A. The bridge was 60 feet; the trestle was about 150 feet.

Q. Would that detain a man five months?—A. He will tell you.

Q. Well, how long would it take you to put in a trestle of that length at that point?—A. Not five months.

Q. Five or six days?—A. He would have to get his material.

Q. If he has the right thing, could he not do it in five or six days?—A. I do not think so. He would perhaps have to get material.

Q. You referred to the Quebec subsidy for \$240,000 which MacFarlane should have got. By the terms of MacFarlane's contract, which is in the printed evidence, he was to receive, "and also the sum of seventy thousand dollars, granted by the Quebec Government on said 20 miles of new road." That is what he was to receive, yet you think, as an honest man, that he should have got \$240,000 more than that?—A. Well the first 40 miles had so much more quantity on it than is in his contract; I saw his contract.

Q. Well, here is his contract. Tell me what there was in it to lead you to that opinion?—A. There was a certain price mentioned.

Q. But we are talking about quantity. You say it took double quantity than what is represented in that contract?—A. There are certain sums; I think quantities are not given.

Q. On what ground do you say there was more than double?—A. I asked him why he had made a contract to do so much work when so little had been shown to him to be done. He told me he was taking over the work when the snow was 10 feet deep, and had no means of judging, and that Mr. Armstrong took him over the work, and that he took Armstrong's word for the amount of work to be done, and he thought it was about half what there was.

Q. Is there generally 10 feet of snow there about the 15th of May?—A. There is in the cuttings.

Q. Along the line of road?—A. No; but in the cuttings, where the work would be, it would be there until June.

Q. Along the line of road, have you ever seen 10 feet of snow on the 15th of May?—A. No; not on the part finished where it would be open to the sun, but it was in the cuttings where the work had to be done.

Q. Are you prepared to say that there is or was one inch of snow?—A. I am not prepared to say.

Q. Did he tell you he went over the line when there was 10 feet of snow?—A. Yes.

Q. Would you be surprised to learn that he had gone over on it on the 15th of May when there was no snow?—A. There would be snow in the cuttings; the snow stays there very long.

Q. You also stated that Mr. MacFarlane was detained in his work because the bridges were not supplied to him. Are you not aware that by his contract he was to supply the bridges?—A. He had to supply a certain size.

Q. Does the contract say he was to supply only a certain size?—A. We worked upon the profiles, and any contractor would imagine they were the bridges he had to put in.

Q. You say a certain size of bridges were mentioned in the profile?—A. Yes.

Q. Did Mr. MacFarlane furnish the bridges in the profile?—A. I do not know.

Q. For certain streams he did not furnish any bridges at all?—A. I do not know.

Q. As Inspecting Engineer you ought to know?—A. I do not think he furnished any bridges, unless at Escuminac.

Q. Is it necessary for you to refer to his contract to be satisfied that it was his business to furnish the bridges?—A. I do not know that it is. I should say if the bridges were marked on the profile only half the size that was required, and he was forbidden to put them in he, would have a claim for larger bridges.

Q. The contract reads that, the said sub-contractor will at his own cost provide all and every kind of labour, machinery and other plant, materials, articles and things whatsoever necessary for the due execution and completion of all and every the following works on the Baie des Chaleurs Railway, which railway said contractor is now under contract to build, that is to say :

“ 1. The said sub-contractor shall complete and finish the 40 miles of the said railway now partially constructed and built, and shall provide rolling stock additional to that already on said work to the amount and expense specified in the schedule of rolling stock hereunto annexed.

“ 2. The sub-contractor shall build 20 miles of new road in extension of said 40 miles, the whole to be built and completed in accordance with the said contractor's contract with the company, and under the direction of the said company's chief engineer, and in accordance with the plans and specifications referred to in said contract, which contract and specifications are herein referred to as furnishing the criterion by which said work is to be executed, and the same shall also be completed to the satisfaction of the Dominion Government engineer.

“ 3. The said works shall be completed by the first day of January one thousand eight hundred and eighty-nine.” Has Mr. MacFarlane in your opinion carried out these terms? Has he completed that contract?—No answer.

The Hon. Mr. KAULBACH—Where were the plans and specifications.

Mr. ARMSTRONG—They were all duly completed and signed by Mr. Light.

Q. My question was whether Mr. MacFarlane had carried out his side of the contract?—A. My impression was that he did everything a man could do to carry out the contract. Where the bridges were too small and were ordered off of the foundations he could not go on. The bridges were too small; I would not have them so; he had to take his men off and stop; I do not see how he could have finished the work.

Q. As a matter of fact, he did not finish it?—A. I forbid him to finish it.

By the Hon. Mr. Kaulbach :

Q. I understand the plans and specifications showed smaller bridges than they should have shown?—A. They were shown upon the profiles and some of the plans prepared by Mr. Leduc.

Q. These are the plans he was working on?—A. Yes. Mr. MacFarlane wanted to go on and finish the work. I forbid him.

By the Hon. Mr. Boulton :

Q. Did that condemnation of the bridges appear in your report?—A. I never made a report upon it, but I said if they did not stop—I told Mr. Armstrong's agent, Mr. Ferguson Armstrong, that if they did not stop immediately I would resign my position as Chief Engineer and go to the Government of the Province of Quebec and report that these bridges were unsound.

Q. You stated that you condemned all the bridges on the line as being too small?—A. Not all; I think every one between the Escuminac and the sixtieth mile.

Q. You stated that you condemned them all. Has any bridge outside of the one bridge at Escuminac proved unsound? Has there been any damage done to any bridge outside of that one? The bridges to the west of Escuminac have stood?—A. They are all small, none I think exceeding 60 feet, but east of the Escuminac to the sixtieth mile, or to the Cascapedia, the seventieth mile, they were all more or less too small.

Q. Has there a single one been condemned?—A. They have not been built west of the Escuminac. It was built and it fell down.

Q. Do you mean east or west?—A. East.

Q. There is the River Nouvelle east?—A. That is east.

Q. And the Maria Brook and Green's Brook?—A. They are east.

Q. Have the abutments of these bridges not been put in?—A. They have been put in since the smaller ones have been condemned. The Maria Brook was enlarged about from 40 to 50 feet, and Green's Brook from 30 to 60 feet.

Q. As a matter of fact, have the bridges, with the exception of the Escuminac, proved too small, or has any damage been done?—A. The Nouvelle Bridge is proving too small; the Government Engineer has gone to the Government and represented that the eastern abutment should be pulled out and 25 feet more added; the iron work is not yet finished. The water flowed clean over the top of the abutment.

Q. Are you prepared to swear that?—A. Yes; I have seen it.

Q. You have seen the waters flowing over the top?—A. I have seen the logs lying on the top of the abutments when I went in November, and I saw three large holes in the embankment. When I first saw the Escuminac Bridge and the Nouvelle I said what they should be, but he would never put them in as I told him. I wanted 150 feet at the Nouvelle, and after a great deal of trouble we cut it down to 100, and it is now 125.

Q. You say the contractor never put in the bridges as you told him. Have you ever been authorized by the company, or have you taken upon yourself to give the contractor an order to put in any special size of bridge?—A. Many times I spoke to the Managing Director, and told him I found great difficulty with all the bridges. He wanted to put them in too small, and I took him to the Escuminac after it was washed away, and to the Nouvelle, and said: "Here is corroboration of what I told you—these things are too small." This was the Managing Director; I did not go to Mr. Armstrong.

Q. You said you gave the contractor instructions to put in larger bridges?—A. No; I gave it to the Managing Director; I told him that these must be increased.

The Hon. Mr. BOULTON—Did you receive all the subsidies that were payable in connection with this railway from the company, in accordance with the contract?

Mr. ARMSTRONG—I received the subsidies, or they were paid upon my order. Most of them were transferred to banks or to sub-contractors, and were paid over; they were paid to my credit, either directly to me or on my order to parties, and the statement here gives credit for the full amount of the subsidy.

The Hon. Mr. BOULTON—The company did not retain any of these subsidies?

Mr. ARMSTRONG—Not a dollar.

By the Hon. Mr. Power :

Q. Mr. Light, you said you were the Government engineer. At what time were you appointed?—A. In 1874.

Q. Who was Premier of Quebec then ?—A. I think Mr. DeBoucherville was.

Q. When did you cease to be Government engineer ?—A. Some years ago, when Mr. Starnes was Commissioner of Railways ; I think Mr. Joly was leader of the Government.

Q. That would be in 1878 ?—A. No, it was about six years ago. Mr. Starnes represented to me that all the large works were completed, and they were paying me a large salary, and suggested that I should give up the position and they would employ me when required, and pay me English fees, and allow me to work for other people. He thought I would have such a large private practice that it would be more to my advantage.

HON. MR. POWER—I did not imply that Mr. Light had been dismissed ?

WITNESS—No ; I am employed to the present day. Whenever they wish me to do a certain work they send for me and pay me my English fees.

Q. You stated that Mr. Macdonald's estimate of the cost of the work to be done was about correct. That was \$18,000 a mile. Mr. Macdonald stated that he thought the work which had been done was not worth more than \$12,000 or \$13,000 a mile. What do you think about that ?—A. I would rather that the certificates of what it really cost would be brought forward.

Q. Do you think \$12,000 or \$13,000 too little ?—A. I should say \$13,000 or \$14,000 but that is a mere guess.

By Hon. Mr. Kaulbach :

Q. Is that cash or bonds ?—A. Cash.

Q. The \$18,000 you understood represented cash ?—A. Yes.

By Hon. Mr. Power :

Q. You said this contract which you saw in the Tower Room was, you thought, perfectly fair and satisfactory ?—A. I thought so, I merely heard it read once, I never saw it since.

Q. And they could have executed it except for Mr. Riopel ?—A. Yes.

Q. And your opinion as an engineer, understanding the work to be done there, was that if Mr. MacFarlane was allowed to go on under that contract he could have completed the work ?—A. I understood the Ontario Bank would have furnished him all the money he required, and that he would have completed it. Mr. Riopel was the only one who objected.

Q. He was the managing director ?—A. Yes. Mr. Armstrong was there, and was perfectly fair and anxious it should be executed, so far as I could judge from his manner.

Q. You said that MacFarlane told you that when he came to do the work he found it about twice as much work on the first 40 miles as had been represented to him ?—A. The actual work—not furnishing materials or rolling stock, but actual work, was considerably more than he anticipated.

Q. Do you think it a prudent thing, you have large experience with railway builders, for Mr. MacFarlane to accept statements as to work to be done without informing himself ?—A. He told me that he had inspected the work, but that there was 10 feet of snow in the cuttings, and he took the statements of Armstrong. He assumed it to be perfectly true, and accepted Mr. Armstrong's statement in good faith.

Q. Were you a witness in Quebec in the suit of MacFarlane against Armstrong and the Baie des Chaleurs Railway Company ?—A. I was.

Q. Have you been paid your witness fees ?—A. No ; I never asked for them.

Q. Who did you understand was to furnish the money to pay the witness fees ?—A. I hardly know. I was called by a Mr. François Langelier, I think. I never asked him who was to pay the fees.

Q. And did not find out ?—A. I never asked him. I hope to be paid some day. I have no doubt Mr. Armstrong will pay me.

Mr. CHARLES N. ARMSTRONG recalled and examined :

By Mr. Barwick :

Q. In the evidence already given you describe handing over those five cheques to Mr. Pacaud. Do you remember the date?—A. I do not remember the absolute date. I am under the impression that it was two or three days after the settlement, that is, on the 28th of April, but I see the cheques are dated the 29th, and it is possible it was on that day. My memory is that it was a day or two later, but probably it was on the 29th.

Q. With whom did you go to Mr. Pacaud's office?—To the best of my memory I went alone.

Q. Had you the cheques with you when you went there?—A. No.

Q. Were the cheques endorsed?—A. I endorsed the cheques when I was there.

Q. Did you have an appointment?—A. I do not think so.

Q. What purpose did you go there for?—A. I do not know that I had any special purpose. I often dropped in to see him.

Q. Did you go for the purpose of endorsing the cheques?—A. No; for my impression was that the \$100,000 would be arranged among themselves, and I was surprised when I was asked to endorse the cheques.

Q. You understood that Mr. J. C. Langelier would pay the money direct to Mr. Pacaud?—A. They had a letter of credit, and I thought they would arrange it among themselves; I understood the money would be paid direct.

By the Hon. Mr. Kaulbach :

Q. You did not expect to handle any part of it?—A. No; I knew I was to get no part of it; it was merely to transfer the money.

Q. Well, Mr. J. C. Langelier understood that the \$100,000 was going to Mr. Pacaud?—A. I do not know that.

By the Hon. Mr. Miller :

Q. When you say "among themselves," what do you mean? That Mr. Pacaud would get the money himself, or that it would be among themselves?—A. No; I said I did not expect to endorse any of the cheques.

By Mr. Barwick :

Q. You expected it would be managed among themselves?—A. I thought Ernest Pacaud had the letter of credit himself; I heard them talk about it.

Q. Who?—A. Mr. Pacaud.

Q. Who else?—A. Well, in Mr. Thom's presence.

By the Hon. Mr. Miller :

Q. How do you reconcile what you said previously in regard to the \$100,000, that it was your own money to do with as you pleased, with what you say now, that you had nothing to do with the paying of it?—A. I said I was not troubling myself about the manner of paying it; I received \$175,000.

Q. But you did not get \$175,000?—A. As a matter of fact I did; they gave me cheques and I handed them over.

Q. Where did you find those cheques?—A. I have already explained that.

By Mr. Barwick :

Q. When you got to the office, who were there?—A. Mr. J. C. Langelier and Mr. Pacaud were together when I went there. That was in the outer office.

Q. Not the holy of holies, as you termed it the other day?—A. No; the outside office.

Q. Mr. J. C. Langelier and Mr. Pacaud were together. Had they the cheques there?—A. Mr. J. C. Langelier had them.

Q. What did Mr. J. C. Langelier say to you when you went in?—A. I do not know. He handed me the cheques and said, "Here is the \$100,000;" and Mr. Pacaud then made me a sign to go into the back room.

Q. Show me the sign he made?—A. I did not carry the sign away with me. It might have been a beckoning with his finger or with his head, but at all events I understood it was to go into the inner room.

Q. You had been there before?—A. Yes.

Q. Mr. Langelier handed you the cheques and Mr. Pacaud gave you the sign and you walked into the inner office with Mr. Pacaud, you carrying the cheques in your hands?—A. I do not know; I am under the impression that I did.

Q. Did Mr. Pacaud receive those cheques from Mr. Langelier's hand, or did you?—A. I did. I am positive on that point. I went in to the other room, endorsed the five cheques and handed them to Mr. Pacaud in the inner room.

Q. Mr. J. C. Langelier remaining in the outer room all the time?—A. It was not very long.

Q. And did you sign the receipt for \$175,000 in Mr. Pacaud's office?—A. No; I signed it on the 28th in Mr. Langelier's office.

Q. Did Mr. Langelier understand the \$100,000 was to go to Mr. Pacaud?—A. Not to my knowledge.

Q. That was one of the things he did not ask you about?—A. There were a great many things he did not ask me about.

Q. Do you remember the 13th March last?—A. Yes, sir.

Q. You were in Montreal?—A. Yes.

Q. At the Windsor Hotel?—A. No; I was at my house.

Q. But you were at the Windsor Hotel in the evening?—A. No; not to my knowledge.

Q. Were you at the Windsor Hotel on the 12th?—A. On the evening of the 12th.

Q. You met Mr. Mercier there?—A. No; I did not.

Q. Mr. Mercier was in the hotel?—A. Not to my knowledge.

Q. Was he in the city?—A. I believe he was.

Q. And Mr. Shehyn was there, the Provincial Treasurer?—A. My impression is the whole Government were there, because it was the next morning Mr. Mercier went to New York to take the steamer.

Q. Mr. Robidoux was there?—A. I cannot tell who was there on the evening of the 12th, but I am aware they all went down on the official car.

Q. That was next morning?—A. Yes.

Q. You went as far as St. Johns?—A. Yes, sir.

Q. That is, on the morning of the 13th the members of the Provincial Government started on the morning train for New York?—Yes, sir.

Q. They went into the official car?—A. There were two carloads, the official car and the ordinary Pullman.

Q. And Mr. Robidoux was there?—A. Yes, sir.

Q. In the official car?—A. I did not go into the official car.

Q. You stayed in the front car?—A. It was not my car.

Q. Mr. Pacaud went forwards and backwards between you?—A. He went from one car to the other.

Q. In the back car was Mr. Robidoux, you understand?—A. I understood that all the Ministers were there. I think the whole Cabinet were there, but I did not go into the car, so I cannot say.

Q. Who did you say were in the back car—was Mr. Robidoux?—A. I had seen him on the platform.

Q. So you think he was there. What position does he occupy in the Government?—A. I think he is Attorney-General.

Q. Mr. Shehyn was there?—A. Yes.

Q. What position does he occupy?—A. Provincial Treasurer.

Q. Charles Langelier was there?—A. Yes.

Q. What position does he occupy?—A. Provincial Secretary.

Q. And Mr. Mercier was there?—A. Yes.

Q. The Premier of the Province?—A. Yes.

- Q. And Mr. Pacaud?—A. He was there.
- Q. Was he travelling in the official car with the Members of the Government?
- A. Well, he was in the ordinary Pullman when I got in.
- Q. And you travelled in the ordinary Pullman?—A. Yes, sir.
- Q. And the Members of the Government were in the official car behind?—A. Yes, Sir.
- Q. How far is St. John's from Montreal?—A. About twenty-seven miles.
- Q. And you got on board that Pullman car intending to get off at St. John's?—A. Yes.
- Q. And Mr. Pacaud understood that?—A. I got on the train for the purpose of seeing Mr. Pacaud.
- Q. That was arranged the evening previous?—A. Yes, sir.
- Q. About eight o'clock?—A. I do not remember the hour.
- Q. It was was pretty early in the evening, was it not?—A. I think they arrived at half past eight.
- Q. Where did they come from?—A. From Quebec.
- Q. They got in on the Quebec train which gets to Montreal about eight o'clock?
- A. Who do you mean?
- Q. I mean the Members of the Provincial Government?—A. I do not know.
- Q. Who did come in?—A. Mr. Pacaud.
- Q. When did the Members of the Provincial Government arrive?—A. They may have arrived the night before; they were in Montreal that day; they may have been there a couple of days.
- Q. You went to the Windsor Hotel?—A. Yes.
- Q. Who asked you to go—Mr. Pacaud?—A. No; I went because I wanted to see Mr. Pacaud.
- Q. Mr. Pacaud the political agent of Mr. Mercier's party? That is what he is, is it not?—A. I went to see him as my agent.
- Q. Is he the recognized agent of Mr. Mercier's party?—A. I do not know.
- Q. Have you heard that?—A. I have heard lots of things.
- Q. Have you heard that?—A. I do not know that I have heard he is a political agent.
- Q. He is the recognized treasurer of the election funds?—A. I think I have heard it said that he was treasurer of the election fund of the district of Quebec. I never had anything to do with that.
- Q. That is his well recognized position in Quebec?—A. I do not know, I said I have heard it.
- Q. You have heard it as being his well recognized position; is it public opinion, sir?—A. Yes.
- Q. It is public opinion all over the Province that he handles the election funds for Mr. Mercier's party?—A. For the Liberal party.
- Q. Now, Mr. Armstrong, you met Mr. Mercier at the Windsor Hotel?—A. No, I did not meet Mr. Mercier.
- Q. Did you send any messages to him?—A. No, I did not know that he was there—do not know it now, that he was there.
- Q. On the night of the 12th?—A. No.
- Q. How did you meet on the train?—A. I met Mr. Pacaud.
- Q. I am talking about Mr. Mercier?—A. Well, I say I met Mr. Pacaud.
- Q. Who asked you to go there?—A. I do not know whether he asked me or whether I proposed it, I wanted some information from him.
- Q. What information did you desire?—A. I wanted to know whether the Government was prepared to deal with a new syndicate for the construction of the line.
- Q. Did you see Mr. Mercier on that day?—A. No, sir, I did not.
- Q. Did you see him before he left Montreal?—A. No.
- Q. Did you go on the train to get Mr. Mercier's answer?—A. I went on the train to get Mr. Pacaud's answer.

Q. To what?—A. As to whether they would deal with a new syndicate.

Q. What did you mean by "they"?—A. The Government.

Q. And Mr. Pacaud—how was he to get the answer?—A. He went in as I supposed —

Q. How was he to get it?—A. By seeing the members of the Government.

Q. On board the train?—A. Yes.

Q. Tell the Committee what took place on that train?—A. There was very little took place so far as I was concerned, because it was a very short run from Montreal to St. Johns. He went into the private car, where I understood the Ministers were, and only came out just as we reached St. Johns, so I only saw him half a minute while the train stopped, and it stops a very short time at St. Johns. He told me no doubt the matter would be arranged satisfactorily as soon as they knew that Mr. Macdonald and Mr. Cameron were off. They had not yet any positive information from them on that point.

By the Hon. Mr. Kaulbach :

Q. That is the Government?—A. Yes.

By the Hon. Mr. Miller :

Q. Mr. Pacaud brought that message to you from the Government?—A. That was the answer he gave to my enquiry.

Q. As the answer of the Government?—A. Yes.

Q. He had been with them all the time from Montreal?—A. It is a short run—only half an hour, and he did not go in at once.

Q. You recognized him as the agent of the Government?—A. He was my agent acting with the Government.

Q. In your negotiations with the Government who represented the Government if Mr. Pacaud did not?—A. I can not tell. I do not know whom he negotiated with. He represented me and went to the Government, to whatever member would be the proper one to see. I understood the most of them were there, and it was fully discussed by the members of the Government.

Q. Could he act for you if he had not communicated with the Government?—A. He certainly had communication with them, as I have just told you.

By the Hon. Mr. Boulton :

Q. You said he acted as an intermediary?—A. No, I think not.

By the Hon. Mr. McCallum :

Q. Go-between was the word, I think?—A. I think go-between is the correct word to use.

Q. That describes the capacity he acted in?—A. Yes.

Q. Did you arrange with Mr. Pacaud that he was to have \$100,000 at that time?—A. No, I did not arrange that then.

Q. When did you arrange that he was to have \$100,000?—A. I am not quite positive. I think I have already stated that I did not know whether it was in Montreal on his return from New York, or in Quebec at a little later date. At all events it was some days after that.

Q. Can you not give it closer than that? It was an important matter, giving him \$100,000?—A. It was an important matter. I had several interviews with him, but I could not say at which one the arrangement was made. I realized from the first that an amount would have to be paid. It was not fixed at this interview; that I am positive of.

Q. It took some negotiation?—A. When the amount was fixed I agreed to it; it was done in two minutes.

By the Chairman :

Q. You understood a payment was absolutely necessary in order to get your payment at all?—A. In order to get anything at that time. I did not abandon my rights but I thought they were in great danger.

By Hon. Mr. Power :

Q. In Exhibit 5 you sign a receipt in full, in full consideration of receiving \$175,000. Did you consider that that claim of yours was a just and *bona fide* claim, and tell why you agreed to accept \$175,000?—A. My claim was a perfectly *bona fide* one, but that would explain also the alteration of the word "due" in the contract. A large percentage of the contract price was to be retained until the completion of the work. The managing director of the new Company, though quite willing to acknowledge I had a claim to this amount of money was not willing to admit that I had the amount due at that particular date, and, therefore, changed it to read "in accordance with the terms of the contract." My contract with the Company was for an average price of \$20,000 a mile. Of that, \$9,900 would be received in cash; \$6,400 from the Dominion Government and \$3,500 from the Local Government, leaving about one-half of the contract price payable in bonds, unless a further sum was received from the subsidies in cash, which I would also be entitled to receive in cash. At that time it was the intention of the Quebec Government to make a compromise and it was understood that 20 or 25 cents an acre for the 800,000 acres granted would be paid in lieu of 35 cents. In that case I would have two or three thousand more in cash. Instead of that that the Quebec Government, later on, doubled up the subsidies on the 80 miles not under contract, increasing it to \$7,000 a mile, making \$13,400 a mile on the average on the 100 miles, which I would be entitled to receive in cash, leaving \$6,800 in bonds. Mr. Light has explained that my prices were considerably higher than those of the sub-contractors. Well, nobody could take a contract unless they had higher prices than the sub-contractors prices. Besides I had other expenses, such as engineering and right of way and things of that kind, which all had to come out of any price between the sub-contractor and my own. The only object in putting on prices, say 40 cents for earth work was to arrive at a fair basis of what I should be paid, and my engineers and Mr. Light acting for the Company decided the valuation to be put on each class of work. It did not affect the payment of the \$20,000 a mile, but simply the portion payable on each ten mile section, so every dollar represented on this certificate I was entitled to get, either in cash or the remainder in bonds, and I may say I have received \$51,000 in bonds, credited there the same as cash. I hold these bonds yet. I do not know what I will ever get for them.

Q. Why did you compromise a claim of \$298,000 for \$175,000?—A. Part of this \$298,000 would only be payable when the 100 miles of the road would be completed to Paspébiac, and in the condition of affairs existing then with the Quebec Government it was a problem whether the road would ever be finished. At the time I was pressed for money, in fact I was being sued, and it was far better for me to take the smaller sum, pay my debts, and be free of it than to go on as I had been for some years.

Q. Under this arrangement with the new syndicate \$75,000 was to go to the old corporators, if I may call them so. The new syndicate were acquiring the stock of the old corporators?—A. That was a matter between the new and the old shareholders, and had nothing to do with the arrangement with Mr. Pacaud.

Q. I know that but I want information as to the transaction between the old and the new corporators. What did the new corporators get for this \$75,000?—A. They got the stock of the old corporators which gave them control of the old company. It brought all the assets and liabilities.

Q. What were the assets of the company?—A. They were bonds and the unpaid subsidies of the road.

Q. Then for this \$75,000, the new Baie des Chaleurs Railway Company got the road and the stock of the old corporators, whatever it might be worth and the right to get unpaid subsidies?—A. Yes.

Q. As to the agreement between the old and the new company, when \$280,000 the commuted value of the land, was set apart to be paid to anyone who built the Baie des Chaleurs Railway, the claims of the labourers were to be paid out of that

sum?—A. The Act says all privileged claims. The understanding that I had was all claims along the line of railway, no matter whether they were labourers or store-keeper or what, they were all to be paid.

Q. Did you understand your claim was a privileged claim?—A. Certainly, because they could not get possession of the road without settling with me.

Q. After these claims were paid there was a balance of about \$40,000 remaining?—A. That is problematical, but if there was a balance it was to be paid to the new shareholders.

Q. So the less the new shareholders paid to you the more they would have for themselves?—A. Certainly, every dollar paid me came out of the pockets of the new Company.

Q. So far as you were concerned, did any of the new stockholders in the Baie des Chaleurs Company know anything of your dealings with Mr. Pacaud?—A. They knew I was dealing with Mr. Pacaud, but they knew nothing of the \$100,000 transaction?

Q. Did they know that you were to pay Mr. Pacaud \$100,000 out of this money?—A. No they did not.

Q. You stated in your former evidence that you had no agreement with the Quebec Government with respect to a subsidy?—A. It is not usual, they go by the Act. There is no formal contract as with the Government here.

Q. When did you last see Mr. Pacaud?—A. I saw him on Saturday morning the 8th of August. I saw him at Point Levis.

Q. Did he say anything to you about his coming here and giving evidence?—A. He said he was coming up next day to give his evidence here Monday morning.

Q. The Company received subsidies from other sources besides the Quebec Government?—A. It received from the Dominion and municipalities?

Q. Do you know anything of the last payment made by the Dominion Government on account of the Baie des Chaleurs Railway?—A. I know something of most of them.

Q. The last payment, do you know to whom it was made?—A. The last payment appears to be one made on 21st of October, 1889, \$52,475.

Q. Now will you tell the Committee had you anything to do with having that payment made?—A. I was asked by the Manager of the Ontario Bank in Montreal to interest myself in getting the payment made to the Bank. There was some hitch about the thing, and he asked me to come up to Ottawa and see about it.

Q. Well, what did you do when you came up to Ottawa on behalf of the Ontario Bank?—A. I called upon the Minister of Railways then, the late hon. Sir John A. Macdonald, and found that representations had been made to the Government that the men on the line had not been paid, and the Government was requested to withhold payment of the subsidy until they were satisfied that these men were paid.

Q. What took place then?—A. I told him that I had been informed that the Quebec Government had withheld a certain amount with which they intended to pay the men at once, if they had not actually commenced to pay. I told him that I understood from Mr. McFarlane that the amount of wages due by him was only \$13,000, and, as the Quebec Government had \$28,000 in their hands for the purpose of paying the men it seemed to me there would be no reason why the Dominion Government should also hold back \$52,000. He asked me whether I had information of my own satisfying me that there was only \$13,000 due. I told him I knew nothing about it, that I knew nothing about Mr. McFarlane's business, but that he had told me. The Government decided to make payment. I suggested that they might pay it to the Bank, if the Bank would guarantee to see the men paid. Of course the Ontario Bank would be good for it if they gave such an undertaking. Sir John Macdonald seemed to think that was a reasonable proposition, and agreed to pay the money to the Ontario Bank, provided they bound themselves to see the men paid. I understand that was done. I have seen the letter of the Ontario Bank by which they bound themselves to pay these men.

Q. Did the Ontario Bank pay these men?—A. They did not, not a dollar. It turned out afterwards that instead of Mr. MacFarlane owing \$13,000 he owed over \$40,000 and when the Quebec Government had finished paying \$28,000 they had, there was still a large amount due to the men. The Company called the attention of the Dominion Government to that fact, and asked that the Ontario Bank should be forced to carry out their agreement and pay these men.

By the Hon. Mr. Macdonald: (B. C.)

Q. What was due to the Ontario Bank by Mr. MacFarlane?—A. I do not know anything about the amount due.

By the Hon. Mr. Power:

Q. I don't think you have made it quite clear just why your Company broke off with Messrs. Macdonald and Cameron—how the negotiations came to an end?—A. The proposition that Messrs. Macdonald and Cameron made would not have guaranteed a single cent either to the Company or to myself. They would have got the whole assets of the Company, lock, stock, and barrel, and not paid a cent for it.

By the Hon. Mr. McCallum:

Q. There was nothing for you and Pacaud?—A. There was something for Pacaud that was provided for by Mr. Macdonald as he stated.

Q. Only \$40,000. He got \$100,000, out of you?—A. I do not know the arrangement, but he said he had put \$50,000, aside for Mr. Pacaud.

By the Hon. Mr. Power:

Q. Now what amount of cash did the old corporators pay into this Company?—A. I do not know, I have nothing to do with the Company in any official capacity.

Q. As a matter of fact in your agreement with the old Company were you not to receive or did you not receive a certain proportion of the stock?—A. I was to receive upon the completion of my contract one half of the stock of the Company.

Q. You do not know then anything of the internal arrangements of the old Company?—A. No, I have had nothing to do with them.

By the Hon. Mr. Smith:

Q. I scarcely understand this yet. Your claim was \$300,000?—A. Roughly, yes.

Q. You got cash \$75,000?—A. I got \$175,000.

Q. You got actual cash \$75,000?—A. I was paid in cheques, and I got cheques for \$175,000.

Q. But to get \$75,000, you handed over another \$100,000. Is not that the case? Where is the other \$125,000, making up your full claim, gone to?—A. My arrangement was in the nature of a compromise.

Q. Who got the benefit of that \$125,000, that you gave away for the sake of getting the \$75,000?—A. The Company certainly got the benefit of that.

By the Hon. Mr. Almon:

Q. In the conversation you had with Mr. Pacaud did he understand what would be the nature of your evidence here?—A. I asked him what the nature of his evidence would be. I may say that after refusing to comply with the demand of the Committee that I should answer—feeling that in honour I should not—I telegraphed Mr. Pacaud to meet me at Point Levis on the arrival of the train. He did meet me. I asked him what he intended to do, and what evidence he intended to give, or what line of conduct he intended to pursue. He said: I will go on Monday and tell the Committee that I got \$100,000 from you, and it is none of their business what I did with it. He enquired in what manner he could reach Ottawa on Monday

morning, because there was no regular train through. I said that by leaving Montreal in the evening and taking the through train for Smith's Falls he could get here on Monday morning.

Q. He understood that you were going to refuse to answer the question of the Committee, that it was private business of your own?—A. Not at all, he understood that I had refused up to that time to answer anything.

By the Hon. Mr. McCallum :

Q. And he was going to do the same?—A. Only as to the application of the money, but he was going to acknowledge that he had received \$100,000. I said that will make it fair for me to speak. I waited for him to appear, and as he did not appear I still refused to speak, and only did so when I was forced to.

By the Hon. Mr. Miller :

Q. Then you wish the Committee to understand, that \$75,000 which you got the use and control of represented the amount you received in consideration of that account of nearly \$300,000?—A. That is all I personally benefited by it.

By the Hon. Mr. Kaulbach :

Q. But I understand you say, that whatever you got for your claim, the present company asking for a charter here would have so much less?—A. Yes, because they received the residue of \$280,000. As a matter of fact, the sum is \$560,000, because the 800,000 acres of land, was at 70 cents an acre.

Q. Then the new company would lose this \$100,000,—it is less assets for that amount, is it not?—A. Well, it is less assets to the Company.

Q. When you actually intended only getting \$75,000?—A. I intended to get all I could; that is all I did get.

Q. In that outer office where Mr. Langelier and Mr. Pacaud were present, did you take those notes into the inner office yourself?—A. I believe so.

Q. You would not swear positively?—A. No.

Q. Were they not laid down with a pen beside them, and did you do anything more than put your name on the back, now come?—A. I laid them on the desk in order to endorse my name.

Q. Did Mr. Pacaud lay them on the desk?—A. No, I think not.

Q. In the inner office when these cheques were put down on the desk by Mr. Pacaud, did you put your name on them then?—A. I have not said they were put down on the desk by Mr. Pacaud.

Q. Were they?—A. I do not know.

Q. Did you pick them up after you endorsed them?—A. I really cannot say whether he or I picked them up.

Q. You swore a little while ago that you handed them to him after you endorsed them?—A. I still say so, but whether I handed each cheque to him or he picked them up, I did not notice.

By the Hon. Mr. McCallum :

Q. You told us the other day you endorsed these cheques in the holy of holies?—A. I made use of that expression.

Q. Now you appear to be a sensible and intelligent man and I think you know more about this question than you tell us. You say you had a good and valid claim for \$298,000 and you want the Committee to believe, and we are bound to believe you, you are on your oath, that you only got \$75,000 in settlement of that claim—you want us to believe that?—A. Yes.

Q. And you gave Mr. Pacaud \$100,000 in order to get \$75,000?—A. Yes.

Q. You did not know what he was going to do with that?—A. No.

Q. He never told you?—A. No.

Q. You said they could not get possession of the road without they settled with you. What did you mean?—A. Nobody could.

Q. You had possession of the road?—A. Yes.

Q. And had a good and valid claim?—A. Yes.

Q. And as a sensible man you gave that away in order to get \$75,000?—A. Yes.

Q. Is the Quebec Government responsible?—A. If the Quebec Government had owed me my money I would not have taken a cent less, but my company was not in a position to pay me a dollar, not in a position to get a cent for 15 or 18 months. I was being pushed by my creditors, who actually made a demand of assignment, and the chances are three months from that I would not have had \$1, and would have been in the street, and I think I was quite justified in taking \$75,000.

Q. You said Mr. Pacaud was your agent, not to go to the company for settlement, but to the Quebec Government?—A. Yes; because the Quebec Government had voted \$280,000 for the express purpose of paying the claims on that road and allowing construction to go on.

Q. Then you ought to be able to get the valid claim?—A. Well, there was \$280,000 voted, and my claim was \$298,000, and there were other claims, and it had to be divided between us.

Q. In order to get your share you paid Pacaud \$100,000 and left the others to provide for themselves?—A. It was understood there was enough left then to pay them what was due.

Q. Then the amount must have increased by your giving \$100,000 to Pacaud. If it was too little in the first place, after Mr. Pacaud getting that out of it it was \$100,000 less?—A. What I got was a little over half my claim.

Q. You said there were so many claims against the road?—A. And I said the remainder was considered sufficient to settle these claims.

By Hon. Mr. Miller :

Q. You, in concert with Mr. Pacaud, agreed that the remainder, after the \$100,000 had been taken out, should be distributed among the other creditors. Where would that \$100,000 have gone if Mr. Pacaud had not got it?—A. If I had not been obliged to give it to Mr. Pacaud I would have got it.

Q. If you had only got \$75,000, which you were willing to take, what would have become of the \$100,000?—A. It would have remained with the fund to pay the debts, and the balance remaining would have gone to the new company.

By Hon. Mr. McInnes (B.C.) :

Q. The difference between your claim and what you consented to accept was \$122,000. Who got the benefit of that \$122,000?—A. The Baie des Chaleurs Railway would get the benefit of that.

Q. The old or the new company?—A. It is all one company; the new shareholders are in possession now.

Q. Did this take place after the new company was formed and took possession?—A. About the same time. The annual meeting of the shareholders took place on the 6th of May, when the new directors were elected.

Q. So the new company will get the benefit of that \$122,000?—A. Yes; it is fair to say it is not all cash; it represents that amount in bonds.

By the Hon. Mr. Clemow :

Q. You say \$40,000 was due to the men, and \$28,000 was paid, leaving a balance of \$12,000. Is that still due the men?—A. I am not sure of the amount that was due; I understood it was \$40,000. It remained unpaid until a short time ago, when it was paid out of the \$280,000.

Q. You said \$28,000 was paid?—A. That was paid at the time.

Q. That leaves \$12,000 due?—A. It left a balance of more than \$12,000, because more than \$40,000 was due. It has been paid either in whole or in part out of the \$280,000. I do not know how much has been paid down there, but I understood the whole of the labourers had been paid.

By the Hon. Mr. Kaulbach :

Q. I think Mr. Macdonald stated a sum of money that you would take in full of your claim?—A. I think it was about a year ago, in August of last year, that the old company wished to make a compromise with me in order to be enabled to treat with other parties. I did not know then who they were, but it turned out they were Messrs. Macdonald and Cameron. I agreed to accept the sum of \$75,000, that is \$50,000 and \$25,000, which they would pay of claims in connection with the road. It was equal to \$75,000. In April they were negotiating with the new syndicate; in the meantime the additional \$280,000 had been voted. It had not been voted at the time the proposal was made or I would not have made it so low.

By the Hon. Mr. Kaulbach :

Q. Did you not make another offer?—A. Near the end of the negotiations with Messrs. Macdonald and Cameron, when Mr. Riopel found they were squeezing him so hard, he asked me if I would not make a further concession. I said I would not tell him what I would do until he had a positive offer, but I gave him to understand that I would take less.

By the Hon. Mr. Boulton :

Q. Did I understand the Provincial Legislature passed an Act authorizing the Government to abolish the charter of the Company?—A. They passed an Act authorizing the Lieutenant Governor in Council to abolish all charters; but Mr. Mercier, in introducing the Bill, mentioned especially the Baie des Chaleurs and the Montreal and Sorel as instances where it should be put into force.

Q. So that the Provincial Legislature had it in their power to abolish the whole of your claim by abolishing the charter?—A. My impression was that they could not. The Act was very defective, I thought.

Q. But the intention was to work out the claims—to wipe out the old company and put it out of their power to have anything more to do with the Railway? That was the intention expressed in the Legislature while the Bill was being discussed. Had that great influence with you in inducing you to accept \$75,000?—A. It had not as much influence with me as you might think. I did not take much stock in that Act; I did not think it could be put in force.

By the Hon. Mr. McInnes (B.C.) :

Q. When was that Act passed?—A. In the last session of the Local Legislature, last December.

By the Hon. Mr. Power :

Q. When you paid the money to Mr. Pacaud did he tell you what he proposed to do with it?—A. He never at any time gave me any idea, except once, as I have stated, when he said he had a lot of things to pay.

By the Hon. Mr. Kaulbach :

Q. A lot of people—a lot of notes?—A. A lot of things, he said; he never mentioned notes. He did not say whether they were notes or debts. He had the memorandum, but he did not show it to me, or mention what it was he had to pay.

By the Hon. Mr. Power :

Q. Do you know anything of the disposition he proposed to make of the money?—A. I did not know anything; I might have had my suspicions.

By the Hon. Mr. McCallum :

Q. But you did not pay the money; you only endorsed the cheques?—A. The endorsement of a cheque to a person is a payment of money.

Mr. BARWICK—I have nothing more to ask Mr. Armstrong, but I desire to say one thing. We have endeavoured to confine our evidence solely to the facts relating to the \$280,000. As to the evidence introduced with regard to the conduct of the Ontario Bank, I am prepared to offer an explanation. I gave the undertaking that has been referred to; I gave it to the Hon. Minister of Railways and Canals at that time. That undertaking has been carried out to the satisfaction of the Minister, and the men have been paid; and if you desire any further explanation; I ask an opportunity to give it. It has nothing, however, to do with this case.

The Hon. Mr. POWER—It has much to do with this case. The Ontario Bank are opposing this Bill, and asking certain changes; it is only reasonable that they should come here with clean hands.

Mr. BARWICK—I am willing to leave it to the Committee. We made the arrangement to see that the men were paid, and we carried it out within a week, and here are the papers to show it. I have the receipts here.

The Hon. Mr. POWER—The condition, as stated, was that you were to pay the labourers.

Mr. BARWICK—It was not. The arrangement was to see that the wages were paid, and we saw that they were paid within a week.

The Committee adjourned till 10.30 a.m. on Tuesday.

COMMITTEE ROOM,
TUESDAY, August 25th, 1891.

The Committee met at 10.30, Hon. Mr. VIDAL in the Chair.

JOHN CHRYSOSTOME LANGELIER, of the city of Quebec, in the Province of Quebec, Deputy Provincial Registrar, being duly sworn, was examined by Mr. Barwick Counsel for the Opposants:—

Q. Here is a letter addressed to the Manager of the Ontario Bank—is that your signature attached to it?—A. It is my signature.

Mr. BARWICK then read the letter as follows:—

“ QUEBEC, 27th June, 1890.

“ C. HOLLAND, Esq.,

“ Manager of the Ontario Bank, Toronto.

“ SIR,—Agreeably to your request I beg to give the following information:—

“ 1st. By Order in Council, 25th November last, I was appointed special officer to pay in discharge of the Baie des Chaleurs Railway Company or its representatives the privileged claims against the 60 miles of that road covered by the contract of Henry MacFarlane, out of the \$28,546 of subsidy remaining due by the Government of Quebec for that part of the railway.

“ 2nd. That balance of subsidy was by the Government placed to my credit, and out of that sum I have paid all privileged claims sworn to by the Commissioner and acknowledged by Henry MacFarlane or the other sub-contractors which were presented to me for payment comprising all proved and admitted claims for wages.

“ 3rd. All proved claims for wages have been paid, except for the amount of \$2,150.07, which amount will be paid as soon as all necessary formalities are fulfilled.

“ Yours very humbly,
(Sgd.) “ J. C. LANGELIER.”

Q. Have you that Order in Council of the 25th November last with you?—A. No.

Q. Where is it?—A. I suppose it is at the office of the Executive Council at Quebec; I have it not.

Q. What balance have you in your hands of the \$28,546 mentioned in this letter?—A. Not a single sou.

Q. Did you expend it all?—A. It has all been paid to the workmen, to certain boarding house keepers and to certain people who have furnished planks for the road. There is an official list which contains all the names and details, which I can give. It is the official report which was submitted to the Legislature at its last session; it is a public document, and is open to all the world.

Q. You were named Commissioner by the Order in Council of the 23rd April, 1891, were you not?—A. Not commissioner by the Order in Council. I was named to make the payments, but I do not remember that the Order in Council named me as Commissioner; I believe that the word “Commissioner” is not in the Order in Council.

Q. I believe you are mistaken, as is seen by reference to the last paragraph of the Order in Council, which refers to J. C. Langelier as Commissioner?—A. I know that at the beginning I believe the word “Commissioner” had been left to one side; I have not seen the Order in Council since, and I was under the impression that it was not there.

Q. You were named as the person, no matter what the title was, to pay the debts against the road?—A. Yes; the privileged debts.

Q. Any ordinary debts and claims?—A. The Order in Council speaks of privileged debts.

Q. Which had been standing for a very long time?—A. Yes; some of them, I believe, are due for two years.

Q. Two letters of credit were issued to you by the Government?—A. Yes.

Q. The first letter of credit was for \$175,000?—A. I do not know what Mr. Barwick means by the expression "letter of credit." I had nothing to do but simply to go to the bank and endorse this consent to the bank.

Q. Did you see the first letter of credit for \$175,000 issued to the Union Bank?—A. No; never.

Q. Later you saw one for \$100,000 to the Union Bank and another for \$75,000 to the Banque Nationale?—A. Yes.

Q. You went to the Union Bank and found a \$100,000 letter of credit there?—A. Yes.

At this point Mr. Marceau was sworn as an interpreter, the witness testifying in French.

Q. Do you remember the date you went to the Union Bank?—A. All I can say it was about the end of April.

Q. On the day you signed the five cheques?—A. No; it was another day.

Q. The day before?—A. No; it was after the letter of credit for \$100,000 at the Union Bank.

Q. And you signed the cheques the day after that?—A. No; I think the cheques were signed before I had any knowledge of the letter of credit on the Union Bank.

Q. You signed the cheques before the letter of credit was discounted by the Union Bank?—A. I had no knowledge whatever of the discounting of that letter by the Union Bank. I have nothing to do with that whatever.

Q. Who arranged that?—A. I was informed by the Department that there would be a letter for \$100,000 on the Union Bank, and that such an amount would be put to my credit.

Q. Who told you that?—A. Mr. Lesage and Mr. Machin.

Q. The Assistant Treasurer?—A. Yes.

Q. And the other gentleman?—A. The Deputy Minister of Public Works, from whom I received my orders.

Q. These are the five cheques you signed (Exhibit 28A, 28B, 28C, 28D and 28E)?—A. Yes.

Q. And you signed these cheques without knowing whether there was \$100,000 to your credit in the bank or not?—A. All I had was the authority from the Department telling me there was \$100,000 to my credit in the bank.

By the Chairman :

Q. Was that letter of credit drawn in your favour or in favour of the bank?—A. I do not know anything about it. I was asked by the Cashier, Mr. Webb, to endorse it. He said nothing could be done with the letter; that it must be endorsed.

By Mr. Barwick, Counsel for Opposants :

Q. Exhibit No. 16 shows that the letter of credit authorises the bank to advance the money to Mr. Langelier?—A. I did not see the letter of credit; I only endorsed it when it was presented by Mr. Webb.

Q. Where did you endorse the seventy-five thousand dollar letter of credit?—A. At the office of La Banque Nationale.

Q. Who had it there?—A. Mr. Lafrance himself presented it to me.

Q. Do you remember getting a letter from Mr. Webb, showing that he held that one hundred thousand dollar letter of credit for you on collection?—A. Yes; it was about the middle of May that I received the letter, because I had gone out to make payments in Bonaventure County.

Q. You knew when you got it that Mr. Webb would not discount the letter of credit?—A. No; I did not. I positively swear to that.

Q. This is the letter (Exhibit 33) ?—A. Yes ; I think so ; as a matter of fact, I did not pay any attention to it, and had nothing to do with it.

Q. About the middle of May you got a letter from Mr. Webb, telling you that he held a letter of credit for collection on your account?—A. Yes.

Q. That was some time after you had handed these cheques over to somebody else ?—A. Yes. These cheques were made bearing the correct date.

Q. Where is your office ?—A. Room 148, in the Parliament Buildings, third story.

Q. Where is Mr. Pacaud's office ?—A. In Lower Town.

Q. In the office of the newspaper ?—A. Of *L'Electeur*—I think so ; that is where I have seen him every time.

Q. You saw these cheques in Mr. Pacaud's office in Lower Town ?—A. I signed them there ; I wrote them and signed them at the demand of Mr. Armstrong.

Q. Mr. Pacaud was there ?—A. Yes.

Q. And you ?—A. Yes.

Q. And Mr. Armstrong ?—A. Mr. Armstrong had asked me to go to Mr. Pacaud's office to pay him that amount of \$100,000. It was at the demand of Mr. Armstrong that I went there to make these cheques.

Q. You went there and wrote these cheques ?—A. No ; they were not the first that were written. At first Mr. Armstrong asked me to make a cheque for \$100,000. I did so.

Q. Answer my question, if you please. You went there and wrote these cheques ?—A. No.

Q. Did you write these cheques in the office of Mr. Pacaud ?—A. Yes ; after having made one for \$100,000, which he asked me to destroy.

Q. Answer my question, please ; you are too anxious to explain. You wrote these five cheques in Mr. Pacaud's office ?—A. I wrote these five cheques at the demand of Mr. Armstrong in order to replace a cheque of \$100,000 which had been made in his favour.

Q. Where did you sign them ?—A. On Mr. Pacaud's own desk.

Q. Mr. Armstrong endorsed them on that desk ?—A. I do not know ; I remitted them to Mr. Armstrong and left.

Q. That is, you handed them to him ?—A. They were on the desk and Mr. Armstrong took them and I went away.

Q. Did you see Mr. Armstrong and Mr. Pacaud go into the inner room with these cheques ?—A. No ; not with these cheques. At first, I made a cheque for one hundred thousand dollars ; then they went into the private room together. Then they came back, and Mr. Armstrong asked me to make five cheques of twenty thousand dollars each instead.

Q. Which you did ?—A. Yes.

Q. What became of the one hundred thousand dollars cheque ?—A. I tore it up myself at once.

Q. You tore it up before you drew these other cheques ?—A. Certainly.

Q. Then, Mr. Armstrong and Mr. Pacaud went into the room again with these cheques ?—A. I do not know ; I had the receipt of Mr. Armstrong and I went away right away.

Q. Where did you sign the cheques that were drawn against the \$75,000 ?—A. At the office of the La Banque Nationale ; I have said that before.

Q. Do you remember how many cheques there were ?—A. I think there were four.

Q. Here they are referred to in Exhibit 15. Give us the amounts ?—A. I cannot remember the amount.

Q. Look at the Exhibit ?—A. I will look as you please, but I know nothing about it.

Q. There were three on the 28th of April ?—A. Yes.

Q. You signed these in the office of La Banque Nationale ?—Yes.

Q. One was for \$31,750, one for \$24,000 and one for \$16,000?—A. Here is how it occurred: Mr. Armstrong came down and divided the amount according to what they needed. They fixed the amount of the cheques as they wanted them and asked me to sign them. They had arranged that with Mr. Lafrance, the Cashier of the bank, who himself wrote the cheques.

Q. You signed cheques in the La Banque Nationale for \$74,111.64?—A. Yes, but not at that time. At that date it was \$71,000 and something.

Q. Afterwards you signed a cheque for \$111.64 on the first of May?—A. Yes.

Q. And one for \$2,250 on the first of July?—A. Yes; there was a certain amount kept for the interest and then the \$2,250 was kept by the bank in case the letter of credit should not be paid on the day it was due.

Q. You checked out the \$111.64 as the balance of what the bank was willing to advance at once?—A. Yes, it was Mr. Lafrance made all the calculations and he agreed with Mr. Thom and Mr. Armstrong about all these details.

Q. When you were there?—A. Yes, it was before me. They went there the evening before and the arrangement was carried out the next morning. I am not sure, as I had no more interest in it. I had Mr. Armstrong's receipts in my hands, and I did not care about the rest, and they agreed about the details as they wished.

Q. And Mr. Lafrance kept back \$2,250 to cover interest in case the letter of credit was not paid?—A. Yes.

Q. So those cheques we have mentioned are the whole of the proceeds of the discount which had gone to your credit?—A. Yes.

Q. What day was Armstrong's receipt signed?—A. Here is a copy of it. I had already a receipt from Armstrong, which is attached, but for more precaution I had a receipt written on the claim itself (Exhibit "63.")

The receipt reads as follows:—

"I, Charles N. Armstrong, contractor for the construction of the Baie des Chaleurs Railway, do hereby grant a full and complete discharge and quittance to the Baie des Chaleurs Railway Company, of all and every claim of whatsoever nature, and kind, which I have or may have against the said company, and I further agree to cancel and annul and I do hereby cancel and annul the contract and agreement entered into with the said Company on the 9th day of June, 1886, for the construction of the said railway.

"I hereby authorize the said company to take possession of the works on the said railway and all material provided for the construction of the line together with all the rolling stock placed on the line in furtherance of provisions of said contract, 9th June, 1886.

"And I further transfer, assign and make over to said company all and every claim which I have or may have against Henry Macfarlane or the insolvent estate of Henry Macfarlane & Son, and the said company is hereby authorized to use my name in enforcing or collecting such claim.

"Signed at Quebec, this 28th day of April 1891.

(Sgd.) "C. N. ARMSTRONG."

Q. On what day did you get this receipt?—A. On the date it bears, it had been made by Armstrong himself a day or two before.

Q. And before you gave him the cheques you took the receipt which is endorsed on Exhibit "5"?—A. Yes.

Q. Have you dealt with the balance of the \$280,000 yet?—A. Not completely. I have paid only the amounts which were clear and admitted by themselves. There is a certain amount due the fishermen on the northern coast of Labrador, and when they come down they will be examined. It sometimes occur that some of them have sold their claims but I never settle with these purchasers unless there is proof that the parties selling their claim have been paid. There are two or three parties who have bought some of the claims.

Q. What balance have you on hand?—A. Between \$8,000 and \$10,000.

Q. Then did you get the whole of the \$280,000?—A. No, I did not get that at all.

Q. How much did you get?—A. I had \$1,500, \$15,000 and \$25,000.

Q. You had one \$175,000 first, and then \$41,500?—A. Yes, it came at different dates. As soon as I wanted money to make the payments, I asked for that amount at the public departments, who put that amount at my disposal, upon the report I made, as to what had been done.

Q. So you have had \$216,500?—A. About that, I cannot say positively. I have never made a calculation.

Q. When did you draw the \$1,500?—A. It was sent to me about the 13th or the 14th of May in Montreal. There were many claims to be paid there—Mitchell, J. F. Armstrong, and Leduc, and probably another.

Q. Who sent you the \$1,500?—A. It was the Public Works Department.

Q. Was it part of the \$280,000?—A. Yes, part of the last subsidy.

Q. When did you get the \$15,000?—A. I do not know, if the Committee wants it, I can telegraph for it.

Q. Did you get it after the 1st of July?—A. It was before, because I began payments on the 13th of May 1891.

Q. Was there a letter of credit issued for the \$15,000?—A. No, it was an ordinary cheque of the Treasury Department which was remitted to the Public Works Department, endorsed by Mr. Lesage at my order.

Q. When did you get the \$25,000 cheque?—A. It was about the end of May.

Q. That was an ordinary treasury cheque too?—A. Yes.

Q. So the letter of credit issued for \$175,000, because the Treasury had not the money on hand to pay?—A. I do not know anything about it. I had nothing to do with it.

Q. Have you ever dealt with letters of credit with the Government before?—A. Never.

Q. Very unusual to see such things, is it not?—A. I do not know anything about it, and I never had anything for myself or my Department before.

Q. How long have you been in the employ of the Government?—A. Three years.

Q. Have you been commissioner for the Government to handle Government funds before?—A. Yes. I paid \$48,000 like that for the Baie des Chaleurs Railway.

Q. That is, you paid men working on the first 60 miles who struck, out of the old subsidy?—A. Yes.

Q. And you paid those men directly?—A. Yes; as I said before some of them who wanted money at once had transferred their claims to other persons, many of them to some priests, but I always understood that they were paid before I repaid the money.

Q. The priests advanced the money and you repaid the priests?—A. Yes.

By the Hon. Mr. Tassé:

Q. Were the priests the only persons?—A. No. There were others, chiefly merchants from Campbellton—John P. Mowat, A. G. Adams & Co., and some others. I think I have paid \$1,600 to Mr. McAllister as attorney for these people.

Q. Then you paid the workmen who struck on the section between the 60th and 70th mile?—A. Yes.

Q. That is where Armstrong was working?—A. Yes.

Q. So you have been commissioner and handed funds to pay such claims as these three times?—A. Yes, this is the third time.

Q. These are the only times?—A. Yes.

Q. Have you been the only one employed in that capacity?—A. He had an account with Joseph Michaud. I do not know in what capacity, but I think Mr. Vallière has paid some on the Vaudreuil road; I do not know personally.

Q. Before your appointment, do you know of anyone employed by the Quebec Government to settle claims?—A. No; there was probably Mr. Noyes, but I cannot swear positively.

By Mr. Barwick:

Q. Where did you discount the \$75,000 letter of credit?—A. It was not I who discounted it at all. I had nothing to do with it.

Q. Look at that account, the proceeds of the discount went to your credit?—A. Yes, but it was not I who arranged for the discount.

Q. The proceeds, \$74,111.64, went to your credit?—A. Yes.

Q. And that letter of credit, instead of producing \$75,000 for the creditors of the road, only produced \$74,111.64?—A. I do not know exactly, there was a discount to be taken off.

Q. Was La Banque Nationale a privileged creditor of the road?—A. I said it had nothing to do with it.

Q. Why did you pay the Bank that large sum of discount?—A. Simply because, like all others, they would not advance money for nothing. I made it with the consent of Mr. Thom and Mr. Armstrong after it had been agreed.

Q. In order that they might have the money?—A. Yes.

Q. Why did the Government issue letters of credit, instead of waiting until they got the money from the Dominion Government to pay this \$175,000?—A. I do not know anything about that; probably Mr. Machin will be able to tell about that.

Q. You have no knowledge why the Government took this extraordinary and unusual course of issuing letters of credit?—A. No, I had nothing to do with it, and did not know anything about it.

By the Hon. Mr. Girard:

Q. You spoke of privileged debts paid by you, were those privileged debts,—privileged debts under the law, or under the instructions of the Government?—A. Under the common law. I had instructions to guide me from the office of the Attorney General, telling me what had to be paid.

By Mr. Barwick, Counsel for Opposants:

Q. Did the Attorney General's Department tell you to pay this \$175,000?—A. No; it was the Public Works Department.

Q. By letter?—A. Not by letter; in virtue of the Order in Council.

Q. Who told you to pay the \$175,000?—A. It was Mr. Lesage, Deputy Commissioner of Public Works.

Q. Did Mr. Armstrong sign the receipt before he got the cheques or at the same time he got the cheques?—A. I have told you before he signed it one or two days before he received the cheques.

Q. This is the receipt endorsed on this account (document referred to)?—A. What I have produced.

By the Chairman:

Q. Was Mr. Armstrong's claim one of the privileged claims?—A. After what had been told to me I did not bother about whether it was a privileged claim or not. I had instructions to pay him and I paid him.

Q. Who gave the instructions?—A. It was Mr. Lesage, Deputy Minister of Public Works, who told me to pay it. He was my chief, and I took my orders from him.

By Mr. Barwick, Counsel for Opposants:

Q. You did not care whether it was privileged or not, because you had the instructions of your chief?—A. In the other claims I exercised my own discretion, but in this I received the order, and I had nothing to say to it but to submit.

By the Hon. Mr. Girard :

Q. I want to know how that amount of \$75,000 went out of your hands. It was first put to your credit at the Bank, and I want to know how it was paid out?—A. It was paid out by the cheques mentioned in the exhibit shewn to me by Mr. Barwick, at the demand of Mr. Armstrong and Mr. Thom. I had my receipt, and I had not to bother about the details; they had to agree between themselves.

By Hon. François Langelier, Counsel for the Government of the Province of Quebec :

Q. What was the *modus operandi* you generally followed for the payment of the claims presented against the road from the last subsidy of \$280,000?—A. Mr. Stanton, one of the ex-employees of Mr. MacFarlane put into my hands a statement of the balance due by MacFarlane and Company. I can exhibit that here if it is needed. I asked all these details from Mr. Riddell, who is one of the curators of the insolvent estate of MacFarlane and Co. He said it was none of his business, and the first time he refused entirely to submit a list of the creditors for less than \$100. I insisted and said that if through this want of information there was something paid that was not due by the estate it would not be our fault. After having spoken about that nearly the whole forenoon Mr. Riddell told me: "May be I will send you a list of the creditors above \$100." I asked him to give me a list of the creditors below \$100, and he told me I had nothing to do with it, and if I wanted it to go to the Court House in New Carlisle, Bonaventure County—it was deposited there. And a few days after he sent me a list of the creditors ranging above \$100 but under \$100. I never got it. For these claims there was an inquiry made in 1889. Then all these claims were put in and sworn to. I could not pay any of them unless they were approved and certified by Mr. Thom. But in order to despatch the business Mr. Thom has permitted me to pay all the small privileged amounts which are perfectly incontrovertible, reserving the right to examine and decide upon those of a larger amount.

Q. Then if I understand you well, the moment that a claim was presented to you you submitted it to Mr. Thom to see if he would approve it?—A. Yes.

Q. And the moment it was approved you paid it?—A. Yes.

Q. What is the position of Mr. Thom towards the road?—A. He is actually the Secretary Treasurer of the new company.

Q. Had he any authority from the re-organized company to see to the payment of the claims?—A. Yes, certainly.

Q. And in virtue of the Order in Council there is nobody but Mr. Thom who can certify and approve those claims?—A. No.

Q. Do you know in what manner the claim of \$175,000 which you have paid to Mr. Armstrong was settled?—A. Yes. Mr. Armstrong presented me a claim that I have just produced. I submitted it to Mr. Thom. Mr. Thom answered me by a letter which I have not got here, but which I shall produce hereafter, that I could pay to the amount of \$175,000, and he approved and certified for that amount.

Q. It was that claim which was made for \$288,000?—A. Yes.

Q. Then Mr. Thom did not consent to pay the whole of that claim?—A. No.

Q. Has he ever told you why he had fixed the amount \$175,000 the amount he consented to pay?—A. No, he never told me a word about it.

Q. So if I understand you well, you had nothing to do whatever with the determination of the amount to be paid to Armstrong, or whether any amount should be paid to him?—A. No, never.

Q. So that what you have done about Armstrong's claim is what you have done about all other claims?—A. Yes, certainly.

Q. Mr. Webb, who was heard here as a witness, has stated that you had gone to the Union Bank and asked for a discounting of a letter of credit for \$100,000. Is that true or not?—A. No, it is not true; it is absolutely false.

Q. Have you had any transactions with Mr. Webb about the discount about the payment of that sum of \$100,000?—A. Never, when I went down the first time to endorse that letter of credit at the Union Bank, I did not even know Mr. Webb by sight.

Q. How were you brought to go to the Union Bank to endorse that letter?—A. I received instructions from the Department to go to the Union Bank, that there would probably be there a letter of credit and I would probably have to endorse it or something like that.

Q. You speak of the Public Works Department?—A. Yes.

Q. It is from the Public Works Department you have received your instructions as to the amounts to be paid, and as to the legal question you received instructions from the Attorney General's Department?—A. I received all my instructions from the Public Works Department, but as to the question between privileged and unprivileged claims, I submitted it to the Public Works Department, which referred it to the Attorney General's Department. I have no other authority than the Public Works Department in every thing I do.

Q. It has been insinuated here that you played an active part and that you had some interest in the settlement of Armstrong's claim, is it true or not?—A. It is absolutely false, and whoever stated that is a liar and calumniator. I swear positively that neither directly nor indirectly, near or far, had I anything to do with the settlement of that affair.

Q. Have you taken more interest in the settlement of that claim than in the settlement of any other claim?—A. Less than in the others, because I did not know Mr. Armstrong, had never seen him before, whereas for the claims in the county of Bonaventure, I knew mostly all the claimants.

Q. You are well acquainted with the history of the Baie des Chaleurs Railway; every summer you reside in Bonaventure county?—A. Yes, since 6 or 7 years.

Q. You know that since a few years, there have been considerable difficulties about that road, and that the works were stopped several times?—A. Yes.

Q. Do you know what induced the Local Government to pay the workmen out of the local subsidy the first time?—A. It was because the Government thought if they paid the money to the company or the contractor, the money might have been misapplied from its proper purpose as it was before.

Q. It has been stated by one of the witnesses, Mr. Armstrong that the Ontario Bank had received \$52,000 conditional upon a promise to pay the claims. Has the Bank of Ontario paid a cent of that sum?—A. No, never.

Q. It has been declared here that the Bank of Ontario had receipts for the payments it had made?—A. It is absolutely false; the bank has not paid a single cent of these claims.

Q. So if the Ontario Bank has received this \$52,000 the bank has kept it?—A. Yes.

Q. To the detriment of the other creditors?—A. Yes.

Q. You said a moment ago about the difficulties in the construction of that road, do you know anything of those misapplications of subsidies which you spoke of?—A. Certainly, I have myself a sworn declaration from one of the contractors; Geo. A. Taylor of Brockville, stating that the company had received \$118,000 which it kept.

MR. BARWICK objected to this going in as evidence, and the objection was sustained.

By the Hon. François Langelier, Counsel for the Government of the Province of Quebec.

Q. You stated that you had paid the privileged claims against the Baie des Chaleurs Railway Company?—A. Yes.

Q. How much have you paid outside of the claim of Mr. Armstrong?—A. Out of the subsidy of \$280,000? Yes. I must have paid about \$30,000. I shall produce the regular statement to the Committee.

Q. Were there, amongst these claims, any amounts due by MacFarlane & Co.?—
A. Yes, there were many.

Q. Can you say approximately the amount due by MacFarlane?—A. I cannot say at once, but I shall produce the statement, name by name, of what was due and what was paid on account of MacFarlane as contractor.

Q. But you could not say without referring to that document what was the amount paid for Mr. MacFarlane?—A. No, because I have an accountant who keeps that specially, and the moment I have seen the receipts I shall be able to say. I have the receipts here, and I shall make the list.

Q. Do you know if it is more or less than one half that has been paid for MacFarlane?—A. It is at least one half, it is mostly on the sixty miles.

Q. All these amounts that you have paid are for the insolvent estate of Mr. MacFarlane?—Yes.

Q. And for the benefit of his creditors at large?—A. Yes.

By the Hon. Mr. Power :

Q. Do you know what Mr. Armstrong did with the \$100,000 you paid him?—
A. Not at all.

Q. Did Mr. Pacaud or Mr. Armstrong or anybody else inform you as to what was to be done with the \$100,000?—A. I never heard about the \$100,000, except what I saw in the papers. I had nothing to do with it. I saw a statement in *L'Etendard* before the month of May which was the first I heard of a wrong application of this money by Mr. Armstrong. *L'Etendard* gave no particulars and merely said there was something wrong on the road. I wrote *L'Etendard* to the effect that they were perfectly wrong, and they answered that there was some suspicion.

Q. That was in the latter part of May?—A. I think so. Because I left about the 13th or 14th of May to go down to make these payments, and when there I saw few papers.

Q. You said you went to Mr. Pacaud's office at Mr. Armstrong's request? You had no previous engagement with Mr. Armstrong or Mr. Pacaud, had you?—
A. Not at all. I never had a word with Mr. Pacaud about it.

Q. Do you remember anything about those claims of MacFarlane's which it has been alleged the Ontario Bank undertook to pay?—A. Yes.

Q. You say you paid these as commissioner?—A. Yes, we paid everything paid on that railway since 1889.

Q. Do you remember about what time you paid those claims of MacFarlane's?—
A. If I understand right, it was only lately I was informed that the Bank of Ontario has received \$52,000 from the Ottawa Government, but in the month of June, 1890, after the local elections, Sir William Howland, President and Mr. C. Holland, Manager of the Ontario Bank, came down to Quebec, to ask Mr. Mercier for a certificate stating that so much had been paid or was to be paid, in discharge of wages due on the railway. Mr. Mercier referred them to me. I asked them why they wanted this statement. Sir William Howland said it was simply to avoid a law-suit. He said: We are obliged to pay wages, and if we can say that they are paid, they cannot ask them to be paid over again. I gave them the statement.

Q. Can you remember how much remained to be paid out of the \$28,000 balance of subsidy for the first 60 miles?—A. \$2,000 or \$3,000, I think.

Q. What was the amount of claims to be paid then?—A. Over \$25,000, including the right of way and damages.

Q. Any claims against MacFarlane?—A. That is against MacFarlane.

Q. When this \$52,000 was paid over by the Dominion Government to the Ontario Bank—in 1890, was it?—A. I do not know.

Q. At any rate when Sir William Howland came down to Quebec you had left out of the \$28,000 set aside to pay these claims, \$2,000 or \$3,000?—A. Yes.

Q. And there were claims amounting to over \$25,000 not paid?—A. Yes, the right of way, for wages and for material supplied by farmers.

Q. When Sir William Howland went to Quebec, if it was stated that then all these claims were not provided for, would that be correct? When Sir William Howland went to Quebec, it is stated that the Ontario Bank had provided for the payment of all these preferential claims against the MacFarlane estate?—No answer.

Q. That is in 1889, at that time only \$3,000 were left out of the Quebec money to pay to these labourers?—A. In October, 1889, there was \$28,545 provided by the Government to pay all these things, and out of that in November, 1889, I paid myself over \$22,000 of those claims against MacFarlane & Co.

Q. And there remained how much due?—A. As far as I can judge about \$25,000 or \$30,000; I will get the exact list.

Q. MacFarlane's men have been paid?—A. Yes, about.

Q. When were the last paid?—A. If the Committee will allow me, I will give the position, how it stood. Mr. MacFarlane, by his contract with the company, and Mr. Armstrong had a transfer of certain subsidies payable by the Government of Quebec. Some of these subsidies were paid, but in the summer of 1889 there were some troubles, and of course the Ontario Bank refused to continue to advance the MacFarlane money which they had pledged themselves to do by letter which I have seen. There were complaints and a strike took place. The Quebec Government sent out a commissioner to enquire into the causes of the strike. The commissioner went through and took the declarations of the parties who had claims against the company. There remained for these sixty miles of road out of the subsidy of the Quebec Government, \$28,545. The Government said instead of paying that for the Company we will keep it and pay the workmen ourselves direct, so that we may be sure they are paid. So there was no more subsidy for the sixty miles, so we could go no more than to that extent. I paid that money in the fall of 1889, and in the winter and spring and I suppose up to June, 1890. There were lots of other claims. In order to secure the payment of these claims, the Government of Quebec, at the last Session, passed a law granting \$280,000 in order to provide the funds to settle the balance of these claims on Section K too.

Q. And the wages, &c., that had been paid by the Quebec Government were the only claims that could be paid by the Ontario Bank out of the Federal subsidies, so that what the Bank pretends to have paid was really paid by the Government of Quebec?—A. Yes.

By the Hon. Mr. Power :

Q. And I understand that some of that which the Bank in 1889 promised to pay was paid by you within the last few weeks?—A. Yes.

By the Hon. Mr. Kaulbach :

Q. When did Mr. Armstrong request you to meet him at the office of Mr. Pacaud?—A. At La Banque Nationale.

Q. When?—A. On the day I signed those cheques. The cheques give the date. Mr. Armstrong was there, and he asked me to go to Mr. Pacaud's office, that he wanted to get his \$100,000. I made a cheque for \$100,000. Then I was leaving—

Hon. Mr. KAULBACH.—That is all.

By the Chairman :

Q. You knew that Mr. Pacaud got \$100,000 of these five cheques?—A. No, sir, I gave it to Mr. Armstrong, I knew nothing about it after that.

By the Hon. Mr. Tassé :

Q. You have referred to a letter published by you in *L'Etendard* in the beginning of May. What was the amount specified by you in the letter as having been paid in settlement of the claim?—A. I do not think I specified an amount.

Q. I think you did?—A. I may; I do not remember.

Q. I think you said \$200,000 had been paid by you?—A. Nearly that; I do not think I specified the amount.

Q. I have produced the letter here?—A. The letter will speak for itself.

Q. You have referred to the claims of 1888-89, a moment ago I asked you if any other officer had been appointed by the Local Government to settle these claims. Did you say yes or no?—A. Do you mean by settlement paying or investigating them? If you mean paying them, there was no one but myself appointed.

Q. Was not your brother, the Hon. Charles Langelier appointed by the Government to investigate these claims?—A. Yes.

Q. Do you know of any reports he made to the Government?—A. I think there were two, first a preliminary report, and then a final. The first report was for this:—There were many claims, and the people were starving, and the Government could not do anything without having a report and a preliminary report was made in order to put the Government in a position to help them.

Q. Can you tell me the amounts mentioned in these reports?—A. No, I do not remember, but I can show you if you wish.

Q. When did you commence your labour in that connection?—A. At the end of November, 1889.

Q. You were paying last year also?—A. Yes. Last year it was on Section K; there were \$20,000 to pay exclusively on that section.

Q. What you have paid this year was in connection with the \$280,000?—A. Yes.

Q. Do you know if the claim of Mr. Armstrong was investigated by your brother also?—A. No. I knew Mr. Armstrong had given his deposition before my brother.

Q. Did you know if it was investigated by other persons?—A. No, I did not know anything about that.

Q. So you paid before knowing if the claim had been investigated?—A. I had nothing to do with that; I had the order from the Department to pay it, and I paid it. The only parties who could control the claims of Mr. Armstrong were the Company, and I have the signatures of the Managing Director and the Secretary Treasurer.

Q. Do you know the mode employed for the payment of money for the right of way in the County of Bonaventure?—A. No, I do not.

Q. Have you paid that money yourself for the right of way?—A. Very little.

Q. By whom was it paid?—A. In the greatest part by Mr. Riopel; but I give this as heresay, as I was not there at all. I say it upon the deposition of Mr. Riopel, who, in the case in the Superior Court, swears that he had received \$10,000 from Mr. MacFarlane, to pay for the right of way. I shall produce a copy of that deposition.

Q. What is the date of the payment to Mr. Riopel for the right of way?—A. I do not know.

Q. What was the time of year?—A. It was in 1886, at the time the railway was under construction. I do not know personally that he paid, but I base my statement upon his own declaration, whereby he says he received \$10,000 from MacFarlane, in order to buy the right of way, and out of that he only paid part, and has the balance to account for.

By Hon. Mr. Robitaille:

Q. Was it not that up to that date he had only used a certain amount of it?—A. The deposition speaks for itself.

By Hon. Mr. Tassé:

Q. What amount is remaining unpaid for the right of way?—A. On the sixty miles? It depends. I think Mr. Riopel had secured liberty to grant the right of way, especially on the first part; they now pretend they did not get it, but I could

never see the deeds given to Mr. Riopel. I never saw them. Mr. MacFarlane has sent a man on the 60 miles to inquire from house to house who was paid and who was not, and I have a list of who was paid and who was not, which I will produce.

Q. Did you endorse the paper, the letter of credit to the Union Bank for the \$100,000, without seeing it?—A. Certainly, because it was sent by the Department; I saw the paper, but I did not read it.

By Hon. Mr. Power :

Q. If in the winter of 1890 you had finished paying out that \$28,000, would you have paid more of MacFarlane's men if you had had more money?—A. Certainly, but the subsidy was exhausted and required a new vote from the House to pay the balance.

GEORGE R. R. COCKBURN, of the City of Toronto, in the Province of Ontario, Member of Parliament, Director of the Ontario Bank, who, being duly sworn, deposed as follows:—

I am here, Mr. Chairman, to answer any questions with reference to this matter. Any statement I have to make is of the briefest character. I appear here, not as a member of the Liberal-Conservative party, but simply as a Director of the Ontario Bank, and I may state that in dealing with this Bill which is before this Honourable body I was advised by the President of the Ontario Bank, Sir W. P. Howland, and by the Manager, Mr. C. Holland, to put myself in communication with their trusted Adviser, Mr. François Langelier, who, they said, had taken their case up to the time they had got this judgment from Mr. Justice Pagnuelo, with reference to handing over the road to the new company or the newly organized company. When I came down to Ottawa and saw that this Bill was being brought up before the House of Commons, I sent a copy of the Bill to the President of the bank, and also to the Manager, and I took occasion on Friday evening to go up to Toronto to communicate further. I got then the whole of the transactions that had taken place between the Bank President and the Vice-President and Directors and Mr. François Langelier. I asked how he happened to have been appointed to this delicate duty, inasmuch as we had other counsel in Montreal to look after our interests, and I was told that Mr. Mercier had told the President and the Manager of the bank in this meeting that Mr. Mercier has referred to in Quebec, that it would be to the advantage of the bank not to have any dealings with Mr. Macdonald, the contractor, and Mr. Cameron, but to leave it all to him and make no sacrifice of the bank's interest. That he would see them paid every farthing, and he advised the Manager and the President to take, as their counsel, Mr. Langelier, in whom Mr. Garneau had the greatest confidence, and they did take him and make him, to all intents and purposes, their counsel, and when I came here I was told to put myself in communication with him. The night before this Bill was brought up I telegraphed for our Manager, Mr. R. M. King, of Montreal, to come down here. His train was late, and it was nearly 12 o'clock before I could see him, but so greatly did I value the advice of Mr. Langelier that at the hour of midnight we went together to his house, and we there had a consultation with him in the parlour of his own house. He strongly warned me against raking up this matter of \$280,000. It was not, he stated, in the interests of the bank; for all interests we had better let this Bill go through, and have, perhaps, some little clause put in which I afterwards showed him, but his warning was against touching this question of \$280,000. The Bill came up in the Railway Committee, and I opposed it there, and had an amendment drawn up, which as a layman, I believe was not a very good legal document, but still it was accepted by the other side. Mr. Langelier, I think, was at that Committee. The matter was then referred back to the House of Commons, to come up in Committee of the Whole, and for third reading. And while it was there

I opposed it, and got the Bill remitted back to the Railway Committee, and there I proposed an amendment, and asked Mr. Langelier as our counsel to be there. A meeting of the Railway Committee was being held in a room larger than this, and the Committee on the Tarte-Langevin matter was sitting in the adjoining room with a door between us and them. The Railway Committee started to work on this Bill. I sent in a memorandum to our Counsel, Mr. Langelier, asking him to come and help us—to say a few words in French to the large audience which was there; I got no response. I sent in a second time, and stood at the door within twelve feet of him, and sent a memorandum, which fortunately I have kept. I will read it; it is addressed to Mr. Langelier, and says: “Pray do come; the Baie des Chaleurs Bill is under consideration.” I told the messenger to insist upon an answer, and this is Mr. Langelier’s answer, written on the same paper, and returned to me: “Cannot leave, as we have a most important question under discussion.” I listened to that important question that was under discussion. There was a good deal of merriment and enjoyment in the Committee, but I did not see anything so very important; but the Counsel in whom we were placing all our confidence could not come in to help us as other members were doing at the time, to aid us in explaining the Bill. This is the paper with my signature and his signature, or his initials. When I found he was unable to come I thought he could not have deeply at heart the interests of the Bank, and began to reconsider the value of the advice he gave me to be sure not to touch this matter of \$280,000, and that put me on the track; I thought there was something behind it, and I proceeded with the investigation, and as soon as I had found, as I thought, sufficient evidence to justify me in the course I have taken, I telegraphed up to the Ontario Bank requesting them to send Mr. Barwick. Mr. Barwick came, but neither the Ontario Bank nor Mr. Barwick himself knew at the time why I had telegraphed him. He came down here, and he has been here since. By our united efforts, more particularly, I may say, by the efforts of our eminent and trusted Counsel, we have been able to make these revelations and explanations to this honourable Committee in justification of our demands, that, inasmuch as the fund that was deposited there to pay Mr. Macfarlane, and the just claims of the Ontario Bank, had been perverted to other purposes, we should be entitled to ask this honourable Committee to grant us some protection or some relief before it allowed this Bill to pass. We are here, I am here at any rate, as a Director of the Ontario Bank, simply to request that the \$280,000 that had been perverted and appropriated by men who were sworn to defend the interests and honour of this country be put back in such a position that the poor contractor, who has been miserably swindled out of his money, should have some chance at least of knowing where to find it.

THE HON. MR. POWER: Is this evidence?

THE WITNESS: I am stating why I am here. The other question has been brought up with reference to the earlier action of the Company. With that I have nothing to do and desire to have nothing to do. I am simply here representing a commercial institution—the Ontario Bank—a Grit institution with a Grit board and a Grit President, a Grit Vice-President and a Grit Solicitor—and I wish all Grits were like him. I am simply representing their interest, and you yourselves may judge approximately how foul must be the nest we have struck when a body of men whose political leanings actually drift to the Reform side should feel constrained to appear before you and demand protection at the hands of the highest court in the realm. They have been driven to it. I do not say there has been the same feeling of reluctance on my part, but while I am standing alone I am standing up for the true interests of the bank, and these interests have been put clearly and squarely before you and I do not desire, representing the Ontario Bank, that we should be drawn aside from a plain course by starting another question of the earlier history of the Baie des Chaleur Railway, with which I have nothing to do. That early history may reveal facts discreditable to the Reform party or to the Liberal-Conservative party. I am here representing no party except a matter of money, if you wish, and ask you to calmly review the evidence placed before you so ably by Mr. Barwick,

and say if on full consideration of all the evidence we have not the right to ask you to protect us against similar frauds being practised against us in the future. There was a sum of money, \$280,000, placed there to meet the very claims we have supported. We have not much chance now to get it. A good part of it is now on the other side of the ocean, but I ask you in view of the evidence to give us that protection, as a commercial corporation, even if we have Grit proclivities—to which as British subjects we are entitled.

By the Hon. Mr. O'Donohoe:

Q. You speak of the Senate causing this \$280,000 to be placed back—can the Senate do that?—A. I think the Senate may be in a position to do so. I hope so. I am no lawyer. I am a simple layman, and if the Senate and this Committee are in a position to replace that amount or some equivalent sum back and give the bank and other parties interested a chance I shall be delighted. If the Senate is not in a position to do so, I regret it.

Q. How was the retainer of the bank communicated to Mr. Langelier, as counsel?—A. I know not. I simply state that for months and months Mr. François Langlier has been in communication with the Ontario Bank, and its officers, and has advised them, and I was instructed by the President and Manager to put myself in communication with Mr. François Langelier as a man who had been strongly recommended to them by Mr. Mercier, as understanding the whole question and he was working with Mr. Mercier and would be able to help us all the more and the Bank, like a commercial corporation, took the man they thought was best. If they had known of Mr. Pacaud they might have taken him.

The Committee then adjourned until Thursday morning.

COMMITTEE ROOM,
THURSDAY, 27th, August 1891.

The Committee met at 10:30, Honourable Mr. VIDAL in the Chair.

Mr. G. R. R. COCKBURN, M. P., re-called, was examined by THE HON. FRANÇOIS LANGELIER, Counsel for the Quebec Government.

Q. You stated the other day that Mr. Mercier, Prime Minister of the Province of Quebec, had advised Sir William Howland, President of the Ontario Bank, to retain my services—

Mr. COCKBURN—And Mr. Holland, the Manager.

Q. Were you present there?—A. Where?

Q. When they were with Mr. Mercier?—A. No ; I was not.

Q. How could you swear what took place between them. Is that the way you have been swearing all the time, the other day?—A. No.

Mr. LANGELIER—I do not know why it has been attempted, Mr. Chairman, to throw aspersions on my professional character. It is quite unprofessional, as everyone must know. As to my character as a member of the Bar of Quebec, I leave it to those who have been practising with me for the last 25 years, and who have raised me to the highest position as Batonnier of the Bar of Quebec, and I have been a member of the Counsel of the Bar, and under these circumstances I can leave my reputation to my colleagues of the Bar of Quebec.

By the Hon. Mr. McMillan :

Q. Did you not consult Mr. Langelier as Solicitor for the Ontario Bank?—A. Mr. King, Manager of the Ontario Bank in Montreal and myself consulted him and made an appointment with him for a further consultation with him next morning, which we held in the hall or lobby of the House of Commons, and the paper I read yesterday showed the confidential relations existing between Mr. Langelier and the bank which I represent.

Q. He gave you advice?—A. He gave me advice.

Mr. LANGELIER—I have been and still am the attorney of Mr. MacFarlane in his claim against the Baie des Chaleurs Railway, and Armstrong, and after he failed I went on with the case as attorney for the curators, and I am no more the solicitor of the Ontario Bank than for any of the other creditors.

WITNESS—I can only say, in reply to the suggestion thrown out by Mr. Langelier, probably I was misled in the matter; that I hold in my hand a statement by the curator that he paid from the funds of the Bank of Ontario a sum of \$300 to Mr. Langelier on the 26th of March last.

By the Hon. Mr. Power :

Q. The curator of the MacFarlane estate?—A. Yes; and yet Mr. Langelier was perfectly innocent of the fact that he was acting for the bank and that he consulted with Mr. Barwick, the bank solicitor in Ontario, in the bank parlor in Montreal, at which the Manager was also present. I do not know the intricacies of the etiquette of law, but as a layman, I know that he accepted \$300 from the bank and wrote for the money too, and I think I was entitled to consider that he was the adviser of the bank, especially when I went to him and spoke to him as such, and made arrangements with him about the conduct of the case in protecting the bank in this Bill.

By the Hon. Mr. Tassé :

Q. What was the amount paid?—A. \$300.

Q. What date?—A. On the 26th of March \$244.31 of it was paid by the Ontario Bank and the other bank, the Eastern Townships Bank, paid the difference. We paid

three-quarters and the other bank one-quarter. The money came from us, and there was no other source from which it could come, and Mr. Langelier took care to get that money.

Q. And you were the backers of MacFarlane?—A. A bank does not wish to figure in a lawsuit, and we were the people behind the MacFarlane estate.

By the Hon. Mr. McCallum :

Q. And furnishing the money?—A. Furnishing the money, and it being known that the money came from us.

By Mr. Barwick :

Q. In regard to the question Mr. Francois Langelier asked Mr. J. C. Langelier, and extracted the answer that the Ontario Bank had in fact broken its pledge to the Dominion Government and paid nothing to the workmen—can you give us an explanation?—A. Finding there was a general misunderstanding I looked it up, and found the following facts: that on June 14th, 1888, the Quebec subsidy of \$70,000 on the section of the Baie des Chaleurs Railway, between the 40th and the 60th miles, was assigned to the Ontario Bank, and you will find the document itself in Exhibit No. 54, showing an assignment to the Ontario Bank of the Quebec subsidy of \$70,000 on that section. Then in Exhibit No. 55 it will be seen that notice was given to the Assistant Provincial Treasurer, signifying the transfer of that sum. On the 12th October, 1889, there was a letter from the Ontario Bank to the Minister of Railways and Canals, undertaking that if the \$54,000 subsidy due the Ontario Bank was paid to the bank, the bank would undertake on its part to see paid the wages due to the men under employment by MacFarlane for work on the first 60 miles; the amount due of wages we stated to be, or understood from MacFarlane, to be \$13,000. I am conversant with this, because I recollect myself accompanying the Manager of the Ontario Bank here to the Department. This is the letter of the Ontario Bank (Exhibit 64).

OTTAWA, 12th October, 1889.

“To the Hon. Minister of Railways and Canals

“SIR,—The Ontario Bank understand that there are wages dues to MacFarlane's men for work done for the first 60 mile-section of the Baie des Chaleurs Railway, amounting to \$13,000. There is payable to the Railway Company \$54,000, part of the Dominion subsidy; the Ontario Bank is entitled to receive this \$54,000 per Mr. Noël, Manager of the Quebec Bank, Ottawa, who is attorney for the Railway Company to receive this subsidy for the Ontario Bank. If the Government pay over this \$54,000 forthwith to Mr. Noël to be paid to the Ontario Bank, the bank undertakes to see the above wages to the men paid.

“A. SIMPSON,
“Manager.”

That is our local manager. I recollect accompanying him at that time. This was on October 12th. On the same day the balance due to the Ontario Bank on the Quebec subsidy on the above \$70,000 amounted to \$28,545. Now, the Hon. Charles Langelier, who was appointed a Commissioner by letters patent of the Province of Quebec, began on October 23rd, or one or two days afterwards, taking evidence with a view of determining the amount of money due to MacFarlane's workmen. Then about six weeks afterwards, November 28, 1889, the same year, Mr. J. C. Langelier began paying the claims which had been ascertained by Charles Langelier, the Commissioner, and by October 31st, 1890, or ten months later, Mr. MacFarlane's workmen had been paid, and Mr. Chrisostôme Langelier had expended the whole \$28,545, and here is the statement of Mr. J. C. Langelier to that effect which I put in. (Document filed as Exhibit 66.)

By the Hon. M. Power :

Q. Is this statement in his handwriting?—A. It is signed by himself; he is now preparing a statement showing his disposition or the disposition made by him of the \$280,000 paid by him or the part of it that was paid by him, and that not one cent is due this day to the workmen of Mr. MacFarlane, the sub-contractor.

By the Hon. Mr. Bolton :

Q. The \$70,000 was due to the Ontario Bank. It had been assigned by MacFarlane to the Ontario Bank for the advances made to him?—A. That \$28,545 is part of the \$70,000 and this is the money that was lying in Quebec, and we undertook, you understand, that if the Dominion Government would release to us or give us this subsidy which was due of \$54,000—

By the Chairman :

Q. From the Dominion?—A. From the Dominion—we would undertake to see Mr. MacFarlane's workmen paid. The said : We cannot pay you as long as there are any claims, but as the amount is small, some \$13,000, if you will give us assurances that you will see these debts paid we will pay over the subsidy; and they paid it over and the Quebec Government took the \$28,545, the balance of the subsidy lying in their hands.

Q. And due to you?—A. Our money; it is due to Mr. MacFarlane and his workmen, but we undertook to see the wages due the workmen and amounting to \$13,000, paid; but apparently other claims have been paid, as the whole amount, \$28,545, had been used. But I wish to give the Committee the assurance which you got from Mr. Langelier himself, that there is not one cent due from the MacFarlane estate to the workmen of the Baie des Chaleurs Cailway.

By the Hon. Mr. Boulton :

Q. I wish to make it plain that that \$28,000 was the Ontario Bank's money?—A. It was part of the \$70,000 assigned by Mr. Macfarlane.

Q. And it was that that went to pay the wages?—A. Certainly.

Q. And went to relieve you of your obligation?—A. The Quebec Government paid, it and this relieved us of our task to see the men paid.

By the Hon. Mr. Miller :

Q. There is nothing wrong on the part of the Bank of Ontario appropriating that subsidy after the debts were paid—these debts of Mr. MacFarlane?—A. No; it was simply an undertaking that we would see them paid. The accounts show that the men have been paid every cent, and we produce them to you here this day.

Q. I asked that, because I understood it was insinuated that you had received money and had appropriated it.—A. That was the insinuation, and it is that insinuation that I wish to dispel. Or, rather, it was a direct charge which has been made outside of this Committee.

By the Hon. Mr. Tassé :

Q. You say that the money due the labourers in Quebec had been paid?—A. All the workmen's wages.

Q. That is all the bank undertook to see paid?

By the Hon. Mr. Murphy :

Q. To the extent of \$13,000?—A. That is all they undertook.

By the Hon. Mr. Power :

Q. Were you present when Mr. Chrysostôme Langelier testified?—A. Yes.

Q. Do you remember the character of his testimony?—A. His French testimony or his English testimony?

Q. Inasmuch as I understood that you could understand the French perfectly, I do not see that it makes a difference?—A. The testimonies are a little different sometimes. One testimony intended for one set of people, and another for another set.

Q. Of course, if you do not choose to answer the question you need not. Did you understand his testimony?—A. I can generally understand a man in French; I understood what he said.

Q. Did you understand him to say that it was only within a couple of months that he had paid the last of the wages to Mr. MacFarlane's men?—A. I think this is it here (referring to a document)—October 31st, 1890.

Q. I am not asking, to his statement made since, but as to his statement made on oath as that it was only within a few months that he had paid the last of the amounts due to Mr. MacFarlane's men?—A. I do not know.

Q. Now, Mr. Cockburn, your undertaking was dated October, 1889?—A. October the 12th—yes.

Q. That is two and a-half years before these labourers were paid? (The Hon. Mr. MILLER—A year and a-half.)—A. Apparently. Thirteen months, nearly fourteen months.

Q. If Mr. Langelier stated that it was only within the last couple of months he paid the last of these claims he stated what was incorrect?—A. No; he may have meant that a dollar or two may have been paid to some man up in Labrador or somewhere where he could not be got at sooner, but he had virtually paid all claims by the 31st October, 1890.

Q. That was a year after you had got the \$52,000 from the Dominion Government?—A. That is about a year. Of course, it was left with the Quebec Government to pay. The Ontario Bank was good for \$13,000 anyway.

By the Chairman :

Q. At what date did the Quebec Government make the payment out of which the debts were to be paid?—A. I have not the date; it is in the document there.

By the Hon. Mr. Power :

Q. Mr. Barwick was speaking in your behalf and in your presence the other day, and he stated that he had the receipt at that time to show that the labourers were paid in pursuance of the undertaking of the bank. Well, now, Mr. Cockburn in the evidence, if you have it there, it might be more convenient for you to look at it, page 102 of the exhibits. You will find a copy of the letter from the Assistant Treasurer of Quebec in reference to the Quebec subsidy. I am not speaking of the Dominion subsidy, but of the Quebec subsidy. This is the letter: "I have the honour to acknowledge yours of the 3rd instant protesting against the balance of the subsidies granted by the Province of Quebec in aid of the construction of the Baie des Chaleurs Railway, by the Acts of Quebec, 45 Vic., ch. 23, sec. 1, paragraph (b), and 49-50 Vic., ch. 76, applicable to the fifth and sixth section of ten miles each of the said railway being applied by the Government to the payment of the claims for work done and materials furnished for the construction of the said railway, on the ground that the subsidies had been regularly transferred to the bank, which had in good faith advanced the full amount of the same upon the receiving the transfer thereof, the transfer having been regularly signified on the Government?—A. Yes; that is all right.

Q. I understood you to claim credit for having paid the money, whereas your bank had protested against its being paid?—A. Pardon me; I may draw your attention to the fact that the letter said we would see the wages of the men paid, but we distinctly protested against paying them for material, work done, &c., with the balance of \$15,000.

By the Hon. Mr. Power :

Q. And as a matter of fact, this \$28,000 was paid for work done. That is what labour is supposed to be done?—A. And material, we objected to saying for material. We were responsible for the wages due the men to the extent of \$13,000, and they took \$28,000. You would protest, too, if you agreed to pay a man \$13,000, and your book-keeper paid him \$28,000.

Q. Then your contention is that your undertaking was not to pay the wages of the men, but to pay \$13,000?—A. The letter speaks for itself.

Q. The letter is not very clear in its meaning?—A. Show me what is not clear, and I may be able to enlighten you on it.

The letter reads: "The Ontario Bank understands there are wages due McFarlane's men for work on the first sixty miles on the Baie des Chaleurs Railway, amounting to \$13,000?"—A. Yes; and agreed to pay that, but not the \$28,000.

Q. The Ontario Bank understood there were wages due amounting to——?—A. “Amounting to——.”

Q. If the Government pays over this \$54,000 for them to Mr. Noël, the bank undertakes to see the above wages paid?—A. “The above wages.”

Q. Does that mean that you undertake to see the wages due to MacFarlane’s men paid, or simply to the extent of \$13,000?—A. There is no ambiguity in that letter. We had the memo. from MacFarlane that this amount was due and this amount, \$13,000, was shown to the Government, and we said, we will pay the wages of the men, but we object to being mulct in \$28,000, for, we do not know, what purpose.

Q. When did you first become aware that this sum of \$100,000 had been paid by Armstrong to Pacaud?—A. It is really a little difficult to tell. I suspected there was something wrong by the way I was treated by the gentlemen I supposed was in our confidence and our counsel, and to tell you the truth I went fishing round. I was on a fishing expedition.

Q. I will put the question in another form. Were you aware before this Bill finally passed the House of Commons of this \$100,000 transaction?—A. Not as a fact. It takes some time for a man to realize that \$100,000 has been stolen. I thought it was a smaller sum. It grew more important as I made my inquiries, and I was finally told that the whole \$280,000 had been stolen, and I thought there were honourable men, and refused to believe it.

Q. Are you prepared to swear that before this Bill passed the other Committee in the House of Commons that you did not know all about this \$100,000?—A. I did not; I do not know about it yet.

Q. Had you not a reasonable ground to suspect, before this Bill passed the Railway Committee in the other House, that this \$100,000 had been improperly paid by Armstrong to Pacaud?—A. I had no definite clear information. I was simply going on the general feeling which prevailed of the corruption of the Quebec Government; I was basing it on that.

Q. You must surely have been aware of it?—A. I was not aware definitely that the money had gone into Pacaud’s pocket.

Q. Had you not information before this Bill passed the House of Commons that this sum or some large amount had been paid to Pacaud?—A. No; I think the Senate adjourned for twelve or fourteen days, and it was during that time I was on the track.

Q. And you were quite innocent of it till then?—A. No; I suspected them all along.

Hon. Mr. TASSÉ—May I know from Mr. Langelier in what capacity he appears before us—as the representative of the Quebec Government, or as the attorney for the Union Bank?

Mr. LANGELIER—I am not the attorney for the Union Bank; I am for the Banque du Peuple, but I do not appear in that capacity here. I appear for the Quebec Government.

Mr. BARWICK put in a letter dated the 24th April, 1891, written by Mr. A. M. Thom, addressed to Mr. J. C. Langelier, of Quebec, refusing to certify a certain account for more than \$175,000. (Exhibit 67.)

With the permission of the Committee, the Ontario Bank will withdraw, after making the statement I now desire to make.

The CHAIRMAN—I would ask the question of Mr. Langelier as representing other parties. Do you wish these gentlemen brought here, who have neglected to come before the Committee, by process?

Mr. LANGELIER—I have nothing to do with it, but I am surprised at some witnesses who have been called, and have attended, and whose evidence was represented as very important, have not been asked to testify, namely, Mr. Thom and Mr. Lonergan, who are supposed to know more than anybody else of the transactions between the Company and the Government.

Mr. BARWICK then addressed the Committee, as follows:—

Mr. Chairman and Honourable Gentlemen of the Committee,—This Company was incorporated by Statute of the Province of Quebec passed in 1882, and the fea-

ture of that Act which I desire to draw your attention to is that the Act received its assent on the 21st of May, 1882, and enacted that the Act should for all purposes be deemed valid for such portion or portions of the railway commenced within five years from the 1st of May, 1882, and completed within ten years, so that the time for entering on the construction of any new portions of the railway has now passed and the time for completing the road expires on the 1st of May, 1892. There were two agreements with the Crown, represented by the Minister of Railways, which are printed as Exhibits 52 and 55, one agreement providing for the completion of the the first 20 miles by the 1st of July, 1888, and the other providing for the completion of the section from the 20th to the 100th mile by the 1st of May, 1887. This Bill now before the Committee principally sought an extension of the time for the completion of the railway. By section 7 of the Bill it is provided as follows: "The time for the completion of the railway to Paspebiac is hereby extended for two years and to Gaspé Basin for four years from the passing of this Act." The Premier Mr. Abbott's aid was sought when the Bill was brought before Parliament, and the statement in Exhibit 1, from the directors, was laid before Mr. Abbott to show the ability of the company to complete the road. That memo. sets forth that the directors of the re-organized company held \$267,500 of stock; that \$26,750 had been paid up on that stock although, as the evidence shows, those directors never paid a cent for that stock; that the company were able to finish the first 60 miles for \$50,000; that they had applicable for that a Federal subsidy of \$31,000; and applicable to complete the balance of the road \$260,000, the balance of the Quebec subsidy; \$64,000 Dominion subsidy \$50,000 for the building of the Cascapedia bridge, and the subsidy of \$280,000 which that memo. represented to the Premier in the clearest terms as still in existence and applicable to the payment of the debts of the road, of which debts MacFarlane's was one.

The HON. CHAIRMAN—At what date was that statement submitted to Mr. Abbott?

Mr. BARWICK—June, 1891. Mr. MacFarlane was the contractor to whom it was claimed by the promoters of the Bill there was nothing due although it appears plainly by the evidence adduced before this Committee that during the negotiations which resulted in the re-organization of the company the directors who re-organized the company were prepared to allow \$75,000 for Mr. MacFarlane's claim. Mr. MacFarlane had contracted to finish the first 40 miles and to build the next 20 miles. The \$75,000 earned on the 20 miles he was to build, was not paid him; \$114,000 of other subsidies were not paid him; the work on the first 40 miles, as appears from McDonald's evidence, cost double the amount it was represented to cost by Armstrong in the first instance. The payment he received for that road was just half what he ought to get, \$70,000, so MacFarlane when he suspended payment was out exactly \$259,000. I have been asked more than once why Mr. MacFarlane did not finish the road. How many contractors could stand a loss of \$259,000 and not suspend. Mr. MacFarlane's conduct, I say, was the one bright spot in this investigation. He was the only man who was to get nothing. His position in the negotiations which resulted in the re-organization of the company was this: I want nothing; whatever comes to me must go to my creditors; they must be paid in full, and the only terms I exact is that they must discharge me. Now it is the MacFarlane estate and his creditors who oppose this Bill, not the Bank of Ontario alone. The Ontario Bank and the Eastern Townships Bank assumed the expense of opposing this Bill, because the statement submitted to the Premier of this Dominion was not true; the item of \$280,000 represented there as existing and applicable to the payment of the debt in which the Opposants of the Bill were interested had been expended. They took that position when they came before the Committee. In passing, I may point out another statement in the Bill entirely incorrect: "The bonds of the company are yet unsold." That may be true in terms, but now it turns out that this company has issued \$1,000,000 of bonds, which are a charge upon the road. On the 7th of August we appeared before this Committee and made the allegation printed on page 79 of the exhibits. On the 14th of August, when the allega-

tion was spread upon the minutes of this Committee, the promoters of the Bill, two of the most prominent directors, Messrs. Lonergan and Thom, attempted to withdraw the Bill, and attempt to withdraw it now, and boast that the Senate is powerless, and that if they withdraw the Bill it cannot be forced upon them, and that we who have stirred up what they choose to call a scandal cannot gain anything by our efforts here. The Legislature of Quebec, in 1890, the second session, took power to cancel the charter of the Baie des Chaleurs Railway Company, and took power to incorporate by Order in Council a company which would go on with the road. That Act does not in express terms say it is applicable to the Baie des Chaleurs Railway, but it was aimed at the Baie des Chaleurs Railway, and was introduced with the avowed intention of cancelling the charter of the Baie des Chaleurs Railway and forcing the then shareholders of the road to sell out to people approved by Mr. Mercier's Government. I beg to read a few extracts from Mr. Mercier's speeches, and another extract which I have here and propose to put in to-day. On page 121 I find Mr. Mercier's remarks on the introduction of that legislation to which I have just called the attention of the Committee. A debate took place upon the railway law of the Province, and upon this clause taking power to cancel the charter of any railway company, Mr. Mercier replied to the objections to the Bill as follows:—

“ Mr. Speaker, what is happening at the present time? Take the Baie des Chaleurs Railway.

“ This company has asked to have its subsidies doubled up. It had been granted a subsidy of 10,000 acres per mile for 180 miles, which makes 1,800,000 acres. The Federal Government had granted it \$3,200 per mile for 180 miles.

“ Both Governments have doubled up the subsidies. That is, the company, after having received all the subsidies intended by the authorities for the railway, arrests the whole progress of that country, refuses to pay legitimate debts, refuses to pay for the lands over which the road passes, to pay for the crossings which were made last winter by the poor farmers, and to pay for the provisions bought in the shops.

“ This company is there, and when we say to other persons: ‘Go on and try to buy out the rights of the present shareholders in order to proceed,’ the shareholders ask exorbitant prices. They do not want to do anything but make money at the expense of the public. We ask to have the power of annulling this charter in the public interest.

“ If we obtain this power, what will be the result? The shareholders will sell their rights at reasonable prices, and other persons will be able to construct the road.

“ Take some other cases. You have the Montreal and Sorel Railway Company, to which we have given \$112,000 to pay certain claims and to finish the road. The claims have been paid, but the company has refused to finish the road. And since that time the company not only refuses to obey us, but it does not even answer the letters which we write to it.

“ Do you believe that is just? Why not annul this charter and permit responsible people to finish this road, which will give an outlet to the rich population of the Counties of Verchères and Chambly? The public interest demands it. Private interests object to it. I might cite other cases, but I content myself with these two, which seem to be the most exorbitant.”

The other paragraph is the following, a part of which is given in Exhibit No. 61, and the remainder of which is a continuation of that speech.

“ At the present moment, notwithstanding that we have paid more than \$50,000, and \$28,000 of the money remaining due to the company, and \$20,000 that the House had authorized us to pay, there still remain more than \$50,000 of privileged debts. It has been explained to you. Sixty miles of the one hundred have been partially built, 40 miles from the Cascapediae to Gaspé Basin, of which not one inch of the road has been built. From Cascapediae going backwards you have nearly 60 miles of road partially built, but there is not a bridge upon it. When the River Cascapediae is reached a bridge will be required, costing \$150,000. There is nothing done there either. At certain seasons of the year, in the spring and autumn, it is

physically impossible to cross it. Nevertheless, it is the great channel for communication for Gaspesia. All who wish to ascend and take the cars at Campbellton must pass there. I declare to those who are doing me the honour to listen to me, I say to the members of the Legislature of this country who have intelligence and who ought to have feeling, you have a people there who are depending upon you.

"When it was a matter of succouring the inhabitants of the Lake St. John region we did not hesitate; we doubled the subsidy, because we saw that it was impossible for the company to complete the iron road which was to carry hither the products of that fine region and at the same time assure the prosperity of that locality. What we did for Lake St. John we beg you to do for the Baie des Chaleurs.

"When the railway in question shall have reached Campbellton it will be in conjunction with the Intercolonial; it will almost have reached Quebec; and you will carry to Quebec a fresh abundance of natural products of rich quality and suited to assist the prosperity of the Province. And on the other hand, you will give to the people of Gaspesia a fortune in the way of profits in the sales and purchases which you will effect, and through that country you will complete the great net work of railways which it is necessary to perfect on that side. When you have done all this you will not have done all. You have on the other side, on the south side, crossing the immense and rich counties of Lévis, you have there on the frontier side immense rich and fertile lands. You will be obliged to construct a railway there. It will be the true short line. Instead of passing over a foreign territory, to carry our population to the capital and to the metropolis, you will keep to your own soil. You will bring the riches of these lands to your own doors, you will encourage intelligent people, who only ask an opportunity to extract something from the fertility of the soil which God has given to them, and then, when you shall have perfected all these great works within the five years for which time and honourable trust has been confided to us we shall be able perhaps then to take our ease and say to those who shall come after us:—"Go on with our work; we have given you the Lake St. John region; we have given you the Baie des Chaleurs region; we have given you these immense countries in the south; our task is done. Do yours and develop the riches of the Province of Quebec." (Loud applause).

At that very time Mr. Heaton Armstrong and Mr. J. J. Macdonald's offer was before Mr. Mercier. Their offer was to build that road, to run the road for five years for \$450,000, payable \$200,000 when the section from 60th to 80th mile was completed and \$200,000 when the section from the 80th to the 100th was completed, and \$50,000 when the Cascapedia bridge was completed. They were to put \$175,000 in hard cash in the Bank of Montreal, out of which these debts, (including that \$75,000 to which the promoters of the bill were willing to pay Mr. MacFarlane,) were to be paid and they were to deposit in hard cash to secure the guarantee of bonds for ten years' \$840,000. That offer was before Mr. Mercier when he made these remarks, and at the time he introduced that resolution.

The old company was forced out. We know how they were forced out and the Order in Council was passed, and by that Order in Council passed on the 23rd of April with the offer of Mr. Macdonald still before them to build that road, \$450,000 was granted the promoters of this Bill, the cash subsidy of \$280,000, a deferred subsidy of \$280,000, and a subsidy of \$50,000 for the Cascapedia bridge, and the old subsidy is still standing by virtue of the Acts previously passed of \$260,000, so that this company stand to day entitled to subsidies of \$870,000 which they are to receive for the building of that road which Mr. Macdonald was prepared to build for \$450,000.

The Hon. Mr. McCallum—And of that he had to pay \$50,000 in commission.

Mr. BARWICK—And of that amount he had to pay \$50,000 to the chosen intermediary between the contractors and the Government of the Province of Quebec.

An Honourable GENTLEMAN—What did he offer?

Mr. BARWICK—To build the road for \$400,000, with \$50,000 for the bridge, to run it for five years, to put up \$175,000 in hard cash in the Bank of Montreal, to pay the debts, and deposit with the Government \$840,000 to secure the guarantee of the interest of the bonds for ten years. These contractors get \$560,000 of subsidy half

cash, half deferred, \$50,000 for the bridge and \$260,000 of old subsidy, and they are not obliged to run the road an hour, and do not intend to run it for an hour if it does not pay.

The Hon. Mr. POWER—If you will excuse me, were not these subsidies available for the new company under the legislation of the Province of Quebec which had been completed before Mr. Macdonald fell out with Mr. Robitaille.

Mr. BARWICK—Yes; Mr. Macdonald's offer was refused in three months after the legislation was passed. What I said was, that Mr. Macdonald's offer was before the Premier of Quebec at the time he made the speeches, at the time he introduced that legislation, and for three months afterwards; and with that offer in his hand and with Mr. Macdonald prepared to build that road and make a profit of \$100,000 out of it, and pay Mr. Mercier's man, Pacaud, \$50,000, Mr. Mercier refused that offer, and gives this new company \$870,000 of which his man takes \$100,000.

The Hon. Mr. O'DONOHUE—Mr. Macdonald said he was his agent, but he did not say he was the agent of Mr. Mercier.

Mr. BARWICK.—Mr. J. C. Langelier was appointed a Commissioner to deal with the \$280,000, and his first act after his appointment, immediately after his appointment, was to deal with that \$175,000 applicable to Mr. MacFarlane's claim. Mr. MacFarlane's claim was payable out of the \$175,000 under the terms of the Subsidy Act as admitted and stated by the memorandum submitted by this company to the Premier of the Dominion. \$100,000 of the \$175,000 goes to Mr. Pacaud. Now, who is Mr. Pacaud? The go-between between the contractors and the Provincial Government; the treasurer of Mr. Mercier's political fund, and the man who had to be employed when Mr. Armstrong went to the Provincial Government, and who accompanied the Provincial Government on the celebrated trip to St. Johns, when Mr. Armstrong's offer was accepted, provided Mr. Mercier could break with Mr. Macdonald. On that celebrated trip to St. Johns Mr. Macdonald's offer to build the road for \$450,000 was still before Mr. Mercier. It was discussed in that car. Mr. Pacaud went from Montreal to St. Johns, 27 miles, in company with Mr. Mercier and Mr. Armstrong. Mr. C. N. Armstrong was waiting anxiously in the front car for the result of the offer. Comes back with the offer, the offer being that as soon as Mr. Mercier had broken with John J. Macdonald, Armstrong's offer would be accepted. The Commissioner's duty, Mr. J. Chrysostome Langelier's duty, was to deal with the \$175,000 covering Mr. MacFarlane's claim, in accordance with the disposition of the Subsidy Act. Mr. A. M. Thom's duty was to approve and certify the claims. Now, what was approved? Mr. C. N. Armstrong produces before this Committee the statement which is printed among the exhibits, originally drawn to certify that \$298,943 was due to him by the company. The company could not even stand that; Mr. Riopel and Mr. L. A. Robataille could not stand that, and apparently they struck out the word "due" and inserted the words "is a correct statement of estimates of work done and remaining unpaid."

Mr. J. C. Langelier, whose duty it was to inquire into that claim, tells us plainly that he made no inquiry, he took no responsibility regarding it, never inquired into it. He received his directions from Mr. Lesage, his superior officer, and if Mr. Chrysostome Langelier was here—I see he is at the door—he would tell us that Mr. Garneau was in the room and took part in the instructions, and gave him instructions to pay over \$175,000 to C. N. Armstrong without a word of inquiry. Notwithstanding the duty cast upon Mr. J. C. Langelier and the duty cast upon Mr. Garneau and Mr. Lesage, instructions were given Mr. Langelier to take \$175,000, and pay it straight to Armstrong without any enquiry, and Mr. J. C. Langelier tells us honestly enough "I had nothing to do with that claim. I do not know whether it was a good claim or not. I obeyed the orders of my superior officers, let them take the responsibility." He did not endorse over the letter of credit to Mr. Armstrong, but he goes and discounts it at the Banque Nationale and paid to the Bank \$888.36 discount out of the Quebec moneys. Was \$888.36 discount a preferred claim within the meaning of that subsidy Act? Then Mr. Langelier walked to Mr. Pacaud's office at the foot of the Citadel Hill and gave Armstrong who was there a \$100,000 cheque, which did

not suit Mr. Pacaud's purpose and then Mr. J. C. Langelier tore up the \$100,000 cheque and gave him five cheques for \$20,000 each, and left them, and Pacaud got his \$100,000. Now, when Pacaud got that \$100,000, I say he acted as a robber and took that \$100,000 in pursuance of a bargain made between Armstrong and himself, that if he could get the Provincial Government to cancel Macdonald's contract and give it to him Pacaud should have \$100,000, and Armstrong carried out his part of the bargain like a man and Pacaud carried out his. I say with that result and looking at the statute and public documents I have put in and the speeches and the whole transaction, I ask the Committee to find if necessary that the whole transaction beginning with the legislation of the Province was stamped with the stamp of fraud.

The remedy sought by the MacFarlane estate before this Committee is a fair remedy. We sought to settle our claim, have sought offers of settlement which will enable this Bill to be passed with full protection to our interest. Yesterday Mr. Cockburn and myself representing the banks met the directors of the road, and our offer to them was this: Submit our claim to arbitration, name one arbitrator, we will name another, and let the Dominion of Canada name a third. Refer the whole question to those arbitrators. Take your Bill in any shape you like, with the approval of the Committee, which will enable you to float your bonds, and give us any kind of security that the claim ascertained by the arbitrators to be due will be paid. These gentlemen laughed at such an offer. I will leave it to the Committee to say if anything fairer could be offered, and this shows us the treatment we are likely to receive if, after being obliged to expose this scandal, these creditors are left to the mercy of Mr. Mercier's Government in the Province of Quebec. We are quite willing to admit, and the public interest demands, that this road has got to be built and the opposants of the Bill do not desire to interfere with that. They recognize that the road must go on, but we beg the Committee that some supervision may be exercised over that company in the handling of that road and the moneys hereafter, and that some supervision be devised by this Committee to see that no more money is stolen from the creditors of this company. The road to be built must pass out of the hands of the contractor, who has possession of the road preserved to him now in the most solemn manner by the judgment of a court of Quebec. The MacFarlane estate has a lien on this road and a perfect one. Now, if the Committee will establish this lien to prevent this road being bonded and further prevent MacFarlane being robbed further, we will go out of possession. Complete the road, but protect us against further bonding of that road and against further robbery. We have been charged with making this a political scandal. We have made it a matter of business. We have been charged with making this a matter of blackmail. I do not answer that. I leave it in the hands of the Committee, if there is any foundation for such a charge. We have confined our evidence strictly to the \$280,000. Our allegations are here in black and white. I have proved every word of my allegation and I stop and call no more witnesses, because I have proved my case up to the hilt. Why should I put my clients to further expense by calling witnesses and going on with a case which may last another fortnight. Had we chosen to make it a political scandal we could have established that this theft is only a part of a system of robbery which would shock every honest thinking man in Canada.

By the Hon. Mr. Power :

Q. Is there a lawsuit now pending in one of the courts at Quebec on this very subject between MacFarlane and the Baie des Chaleurs Railway Company?—A. Certainly.

Q. Suppose you get judgment, does that not protect your interests?—A. We are advised by the highest counsel in the Province of Quebec that our interests are not protected by that clause.

Q. Have you any amendment to submit to the Committee?—A. I have given my contention to the Committee and if it is desired to put that in the shape of an amendment I will do it this afternoon.

By the Hon. Mr. Tassé :

Q. I have read some time ago in several papers that you had received very serious threats from an emissary of the Mercier Government if you pressed this investigation. Is that correct?—A. I would rather not answer any questions in regard to that, because I think my answers would be misunderstood. "No," would be my answer to that question. I beg that I should not be asked. I have had interviews with counsel, but I am not at liberty to say what passed on the occasion of any interview or interviews with any counsel.

Q. To the question have you not received any threats your answer would be "no"?—A. That would be my answer. The only threat I really had which was serious was from Mr. François Langelier, who has been threatening the Ontario Bank, Mr. Cockburn and myself, with actions for libel, if we dared to go on in the way we have been going on.

Mr. LANGELIER—That is not correct. I said that you had made insinuations against my brother and that if you dared to charge him with such things anywhere that you could be sued, an action would be taken.

Mr. BARWICK—Mr. Chairman, to avoid taking up the time of the Committee to show how the money was expended, that part of my argument is put in print. The summary of it is at the end. I have traced the whole of the \$175,000 with the exception of \$44,752. I have traced \$71,750 to the old company, to Armstrong, \$111.64; to Mr. Cooper, \$2,250; to Mr. Pacaud and the Honourable H. Mercier, and in payment of personal obligations of Mr. Mercier, Honourable Charles Langelier, the Honourable Mr. Pelletier, Honourable François Langelier, Mr. J. I. Tarte, and Ernest Pacaud and others, \$54,700; bank discount, \$1,435.76; balance not accounted for, cheques having been withdrawn from the bank by Ernest Pacaud, \$44,652.60; total, \$175,000.

The Hon. Mr. MILLER.—You put that statement in before, did you not?

Mr. BARWICK.—I put it in with reference to the Exhibits, so that any person who desires to see that the figures are correct, can refer to the Exhibits.

Hon. Mr. ROBITAILLE.—At the last meeting of this Committee, the Honourable François Langelier, a gentleman of high standing, who occupies a high position of Professor in Law in Laval University, and who has the honour to occupy a seat in the House of Commons of Canada, who was a member of the Government of Quebec when I was Lieutenant-Governor, has felt it his duty to prefer a charge of embezzlement against me and my associates, acting as directors of the Baie des Chaleurs Railway Company. I asked you to institute a searching investigation into the charge, and I am here to-day to repeat the request that you shall investigate the matter and probe it to the very bottom, nay, I desire that you should extend your investigation into all the doings of the company since its inception, and that every facility should be afforded and extended to the accuser. Should you, in the course of your investigations, find out any wrong-doing on the part of the railway company I am prepared to stand by the consequences, but if not, and should the investigation prove that everything is right, as I know it is, I would ask that I should be reinstated in the position I occupied before the public before the charge was made, namely, a position of trust and honour, esteem, respect and good-will among my fellow-men. Now, honourable gentlemen, I will ask that Mr. Barwick be permitted act as my counsel for the present.

THE HON. MR. TASSÉ.—Before we proceed further, I would like to ascertain if Mr. J. C. Langelier is here. I would like to put him a question, if he has no objection.

J. CHRYSOSTÔME LANGELIER being re-called, was further examined:—

By the Hon. Mr. Tassé :

Q. In your last evidence before us, the following took place between you and me. It is taken from the notes of the official stenographer:—

2A—10½

"Q. You have referred to a letter published by in *L'Etendard* in the beginning of May. What was the amount specified by you in the letter as having been paid in settlement of the claim?—A. I do not think I specified an amount. Q. I think you did?—A. I may, I do not remember. Q. I think you said \$200,000 had been paid by you?—A. Nearly that; but I do not think I specified the amount." Now, I want to read your letter, and I will read it first in French. (Letter read in French.) Now, I will ask Mr. Creighton to read the letter in English.

The Clerk read the letter in English, as follows:—

QUEBEC, 3rd June, 1891.

The Editor of *L'Etendard*, Montreal.

SIR,—Under the title "Strange Rumours," you publish on the 30th of May a little article concerning the affairs of the Baie des Chaleurs Railway Company, in which it is said: "But the details which come to us on the subject of the application which has been made of these letters of credit are such that we are obliged to call immediately thereto the attention of the parties interested." I was appointed by Order in Council a Commissioner to pay the claims in connection with the construction of the Baie des Chaleurs Railway, so that the preceding quotation applies directly to me. Now, I deny the extremely grave accusation which your statement contained. I affirm that I have employed conformably to the law and to my instructions, the \$200,000 which were put at my disposition, and I defy you to prove the accusation which you thus bring against me. As to the pretended letters of credit which may have been partially refused, that is news for me. The papers upon which the funds have been raised were sent to me in my capacity of Commissioner. I endorsed them in this capacity, and in less than two hours everything was settled to the satisfaction of those interested, whose receipts I have in my hand. I have sent the duplicates of these to the Department of Public Works, where anybody can examine them. I hope, therefore, you will make it a duty to retract what you say on the subject of the employment that has been made of these letters of credit, failing which I shall be obliged to take other means immediately to protect myself against these calumnies.

I have the honour to be,
Your obedient servant,

J. C. LANGELIER,
Commissioner Baie des Chaleurs Railway.

Q. You wrote that?—A. Yes, certainly.

The HON. MR. POWER—Has the Counsel for the Government of the Province of Quebec any questions to ask the witness?

MR. LANGELIER, Counsel for the Province of Quebec—My questions would not be strictly legal, because they would be confined to hearsay evidence. I have heard a good deal of hearsay evidence in regard to Mr. Pacaud, and if hearsay is to be taken my brother would say something about that \$100,000.

Chairman ruled that the questions would not be in order.

The HON. MR. BOULTON—Does Mr. Barwick consider the security of the Ontario Bank is gone as far as the lien of Mr. MacFarlane upon the road is concerned?

MR. BARWICK—No, I do not; the lien still exists, and is preserved by order of Mr. Justice Pagnuelo.

The HON. MR. BOULTON—But possession is gone?

MR. BARWICK—Yes.

THE CHAIRMAN—Would the lien be effected by the passage of the Bill now before the Committee if there is no amendment to it?

MR. BARWICK—Certainly; if the Bill were to pass in its present shape our lien would absolutely disappear.

The HON. MR. MILLER—You are so advised by eminent Counsel?

MR. BARWICK—I am so advised by several Counsel; three Counsel, I think, we have submitted it to.

The HON. MR. BOULTON—Suppose it does not pass at all, in what position would you be in as far as the lien is concerned ?

Mr. BARWICK—We would be left to the mercy of the Local Government of Quebec, and we do not know how much more money will be mis-applied.

The CHAIRMAN—It is your opinion that the Bill ought to be passed to protect you ?

Mr. BARWICK—If no Bill is passed we will be unprotected. The promoters of the Bill know it, and laugh at the probable result of our labours.

The Hon. Mr. SMITH—If this Bill be passed as it is presented, without amendment, you say your rights are gone ?

Mr. BARWICK—Yes, sir.

Hon. Mr. MILLER—You want the Bill passed with amendments ?

Mr. BARWICK—With the fairest amendments to the company.

The CHAIRMAN—To preserve your lien ?

Mr. BARWICK—Yes, sir.

HON. FRANÇOIS LANGELIER—I would ask to correct a misstatement of the evidence made by Mr. Barwick. His statement of the evidence is not correct on a most important point. I do not say that he wilfully misstated it, but he is mistaken on an important point. He stated a few minutes ago that the negotiations between Mr. J. J. Macdonald and his company or syndicate on one side and the Quebec Government on the other side were broken off on account of the \$100,000 paid to Mr. Pacaud. This is contradicted clearly by Mr. Macdonald's testimony. Hon. gentlemen will not find a line in Mr. Macdonald's testimony to bear out that statement. I have here Mr. Macdonald's statement, page 72 of the printed evidence before this Committee :—

“ By Hon. Mr. Power :

“ Q. In your negotiations with Mr. Mercier with respect to your taking over this work and completing it, you and he came to the terms that he offered. Were they satisfactory to you—the \$400,000 which Mr. Armstrong of London proposed—did you and the Quebec Government have any difference—was this proposed undertaking of yours broken off on account of any difference with the Government of Quebec ? ”

That is a very clear question, and the answer is “ No,” and he says how it was broken off :—

“ It was broken off, because Mr. Riopel did not agree that he had arranged with me for \$175,000. and insisted on getting better terms, and I would not give it to him.”

There is not one tittle of evidence to substantiate the statement that it was on account of the \$100,000 that Mr. Pacaud got, and his influence being used with Mr. Mercier or his Government that the agreement of Mr. Macdonald and his syndicate with the Government was broken off. I have given Mr. Macdonald's own statement, and but that it would be a waste of the time of the Committee I might quote some other portions of the testimony.

By the Hon. Mr. McMillan :

Q. On page 91 I put a question to Mr. Macdonald as follows :—“ The witness did not explain why the arrangements were broken off after he had seen Mr. Thom, why did you not go on with Mr. Cooper ? ” And the answer was :—“ They were not prepared to come in with an interest. They wanted me to pay \$150,000 and take the whole thing over.”

Mr. LANGELIER—That proves that the trouble was not with Mr. Mercier, but in a different direction.

Hon. Mr. McMILLAN—He was told he would have to pay \$150,000, to force him out.

Mr. LANGELIER—I wish to refer to the evidence given by Mr. J. C. Langelier and to make a correction. Mr. Barwick has stated that according to the evidence he gave the \$100,000 cheque to Mr. Pacaud and afterwards changed it to five cheques.

Mr. BARWICK—Gave the cheque to Mr. Armstrong. I corrected myself.

Mr. LANGELIER—Then we agree, because my brother established the fact that he had nothing to do with Mr. Pacaud. As I stated I have been conducting MacFarlane's case—not the case of any of the creditors—to the best of my knowledge and ability, and he will say he was satisfied. I never said one word against MacFarlane's claim. I said and still think he was most outrageously treated and the more I know of his case the more I am convinced it is a most just claim. I have gone through a long investigation of the case at Quebec, over 6 months, and I am convinced it is a legitimate claim, and if I had anything to do with the payments of claims against the Baie des Chaleurs Railway his would have been the first paid after the claims of the labourers.

Mr. BARWICK—On page 115 of the evidence, Mr. Armstrong is asked to tell the Committee what took place on that train and replies as follows:—"There was very little took place so far as I was concerned, because it was a very short run from Montreal to St. John's. He went into the private car, where I understood the Ministers were and only came out just as we reached St. John's, so I only saw him half a minute while the train stopped, and it stops a very short time at St. John's. He told me no doubt the matter would be arranged satisfactorily as soon as they knew that the arrangement with Mr. Macdonald and Mr. Cameron were off, they had not yet any positive information from them on this point."

THE HONOURABLE CHARLES ALPHONSE PANTALÉON PELLETIER, a member of the Senate of Canada, who took the oath and was examined by the Hon Mr. McINNES (B.C.)

Q. During this investigation one or more notes were produced here and your name happened to be on the back of them as one of the endorsers, and the impression was produced that the proceeds of those notes were applied to an improper purpose, that was the impression left on our minds. How came your name to be on as endorser, and give any other statement that you may see fit to the Committee?—
A. Before answering that question I will make a statement. I knew nothing of that Baie des Chaleurs settlement and I was not interested, either directly or indirectly, and knew nothing of the details of that affair. I never heard of it until I saw the report of this Committee. I have never been consulted about it and of course am not the least interested.

By the Hon. Mr. Miller :

Q. What settlement do you refer to?—A. Between Pacaud, Armstrong and the Quebec Government. In fact I never heard of it, except, perhaps, as a rumour in the papers. I never interested myself in it, I never took part in it, I was never consulted, and I was not connected with it in any way. About the notes, I would contend that I am not obliged to answer before this Committee as to what these notes were for, but as I have nothing to hide or nothing to be ashamed of I am quite willing to tell what these notes were for, if required.

By the Hon. Mr. McInnis :

Q. Had they anything to do with the Baie des Chaleurs Railway?—A. Not in the least. I am willing to answer, however. I thought Mr. Barwick said this morning that the proceeds of these notes were used to pay the debts of Mr. Mercier, Mr. Langelier and myself.

Mr. BARWICK—No; I said the proceeds of the letter of credit were used to pay Mr. Mercier's debts and your personal obligations, being the obligations on that note.

Hon. Mr. PELLETIER—The proceeds were not used to pay my personal debts. To show that they had nothing to do with the elections, I will say that after the

elections were over, it was expected that a good many elections would be protested and a good many counter contestations, and, of course, nearly all our friends, whether elected or defeated, where interested but had not the means to file the deposit in the court or in the Treasury Department, as the law requires, of \$1,000 in each case. As in many other cases I endeavoured to help my friends. It was a private matter, and Mr. Mercier, before leaving for Europe, expecting this would be required, left in my hands three, or I would not be sure but that it was four notes endorsed in blank, in case we would require money to help our friends make these deposits. I kept these notes until they were required and these amounts were raised for a good many petitions and counter contestations. In the absence of Mr. Mercier we filled up these notes, endorsed them, and I never saw anything of them afterwards. They were placed in the banks and used for making these petitions and counter-contestations in the courts.

By the Hon. Mr. Miller :

Q. In whose hands did this money go?—A. I never saw a dollar of it.

Q. Then how do you know how it was used?—A. My friends say they got it for this purpose, as far as I am able to say.

Q. You believe it was used for that purpose?—A. I not only believe, I am positive.

By the Hon. Mr. Kaubach :

Q. Was Mr. Pacaud's name on the notes when you endorsed them?—A. They were signed altogether in the presence of each other.

Q. How were they paid?—A. It was not expected they would have to be paid. We expected they would be renewed until the contestations were over.

By the Hon. Mr. Tassé :

Q. Have they been renewed?—A. I have no knowledge.

Q. What were the dates?—A. I do not remember exactly; the notes have been fyled.

Q. Have they been renewed?—A. Yes.

Q. Have you paid anything?—A. No.

Q. You never expected to pay?—A. We thought most of the contestations would be in our favour and that is why we expected we would never pay.

Q. Was it expected Mr. Pacaud would take charge?—A. He was the one to distribute these amounts among our friends.

Q. At what place were they signed or endorsed?—A. I think one or two in my own office or at my private house. I could not say positively. The others were endorsed either at my office or at my private house.

Q. Were others present?—A. I could not say positively. Mr. François Langelier was present, but as to the details I do not remember exactly.

Q. They were signed and endorsed at the same time?—A. Yes; I cannot say who was present when such a note was made; I do not remember which note was made at my office and which at my house.

By the Hon. Mr. McInnes :

Q. You expected that all the protests would be in your favour?—A. Yes; that is what I said.

By the Hon. Mr. Tassé :

Q. What became of these notes when they matured?—A. I do not know; I never saw them since.

Q. They have matured since?—A. They have matured.

By the Hon. Mr. McCallum :

Q. I think you said Mr. Mercier left these notes in blank; what are we to understand by that?—A. I say he endorsed the notes in blank; the amount was not put on.

Q. Mr. Pacaud's name was not on it, then?—A. No; I had the blank endorsement; he left me the blanks endorsed and we filled up the notes afterwards. He simply left the blank paper with the endorsement on it.

By the Hon. Mr. Miller :

Q. Whose name was filled in in that blank? Whose name did you fill in in the blank as payee?—A. I did not make the notes myself.

Q. But whose name was filled in?—A. The notes were signed, I believe, by Mr. Pacaud in favour of Mr. Mercier, but I could not say positively.

By the Hon. Mr. Boulton :

Q. You say the amount was left blank?—A. I say it was a blank paper on which Mr. Mercier had put his name as endorser in case we would want it.

By the Hon. Mr. McCallum :

Q. He gave you these notes endorsed on the back?—A. Only that.

Q. He gave you several notes?—A. I said I thought three, and I would not be sure, but there may have been four.

Q. You endorsed them with the other parties and Pacaud signed them?—A. That was some time afterwards.

Q. That was what Mr. Mercier left you to carry on your contestations?—A. In case we would need it for contestations.

By the Hon. Mr. Kaulbach :

Q. Where did that money go?—A. The money went as a deposit in the courts and is then transferred to the Treasury Department, and I suppose it is there still.

Q. In what court?—A. The court in which the contestations are held.

Q. Where—in Nova Scotia?—A. No; in the Province of Quebec.

By the Hon. Mr. McInnes (British Columbia) :

Q. At the time the blank notes were placed in your hands, had the protests been sent in?—A. No; there were perhaps not one-third of them, I think perhaps it was before any was made.

Q. Do I understand that the reason why the blank notes were put in your hands, was because you were not aware of the number of elections that would be protested?—A. Of course we were not aware.

Q. And did Mr. Mercier and your other Liberal friends there in Quebec endorse these notes for the purpose of depositing the necessary thousand dollars in protested elections?—A. That it what, I believe, I stated. I said it before, and I repeat that it was for that.

Q. It was for that purpose alone that you endorsed the notes?—A. Yes.

Q. The question is asked how you expect to be paid. Is it because you believe your case a just case and do you expect you would lose none of those deposits?—A. We were not sure we would not lose some.

Q. I am asking your opinion and belief. Did you expect that you would get that money back?—A. I could not say that we were sure of winning them all, but in those we would lose we would expect to pay the amount, and I was willing to pay my share.

By the Hon. Mr. Dever :

Q. I think you said that the proceeds of these notes are now in court; is that so?—A. No; in the Treasury Department of Quebec, where these deposits are transferred by law.

Q. It is forthcoming yet?—A. The contestations are not decided, but the money will be there until—

Q. Consequently the proceeds of the notes are there?—A. In the Treasury Department.

By the Hon. Mr. McCallum :

Q. You raised the money on these notes, and I understand that this money raised on these notes has been deposited in the courts and is there yet?—A. I believe it is there yet, I never—

Q. These notes have been paid by whom?—A. I see by the report of the Committee that it appears they were paid by Mr. Pacaud, I never meddled with that.

By the Hon. Mr. McInnes (British Columbia) :

Q. For what time were they made?—A. I took no note of that. I admit that the statement here is correct. (Document referred to).

By Mr. Barwick, Counsel for Opposants :

Q. All these notes are over-due some time?—A. I believe so.

Q. You never renewed them?—A. No.

Q. How many notes were there?—A. I believe one note made at one month was renewed.

Q. How many notes were there?—A. I said just now I was not positive; three or perhaps four.

Q. Not more than four?—A. I do not believe there were more than four.

Q. For what amount?—A. I am not sure; I believe three were for \$5,000, and another perhaps a little less. I did not pay much attention to the amount at that time, because I knew the purpose of the notes, and I was not the one to administer the proceeds of these notes. I signed them, as it was understood, to help my friends.

Q. These notes were under \$20,000?—A. Well, I do not believe they were for more than that; I am not positive.

Q. About \$20,000; you endorsed the notes?—A. Yes.

Q. And are personally responsible for them?—A. Yes.

Q. If you had been sued you would have had to pay?—A. Of course.

Q. The note was a personal obligation of yours?—A. But I knew the money was to be deposited, and we would not pay until the contestation was over, because we would renew the notes.

Q. If the banks had let you?—A. Oh, they would have been too glad to do it.

Q. But they took the cash?—A. They took the cash.

Hon. Mr. POWER—I do not want to interfere with Mr. Barwick, but I would desire to know in what capacity he now appears, having withdrawn from the case for the Ontario Bank.

Mr. BARWICK—I am appearing for the Ontario Bank; a new witness has been called and I desire to examine him.

The CHAIRMAN—Since Mr. Barwick intimated his withdrawal from the case a new witness has been called in the case in which he was concerned, and he has a right to cross-examine.

Q. Here is a note of yours for \$5,000 endorsed by you, due on the 1st of May, do you remember it? (Exhibit 38.)—A. I do not remember; I believe it is correct.

Q. Here is another note due on the 18th of May for \$5,000 and another note due on the 4th of August for \$3,000?—A. I do not see my name there.

Mr. BARWICK—A witness swore that your name was there.

Hon. Mr. PELLETIER—But I do not swear it.

Mr. BARWICK—It was sworn to by Mr. Webb. Here is another note of the Banque Nationale for \$5,000, which makes \$23,000 altogether. Now were these notes all signed for the purpose you mention?—A. I do not see my name for \$23,000 I

do not say it is not. All these notes I endorsed were for that purpose, I say that positively. Mr. Pacaud was the one who was given the money to distribute. He told me so. I endorsed the notes without looking at the dates of expiration. I did not even look at the amounts, because I knew what they were for.

Q. How many election petitions were there?—A. I could not say. There were a good many petitions and counter petitions.

Q. These notes were made for the district of Quebec?—A. It was understood for that.

Q. How many petitions were there in the district of Quebec?—A. I say I do not know. I did not know how many petitions or counter-petitions.

Q. You do not know whether they were for Quebec district or not?—A. I understood it would be from Three Rivers down to the Gulf, I do not know; I had nothing to do with that.

Q. Do you think there were 23?—A. I say I do not know.

Q. Do you think there were 10 or 23?—A. I told you I did not know how many petitions or counter-petitions.

Q. You have no idea whether there were 10 or 23?—A. I believe of petitions and counter-petitions there were more than 10.

Q. 15?—A. Well, I do not know, I think my answer is clear.

By the Hon. Mr. Tassé :

Q. Did you hold a meeting of the persons whose names are endorsed on these notes before you decided to raise the funds?—A. There was no particular meeting. There were several friends and we decided to raise the money.

Q. Can you remember the names of the parties present?—A. There was no formal meeting. There were a couple of us at my office or at my private house and we endorsed the notes.

By the Hon. Mr. McCallum :

Q. Was that before Mr. Mercier left?—A. I say he left those blank notes in with me.

Q. Did he say who was to endorse then?—A. He know very well I would be one.

By the Hon. Mr. Bolton :

Q. You did not receive any of the proceeds of these notes?—A. No.

By the Hon. Mr. Power :

Q. About this \$100,000, alleged to have been paid to Mr. Pacaud, had you any previous knowledge of the payment before these notes were made?—A. I said just now I had not.

The committee adjourned till Friday at 10.30 a.m.

THE SENATE,
COMMITTEE ROOM No. 8,
FRIDAY, AUGUST 28th, 1891.

MR. BARWICK, Counsel for Opposants—May I be permitted to make an explanation? Yesterday it appears I did Mr. Armstrong an injustice which I desire to correct as soon as possible. In the printing of the exhibits, exhibit 5 was printed as "a correct statement of the work done and remaining unpaid." Mr. Armstrong withdrew his written document, and before he went a certified copy was made by one of the typewriters up stairs. The certified copy read exactly as the document is printed (at page 268), "A correct statement of work done and remaining unpaid." Without admitting that it affects the main argument I desire to point out that in my address yesterday I called attention to what I asked the Committee to say was a statement untrue on Mr. Armstrong's part, because when the document was produced by Mr. Chrysostome Langelier it read, "A correct statement of estimates of work done." I find on enquiry that I was wrong, that the document was twice mis-copied and misprinted wrongly, but the document which Mr. Armstrong has, really contains the words, "A correct statement of estimates of work done." Having done him that injustice, I desire to repair that as soon as I can, and if the Committee will permit, I would like all that part of my remarks referring to that point struck out of the official report of the remarks addressed to the Committee.

This request was granted.

GEORGE A. TAYLOR, contractor, of Brockville, in the Province of Ontario, being duly sworn, was examined by the Hon. Francois Langelier, Q.C., counsel for the Quebec Government.

Q. You are a railway contractor?—A. Yes.

Q. You have been a contractor for the Baie des Chaleurs Railway?—A. Yes.

Q. To what portion of the road did your contract apply?—A. To the first twenty miles.

Q. Your contract was not a lump sum, but an item contract?—A. Yes; it was entered into on the 9th of June, 1886.

Q. Look at this paper (exhibit 68) and state whether you can identify it?—A. Yes.

Q. That is the affidavit you took in Quebec on the 27th January, 1891?—A. Yes.

Q. Have you just read it again?—A. No.

Q. Please read it and say whether it contains the truth, to the best of your knowledge?—A. Yes, sir.

Q. Do you know what amount of Local and Federal subsidies were applicable to those 20 miles of road you built?—A. \$300,000 of Dominion subsidy and \$70,000 of Local subsidy.

Q. That was the amount available for the construction of the work?—A. Yes.

Q. You have carried out your contract for the building of these 20 miles?—A. Yes; but it was not quite finished.

Q. What was the value of the work remaining to be done on these 20 miles, when you left?—A. It is very hard to say; we made no estimate.

Q. Could you give it approximately?—A. As regards the work in our contract the main item was ballasting.

Q. You could not say how many thousands of dollars?—A. Oh no; we made no estimate.

Q. Was it a large proportion of the total work, or was it a small proportion?—
A. A small proportion as far as our contract was concerned.

Q. There remained very little to do on your contract?—A. Yes.

Q. How much money did you receive from the company for the work you have executed on that section of 20 miles? When I say you, I mean your firm of Macdonald, O'Brien & Co.?—A. Our estimate amounted to about \$252,000.

Q. That is what you got?—A. Yes; that is our estimate, we settled on that.

Q. Did it include work done or something else put in your estimate, which did not represent any work?—A. There was a guarantee we paid over at the start, and that was added to the estimates, and a drawback was added.

Q. You gave a certain amount at the start?—A. Yes; as a guarantee, \$10,000.

Q. And that amount was refunded to you by adding something on to the estimates?—A. Certainly, on the settlement.

Q. So in the sum of \$252,000 you have just mentioned is included that \$10,000 you gave at the start?—A. No; that represents work actually done.

Q. And the \$10,000 is besides that?—A. Yes.

Q. Will you look at this deed (Exhibit 69); do you remember that deed?—
A. Yes.

Q. You were a party to it and present when it was signed by the other parties?—
A. Yes.

Q. The other parties were, the Baie des Chaleurs Railway Co., C. N. Armstrong, your firm, and one of your firm, Mr. Roderick L. McDonald, individually?—A. Yes.

Q. And George B. Burland, of Montreal, who is present here to-day?—Yes.

Mr. LANGELIER—This is a memo of agreement between the Baie des Chaleurs Railway Co., Armstrong and others, dated the 5th July, 1886.

Q. I would like you to give me some explanation to some portions of that agreement. The first clause of the deed after the recital of several other agreements provides for the transfer to Mr. Burland of the subsidies applicable to these 20 miles?—A. Yes, sir.

Q. Mr. Burland was to be trustee for the company and your firm?—A. Yes.

Q. Of all the subsidies earned on the construction of the road?—A. Yes, sir.

Q. And these subsidies were to be paid over to your firm to the extent that they were to be earned?—A. Certainly.

Q. Mr. Burland was the only party who had the right to receive any of these subsidies under this deed?—A. Yes.

Q. No one else had a right to get a cent of these subsidies except Mr. Burland?—
A. No, sir.

Q. The deed says that the said railway company does transfer and make over to the fifth party these subsidies. The fifth party is Mr. Burland?—A. Yes.

Q. I see, that in the second clause of that agreement it is provided that Mr. Light, the company's engineer, is going to make, about the 15th of August, an estimate of the work then executed as well as the work to be executed. Did Mr. Light make that estimate of work then executed as well as of the work remaining to be executed?—A. I believe he did.

Q. Can you state what he estimated the value of the work done and to be done?—A. I do not exactly remember.

Q. Could you state approximately; is it far from the amount you received for the same work?

By the Hon. Mr. Kaulbach :

Q. Was it in writing?—A. Yes, sir.

By Mr. Langelier :

Q. You are aware he did make an estimate?—A. I am aware that he made an estimate.

Q. You don't remember the exact figures of the estimate he made?—A. No, sir.

Q. When did he make that estimate; is it on the date mentioned in the deed?—
Later on—that is we did not see it until later on.

Q. It may have been made at the date mentioned there, but you heard of it later on?—A. Yes.

Q. I see that it is stated in that agreement that Mr. Burland as trustee is to pay out of the moneys coming to him from the subsidies, the amounts due the contractors. That is to your firm?—A. Yes.

Q. To pay \$2,000 of each instalment of \$60,000 received from the Dominion Government. First of all, how were these instalments payable by the Federal Government—how was the work divided as to the payments to be made by the Federal Government?—A. In five separate payments.

Q. Each four miles.—A. One-fifth of the work.

Q. It is not divided by miles but by the amount of the work?—A. By the amount of the work.

Q. The Federal subsidy was to be paid in five equal instalments of \$60,000 each.—A. Yes, sir.

Q. The agreement says, to the third parties the sum of two thousand dollars out of each instalment of sixty thousand dollars received from the Dominion Government forming in all ten thousand dollars and being the amount payable by the second party to the third parties under an agreement between them before W. B. S. Reddy, notary, on the ninth day of June instant 1886, under No. 505 of his minutes. I will show you the agreement. Please look at this notarial agreement and state if this agreement is the agreement referred to in the clause I was just reading from?—A. Yes, sir.

Q. That agreement is dated 9th June, 1886.—A. Yes, sir.

Q. It was passed before Mr. Reddy, Notary of Montreal?—A. Yes, sir.

Q. Will you please state all you know about this \$10,000 which is referred to, in the agreement (Exhibit 69) and in the other agreement (Exhibit 70)?—A. It was given as a guarantee when we signed the contract that we would fulfil the condition of the contract.

Q. Who did you pay that money to?—A. It was paid in Quebec at the time the contract was signed.

Q. To whom was it paid?—A. To Mr. Riopel and Mr. Armstrong.

By the Hon. Mr. McCallum :

Q. What did you pay them—\$3,000?—A. No, \$5,000 at that time.

By Mr. Langelier :

Q. You paid that in two instalments of \$5,000 each?—A. The other five thousand was paid later on.

Q. You paid \$10,000 altogether?—A. Yes, sir.

Q. Will you please state, as a member of the Committee asked it, at what date the payment was made?—A. The first one was made at the time of the signing of the contract between ourselves and Mr. Armstrong.

By the Hon. Mr. Kaulbach :

Q. 9th June, 1886?—A. Yes.

By Mr. Langelier :

Q. When was the second payment made?—A. The second payment—I do not quite remember the date.

Q. Did your firm give a promisory note for that \$5,000?—A. That I am not prepared to say—I forget.

Q. You are sure you paid the \$5,000?—A. Oh yes, we paid the other five thousand.

By the Hon. Mr. Bolton.

Q. According to agreement? A. Yes sir.

By Mr. Langelier :

Q. Were you recouped that ten thousand dollars you paid? A. Yes.

Q. How were you recouped? A. In the final settlement.

Q. Out of the estimates? A. Yes.

Q. It was paid out of Provincial and Dominion Subsidies? A. Yes sir.

Q. How was that amount paid back to you—added to your monthly estimates?
A. Yes; added to our monthly estimates according to agreement.

Q. I see in the deed. "In consideration thereof the contractor binds and pledges himself to repay to the said sub-contractors the sum of \$2000 out of each and every the five sums of sixty thousand dollars each to be paid by the Government of Canada in connection with the construction of the said 20 miles, and the contractor will cause to be added to the ordinary estimate of the company's engineer by which the said sub-contractor became entitled to said payments of sixty thousand dollars each the sum of two thousand dollars on each and every of the five estimates." Was that done?—A. I cannot say how it was done. I know we got it back, we received the money from the trustee on the estimates of Mr. Armstrong's engineer.

Q. If I understand you rightly besides the estimates for work nearly done under these conditions, the \$10,000 were added to your estimates to recoup you the \$10,000 you had first paid Mr. Riopel?—A. Certainly.

Q. So that this \$10,000 represents no real work done on the 210 miles?—A. They represent the \$10,000 we had given them.

By The Hon. Mr. Read. (Quinte.)

Q. I would like to ask whether your sub-contract was under Mr. Armstrong?
A. Yes, sir.

MR. BARWICK.—Mr. Chairman, I am appearing for Senator Robitaille. I understand that Mr. Langelier is appearing for the Government of the Province of Quebec, and I put in now the shorthand statement of his charge here, which I am meeting for Senator Robitaille.

MR. LANGELIER.—I can repeat my charge. I do not hold myself bound by a report that I never saw. I stated the other day that \$118,000 of Federal and Local subsidies applicable to the first 20 miles had been misapplied. I was told afterwards that I used an expression too strong in saying that it was embezzelled or misapplied. The English is not my native language, but I wanted to express the French word *détourner* I am told that embezzlement is not the word to use. I say the funds were misapplied, I used the wrong expression, if the word "embezzle" means a criminal act. I do not want to say there was anything criminal.

MR. BARWICK.—You spoke of criminal proceedings?

MR. LANGELIER.—That is another statement, and I will prove that statement also.

THE CHAIRMAN.—The clerk has entered the word you used as misapplied.

MR. LANGELIER.—He is familiar with French and English; and he would see what I meant, and he would see that the words do not correspond with one another. I was told afterwards that the two words could not mean the same thing. If embezzlement means something criminal, I do not want to say anything of that kind.

Q. I see that the deed provides for being paid from monthly certificates of work done, under certificates to be delivered by Mr. Light, engineer of the company. Did you receive those estimates?—A. We received our payments on the certificates of Mr. Armstrong's engineer. We received our payments through Mr. Burland, trustee, and he received the estimates, the documents.

Q. That is to say your estimates were first prepared by Mr. Leduc, Mr. Armstrong's engineer, and these were certified to by Mr. Light, the Government engineer?
—A. I am not certain.

Q. At all events you received the amount of the estimates, whatever they may have been, regularly from Mr. Burland?—A. Yes, sir.

Q. You received them, if I understand right, in accordance with this agreement?—A. Yes.

Q. Mr. Burland carried out correctly this agreement?—A. Yes.

Q. I see in that agreement it is stated that five instalments of \$8,000 each are to be paid to you, and that it states "said sums of eight thousand dollars, each, shall be paid to the third parties (that is McDonald, O'Brien & Co.) by the fifth party (that is Mr. Burland), out of the subsidies to be paid by the Federal and Local Governments within two months after the final completion of the whole work to the satisfaction of the engineer of the company?" Why were those instalments of \$8,000 each made payable to you? Were they for work to be really executed or for something else?—A. They were for certain drawbacks. I think it states it in the deed.

Q. "Of the amount estimated by the said Light of the value of the price mentioned in the contract, a second sum of \$40,000 to provide for the payment of five installments of \$8,000 each, to be paid to H. Noel, as herein stipulated." Who was Mr. Noel?—A. The manager of the Quebec Bank in Ottawa.

Q. Was Mr. Noel to receive those \$40,000 for work executed on the road, or for other purposes?—A. I do not know how much he received, I suppose he was paid through Mr. Burland.

Q. What was it for? Was it for work done by you, or some other purpose?—A. It is supposed to be for the usual drawback on the work.

Q. At all events, you never had that sum of money for your own use?—A. We received it in our final settlement.

Q. Did you pay it over?—A. We never had the handling of it.

Q. You never had it?—A. No. It was the price taken off our estimates in the final drawback.

Q. And you never got it?—A. We got it in our final settlement.

Q. Is it included in the \$252,000 you spoke of?—A. No. That is the amount of the work we did.

Q. How did this \$40,000 become payable to Mr. Noel of the Quebec bank? What business relations had he with your firm?—A. He had none. I do not know how it was.

Q. For whom was Noel to receive these five instalments of \$8,000 each?—A. That, I cannot say. I do not know.

Q. Here is what I find in the deed. The said sums of \$8,000 each shall be paid to the third party by the fifth party out of the subsidies to be paid by the Federal and Local Governments within two months of the final completion of the whole work to the satisfaction of the engineer of the company. You got that sum after the whole work was completed, out of the money coming from the subsidies?—A. Out of the money we received from Mr. Burland.

Q. You stated a few moments ago that under this agreement (Exhibit 69) all subsidies had become payable to Mr. Burland as trustee?—A. According to the deed—Yes.

Q. Did you become aware at a certain time that some other parties than Mr. Burland had received a portion of that money?—A. A certain portion went to Quebec at one time.

Q. To whom?—A. To the bank.

Q. To whose credit?—A. I suppose it went to the company's credit.

Q. You were informed that the company had, as a matter of fact, received \$40,000 of that money which should have gone to Mr. Burland?—A. Yes.

Q. At what date did you receive that information?—A. Immediately after it was paid.

By the Hon. Mr. Kaulbach:

Q. From whom did you get that information?—A. Through our lawyers—Ottawa, Messrs. Ferguson and Gemmill.

Q. By letter?—A. One of my partners was here and wired us to Quebec to come up in regard to the matter. We came up, but the money had gone down to Quebec, and we went right down, taking our solicitor from Montreal.

By Mr. Langelier :

Q. On receiving that information did you go to Quebec, or were you there before?—A. We were not. We went down.

By the Hon. Mr. McCallum :

Q. Whom do you mean by "we"?—A. Myself and partners.

Q. Did you go yourself?—A. Yes.

By Mr. Langelier :

Q. Whom did you want to see in Quebec?—A. The President of the Company, Mr. Robitaille.

Q. Did you meet him?—A. Yes.

Q. Please state what took place in relation to this matter?—A. He said he was ready to transfer the money; that it was a mistake.

Q. Did he admit that the Company received the money which he had no right to receive?—A. I cannot remember that. I only remember that we demanded the money.

Q. Did he admit that the company had the money?—A. I understand he gave a cheque for it.

Q. Did he give that right off, immediately on your asking?—A. He was ready to, I believe, but it had to be counter-signed by his brother, the secretary of the company.

Q. Did you consult a lawyer as to the steps which should be taken to get the money back into the hands of the trustee, Mr. Burland?—Yes; we already telegraphed to Mr. Stuart of Quebec to take means to hold that money, so we could not lose it.

Q. Look at this telegram (Exhibit 71), and state whether it is a telegram that your firm received at that time?—A. I remember seeing such a telegram.

Q. By whom is it sent?—A. By Theodore Robitaille.

Q. That is the President of the Company, Senator Robitaille?—A. Yes.

The telegram reads as follows:—

From Quebec *via* Montreal.

OTTAWA, 10th February, 1887.

To McDonald, O'Brien & Co.

Russell House or Grand Union,
Ottawa.

I find on inquiry at bank that amount has been paid to credit of company. Bank refuses pay trustee on my order, and requires company's secretary's signature. He is absent. I telegraph him to send cheque. I am ready to adopt other means you may suggest.

(Sgd.)

THEODORE ROBITAILLE.

Q. That is the telegram you received concerning that \$40,000 business?—A. I remember receiving that.

Q. After that, the \$40,000 were handed back to Mr. Burland, trustee?—A. I suppose so.

By Hon. Mr. McCallum :

Q. That is what you say—you suppose?—A. I believe it was.

By Hon. Mr. Kaulbach :

Q. At any rate you were satisfied?—A. Yes.

By Mr. Langelier :

Q. This telegram relates to your complaint that the \$40,000 which should have been paid to the trustees had been illegally obtained by the company?—A. I do not know whether it was illegal or not.

Q. All you can state is that it had been obtained after the transfer?—A. That is all.

Q. You are not personally aware whether the money was paid back to Mr. Burland, but you are satisfied it was?—A. I am quite satisfied it was paid back.

Q. Will you please look at this letter (Exhibit 72). It reads as follows:—

THE BAIE DES CHALEURS RAILWAY COMPANY,
QUEBEC, 16th December, 1886.

To Messrs. McDONALD, O'BRIEN & Co.,
Contractors, Metapedia.

SIRS.—On behalf of the Baie des Chaleurs Railway Company I desire to draw your attention to clause *second* of the agreement passed between this company, first party, C. N. Armstrong, second party, your firm, third party, R. L. McDonald, fourth party, and G. B. Burland, fifth party.

Whereby it is stipulated that the trustee, Mr. Burland, shall be bound to re-transfer to this company whatever may remain of the subsidies transferred to him after deduction therefrom:

1st. Of the amount estimated by Mr. Light.

2nd. Of the sum of \$40,000.

3rd. Of the sum of \$33,000.

Now, as you have some time past been supplied with the requisite estimates from Mr. Light, I am to notify you, on behalf of this company, to comply forthwith with that clause of the agreement, viz., to request Mr. Burland to retransfer to the Baie des Chaleurs Railway Company the remaining portion of the subsidies in his hands.

I have the honour to be, Gentlemen,
Your obedient servant,

THEODORE ROBITAILLE,
President B. d. C. R.

Q. Do you remember your firm having received this letter?—A. Yes; I believe we received this, or one similar.

Q. Was it long before the reception of this letter; that Mr. Light made his estimate of the work done and to be done which was alluded to in the letter?—A. It was before this; I could not say how long.

Q. Did you comply with the request contained in that letter?—A. No, sir.

Q. You did not; what was your contention?—A. Our contention was that Mr. Light's estimate was not sufficient to complete our contract.

Q. Then, what was the point of difference between you and the company which brought about that letter, and the protest which I am going to show you?—A. We did not transfer back any portion of the subsidy.

Q. The company wanted to get the subsidies at once re-transferred to them?

Hon. Mr. McCALLUM—Ask what they wanted.

Mr. LANGELIER—I put the question first in strictly legal form, and I want to refresh the memory of the witness. I have seen many questions much more leading than that put to the other witnesses.

The CHAIRMAN.—Your question is all right.

The WITNESS—All I can say is, that we did not consider Mr. Light's estimates sufficient to do the work, and we declined to transfer the subsidies.

Q. What did the company want?—A. They wanted us to re-transfer the difference.

Q. What did they want to have transferred back?—A. The difference, the balance of the subsidy.

Q. That is the difference between Mr. Light's estimates and the total amount of the subsidy?—A. Yes.

Q. And you did not want to do that?—A. We would not do it.

By the Hon. Mr. Boulton :

Q. That was the agreement, was it not?—A. That was one clause of the agreement.

Q. Will you look at this paper which is produced, dated 2nd December, 1886, by Messrs. Marler & McLennan, notaries of Montreal, at the instance and request of the Baie des Chaleurs Railway Company, and state whether you remember having received that protest. I may state that the protest is to the same effect as the letter?—A. I feel very sure that that protest was received. (Document filed as Exhibit 73.)

By Mr. Barwick, Counsel for Hon. Théodore Robitaille :

Q. This is your affidavit (Exhibit 68)?—A. Yes.

Q. Chrysostome Langelier drew that affidavit?—A. Yes, sir.

Q. Why did he draw it?—A. As I supposed, to assist Mr. MacFarlane.

Q. Not with a view to making a scandal against Senator Robitaille?—A. No.

Q. This is his handwriting here in the last paragraph. "The said amount?"—

A. "Amount" is in his handwriting—Yes.

Q. He polished up the affidavit after it had been printed. This was printed in his office?—A. I signed it there.

Q. You swore to it before J. Chrysostome Langelier, Justice of the Peace?—A. I signed it in his office.

Q. Did you kiss a Bible? at the time you swore it?—A. I am not quite sure.

Q. I am quite serious. Are you a Presbyterian?—A. No; I am Church of England.

Q. You are not a Presbyterian; you do not object to taking an oath in the way you took one this morning, by kissing the Bible?—A. No.

Q. That is the way you usually take an oath?—A. By all means.

Q. You did not kiss a Bible when you swore this affidavit in Chrysostome Langelier's office?—A. I am not quite certain.

Q. There was not a Bible there, was there?—A. I don't know.

Q. Did you take a book in your hand—did you take a dictionary?—A. I do not remember doing that?

Q. There was not even a dictionary there?—A. There might be.

Q. However, you did not kiss any book at the time you swore that affidavit?—

A. I am not quite sure.

Q. How did all these letters that are put in here get into the hands of the Counsel for the Quebec Government?—A. I gave them to Mr. Macfarlane; he is a friend of mine.

Q. You gave them to him to help him?—A. In his case against the company—yes.

Q. How they got from Mr. Macfarlane's hand into Mr. François Langelier's hand you cannot state?—A. No.

Q. You made your contract with Charles Newhouse Armstrong on the 9th of June, 1886 (Exhibit 70)?—A. Yes, sir.

Q. By that contract you agreed to build the first twenty miles?—A. Yes, sir.

Q. And what were you to be paid?—A. On estimate.

Q. How much, do you remember?—A. We were to be paid all we got.

Q. What was the bargain?—A. Perhaps I do not quite understand your question.

Q. I will put it in another way. You deposited a certain sum in the hands of the contractor?—A. Yes.

Q. To show your good faith in going on with the contract?—A. Yes.

Q. Just as with the Public Works Department of Canada, you would put up a marked cheque?—A. It was a guarantee.

Q. Instead of putting up a marked cheque to show your good faith and ability to do the work which you had contracted to do, you put up \$10,000?—A. Yes.

Q. And you got it back?—A. Yes.

Q. Was there anything dishonest about getting it back?—A. No, sir.

Q. You were entitled to it?—A. Yes, sir.

Q. You looked to them for it, and they gave it to you as honest men ought to do?—A. Certainly.

Q. I will read a clause of the agreement—"Now these presents witnesseth that the sub-contractors have this day paid to the said contractor the sum of five thousand dollars in cash, and bind and oblige themselves upon the signing of a transfer of the subsidies amounting to three hundred and seventy-three thousand dollars by the Baie des Chaleurs Railway Company to a Bank as a Trustee, to pay to the said Charles Newhouse Armstrong a further sum of five thousand dollars." That is \$5,000 down, and \$5,000 when you got the transfer of the subsidies?—A. Yes.

Q. Now this \$370,000 subsidy was made up of \$300,000 Dominion and \$70,000 Quebec subsidy?—A. Yes.

Q. Payable in respect to your 20 miles?—A. Yes.

Q. Here is a clause in the contract: "In consideration thereof the contractor (that is Armstrong) binds and pledges himself to repay to the sub-contractors (that is McDonald, O'Brien & Co.) the sum of \$2,000 out of each and every the five sums of \$60,000, each to be paid by the Government of Canada"—that is, the Dominion subsidy was payable in sums of \$60,000 each?—A. Yes.

Q. And five times \$60,000 is \$300,000?—A. Yes.

Q. Out of each sum of \$60,000 Armstrong was pledged to pay you back \$2,000, was he?—A. Yes.

Q. And did he?—A. I suppose he did; I got it.

Q. Was there anything dishonest about that?—A. No.

Q. Was it honest?—A. Yes; what we were entitled to.

Q. The contract provides that the transfer of the subsidies made to the sub-contractors, Messrs. McDonald, O'Brien & Co., should also secure the repayment of the above-mentioned \$10,000?—A. Yes.

Q. That is, you got an assignment of the whole \$300,000 to secure the payment to you under your contract first?—A. Yes.

Q. And the repayment back to you honestly of that \$10,000?—A. Certainly.

Q. On the 5th July, 1886, came this next agreement (Exhibit 69). This agreement governed how you were to be paid the amount of the estimates?—A. Yes.

Q. In this the Baie des Chaleurs Railway Company was the first party, Armstrong the second, your firm the third, R. L. McDonald the fourth and Mr. Burland fifth—Mr. Burland was the trustee?—A. Yes.

Q. This agreement recites other agreements, the assignment of \$300,000 to secure the party mentioned, and then assigns to Mr. Burland the sum of \$300,000 and the subsidy of \$70,000, recites the giving of an absolute power of attorney to Mr. Burland to entitle him to receive the subsidies, Burland being the party named by you as a thoroughly reliable man to receive these subsidies?—A. Yes.

Q. And goes on to provide that the engineer of the railway company should make an estimate of the work on the 15th of August next?—A. On or about.

Q. The work done by your firm?—A. The work to be done.

Q. The work done under your contract and the work remaining to be done. And then provided that in the event of such estimate being less than the amount of subsidy hereby transferred, Mr. Burland should be bound at the request of McDonald, O'Brien & Co.—at your request—to transfer the surplus in Mr. Burland's hands to the company?—A. Yes.

Q. Meaning that you were bound to be protected in the payment of your money?—A. Yes.

Q. Mr. Burland was to see you paid?—A. Yes.

Q. Until then, and not till you gave consent, was the balance to go to the company?—A. Not till we gave our consent.

Q. And the balance of that subsidy belongs to the company?—A. Yes.

Q. Was there anything dishonest about that?—A. Not to my idea.

Q. It was honest and true?—A. Yes.

- Q. Being entitled to receive the money?—A. Yes.
- Q. After you were paid?—A. Yes; for work done.
- Q. And Mr. Burland could not pay \$1 to the company until you told him to?—A. No; not under that agreement.
- Q. The dispute arose as regards the \$40,000?—A. Yes.
- Q. Then followed the letter of Théodore Robitaille of the 16th December, 1886 (Exhibit 72)?—A. I remember that letter.
- Q. By that letter Mr. Robitaille called upon you, pursuant to this document, (Exhibit 69), of the 5th July, 1886, to request Mr. Burland to transfer the surplus over and above what is due to you to the company?—A. Yes.
- Q. Was that honest?—A. According to the agreement between us.
- Q. Then followed this telegram of the 10th February, 1887 (Exhibit 71); that was from the President of the company to your firm?—A. Yes.
- Q. Here is a certificate of Mr. Light's, is it not?—A. It is his signature. It is a certificate dated the 12th of February, 1887 (Exhibit 74).
- Q. You stopped work about the 17th of January, 1887?—A. Yes.
- Q. And the work you did not do on your section was completed, by Armstrong doing a portion of it and Macfarlane the balance?—A. I believe so.
- Q. And this certificate certified that the subcontractors for the first 20 miles, did not proceed with the work in a manner to complete their contract by the first of December, 1886, as provided by the contract between Mr. C. N. Armstrong and the sub-contractors Messrs. McDonald, O'Brien & Co., dated the 9th June, 1886, and further certifies that the said works were not completed on the said first of December, 1886, and are not completed at the present time, and is signed by A. L. Light. Is that certificate true?—A. I never saw it. It is true so far as the work not being completed.
- Q. This \$40,000, Mr. Langelier speaks of, was paid to the Quebec Bank?—A. Yes.
- Q. That was the \$40,000 due out of the Dominion subsidy in respect to your 20 miles?—A. Yes.
- Q. Which Dominion subsidy Mr. Burland ought to have received and should have kept until you gave him liberty to pay whatever balance was due the company, to the company?—A. Yes.
- Q. Now, the Government made a mistake and paid that \$40,000 to the Quebec Bank?—A. Yes.
- Q. Subsidies are drawn from the Dominion Treasury by powers of attorney, as a rule?—A. So I understand, as a contractor.
- Q. And Mr. Burland held a power of attorney under which he was to receive \$370,000?—A. Yes.
- Q. Mr. Noël got a subsequent power of attorney?—A. I do not know.
- Q. How did he come to get that \$40,000?—A. That I cannot understand.
- Q. Did you not understand that it was a departmental mistake?—A. So Mr. Robitaille told me.
- Q. And you insisted upon that \$40,000 being put back?—A. We insisted on that.
- Q. Mr. Armstrong claimed differently?—A. Yes.
- Q. He wanted the \$40,000?—A. He did.
- Q. And he claimed that the document which provided that that money should not be paid to the old company without your consent, was a clerical error and that his name ought to have been in there?—A. That was his contention.
- Q. You denied that?—A. Yes.
- Q. And on that contention you employed your solicitor?—A. Yes.
- Q. And Armstrong his?—A. I heard so.
- Q. And Senator Robitaille his?—A. I heard that too.
- Q. And Senator Robitaille was in Quebec at the time and you went to see him?—A. Yes.
- Q. Where did you see him?—A. At the St. Louis Hotel.

Q. On what date?—A. Well somewhere about the middle of February, I am not sure of the date, the telegram will show.

Q. And you began firing protests at each other all round, didn't you?—A. Our protests were at Armstrong.

Q. Where is your protest to the Baie des Chaleurs Railway Company?—A. I don't remember whether we did protest them or not.

Mr. BARWICK.—Mr. Chairman, here is a copy of it, which with your permission I will put in to-day, and will undertake to put in a notarial copy if necessary. Here are the particulars showing this is a notarial copy in the notes of Mr. Couture, Notary Public of Quebec, No. 2743. This is not certified, but if I be permitted to use this, I will undertake to procure from Mr. Couture's notes a notarial copy. This is a protest from McDonald, O'Brien & Co. to the Baie des Chaleurs Railway Company.

(Document filed as Exhibit 75). No. 75, now in, is a protest from the Baie des Chaleurs to Macdonald, O'Brien & Co., and then I have a protest from the Baie des Chaleurs to G. B. Burland, 24th December, 1886. Exhibit 74 is Mr. Light's certificate, 75 is the one just put in, and 76, which I would put in is the protest from the Baie des Chaleurs Railway Company to G. B. Burland. (Document filed as Exhibit 76). I will not trouble the Committee to read these things, but these when printed will show what the dispute was between these parties.

Q. Now you went to Quebec to try to get that \$40,000 paid by mistake to Mr. Noel re-transferred to Mr. Burland?—A. Yes, sir.

Q. And you saw Governor Robitaille?—A. Yes, sir.

Q. With your solicitor, or were you alone?—A. I think there were only ourselves, just the firm.

Q. Who were they?—A. Mr. McDonald, Mr. O'Brien, Mr. Rodgers, and myself.

Q. And Senator Robitaille, prudent man, referred the whole matter to his solicitor?—A. I do not know; I suppose he did.

Q. Did you hear what his solicitor's name was, Bossé?—A. Bossé, I think.

Q. Now a Judge?—A. Yes.

Mr. BARWICK.—I put in the written opinion of Mr. Bossé.

Mr. LANGELIER.—That cannot be evidence.

Mr. BARWICK.—Does anyone dispute his signature?

Mr. LANGELIER.—I do not say that, but that cannot go in as evidence.

Mr. BARWICK.—It shows whether Mr. Robitaille acted honestly; whether he was guilty of embezzlement. (Document filed, Exhibit 77.)

Q. And what did Mr. Robitaille agree to do when you were down there?—A. He agreed to transfer the money.

Q. And how long were you there?—A. A couple of days, I think.

Q. Did he agree to transfer it the first day you were there?—A. I think so.

Q. He told you it was a mistake?—A. Yes.

Q. He did not know it had been paid in, until you went down there?—A. I am not prepared to say—I do not know.

Q. You went down there to see Senator Robitaille. How soon after you saw him, did he agree to transfer it back?—A. At our first interview.

Q. He agreed at once?—A. He agreed, yes.

Q. Agreed like an honest man to pay it back?—A. He agreed to give a cheque.

Q. To pay it back instantly to Mr. Burland?—A. To Mr. Burland, yes.

Q. In order that the \$40,000 might remain where it was originally intended to remain until you were paid in full?—A. Yes.

Q. There was nothing dishonest in his conduct in that?—A. No.

Mr. BARWICK.—I put in a telegram from Mr. Robitaille which I will prove by Mr. Armstrong afterwards. Telegram to Mr. Armstrong, February 12th, 1887.

"Sub-contractors returning Montreal, nothing done. They will see you. Amount will be placed credit trustee. I leave for country Monday. Theodore Robitaille."
(Document filed as Exhibit 78.)

Q. On the 10th of February this telegram, (Exhibit 71), was sent to the firm ?
—A. Yes. I saw that.

Q. You had got back to Ottawa in the meantime?—A. I had come up from Montreal to Ottawa, and I turned right round and went back.

Q. You come up to see it transferred?—A. I came up to see my partner, I knew nothing about this.

Q. You went down that 10th of February?—A. Yes.

Q. This telegram was received before you went to Quebec?—A. I presume it was.

Q. This telegram told you that Senator Robitaille was prepared to pay that money straight over to the trustee, but there was some little delay in getting the Secretary's signature?—A. Yes; there was delay in getting the signature.

Q. But you and your partners thought it best to go to Quebec?—A. I went down.

Q. You went and saw Senator Robitaille and he treated you as honestly as one would expect?—A. He agreed to give a cheque.

Q. Is it not true that he treated you as one would expect one of his character and position to treat you?—A. Certainly.

Mr. BARWICK—I should have put in before, another protest, that of C. N. Armstrong to George B. Burland.

Document filed, Exhibit 79.

Q. You never made a threat of criminal proceedings to Senator Robitaille?—
A. We demanded our money.

Q. And you got it?—A. Yes.

Q. Did you make a threat of criminal proceedings?—A. I don't think so.

Q. Say "yes" or "no."—A. No; we did not.

Q. So it is not true that criminal proceedings were threatened against Senator Robitaille?—A. I don't think it was.

Q. That part of the charge is false.—A. Oh, yes; we did not make any charge of anything of that kind.

Q. You went down as business men to demand your \$40,000?—A. Yes.

Q. And you went to Senator Robitaille to speak to him as an honest man, and he treated you as that, and he transferred the money back as an honest man?—
A. Yes.

Q. And it is false that you threatened him with criminal proceedings?—A. Yes.

Q. You would never have dared to do that with one of his character?—A. No; hardly.

Q. Now, on the 26th of March, 1887, you submitted the whole question between you and Mr. Armstrong as to the amount that should be paid, to arbitration?—A. Yes; we submitted the whole question to arbitration.

Q. Is this the deed of submission to arbitration? (Document produced.)—A. Yes. (Document filed as Exhibit 80.)

Q. This document is dated the 26th of March, 1887. It recites the differences between these parties, and refers the whole matter to arbitration in the most friendly way, does it not?—A. Yes.

Q. You were not to have any quibbles about law?—A. No.

Q. You were to wipe out quibbles, get down to hard pan and find what was due?—A. Yes.

Q. That was pretty honest?—A. We differed in the amount, Mr. Armstrong and ourselves.

Q. This agreement provided that the \$40,000 was to be paid over to you. The sub-contractors, that is you, shall be entitled to receive all the money, and so on. The moneys were held then in Mr. Burland's hand, that is the \$40,000?—A. Yes.

Q. So that on the 26th March, 1887, Mr. Armstrong agreed to your getting the \$40,000?—A. Yes.

Q. And you got it?—A. Yes.

Q. Was there any embezzlement about it?—A. No.

Q. Were you entitled to it?—A. We were indeed.

Q. Honestly?—A. Yes, sir.

Q. Under your contract?—A. Yes, sir.

Q. This agreement provided that before you submitted the questions to arbitration you should be entitled to \$30,000 due by the Quebec Government?—A. Yes, sir.

Q. You got that?—A. Yes.

Q. And should there be any deficiency after you got these sums, the \$40,000 and \$30,000, the difference should be paid out of the first moneys received on the first instalment from the Dominion Government?—A. Yes, that was the arrangement.

Q. And the remainder of the subsidies transferred to and held by Mr. Burland shall be transferred to the trustee approved by you?—A. Yes, sir.

Q. And such trustee shall be bound to make payments to your firm as provided in the clauses I have just read to you?—A. Yes.

Q. Who was the trustee you chose?—A. Mr. J. Murray Smith.

Q. Who was he?—A. Manager of the Bank of Toronto in Montreal.

Q. The new trustee to be named within three days after the delivery of the arbitrator's report?—A. Yes.

Q. That is a fair, honest, clear agreement?—A. I think it is a fair agreement.

Q. As between man and man?—A. Yes, sir.

Q. It was fairly and honestly carried out, was it not?—A. Yes.

Q. And who were the arbitrators named?—A. Mr. Leduc and Mr. Fowler.

Q. Mr. Leduc was the company's engineer?—A. He was Mr. Armstrong's engineer.

Q. And Mr. Fowler was yours?—A. Yes.

Q. His name is Z. J. Fowler?—A. Yes.

Q. These gentlemen did not have even to call in the third arbitrator?—A. No.

Q. They found the amount to be \$251,510 and that is their award?—A. Yes, we agreed to that.

Document filed as Exhibit 81.

Q. And you got your money?—A. Yes, we got paid.

Q. You got your pay out of the subsidies?—A. Yes, out of the subsidies.

Q. You got every dollar that was due to you?—A. Yes, sir.

Q. Every dollar you were entitled to?—A. Yes, sir.

Q. Every farthing you expected?—A. Yes, every farthing we expected.

Q. And you had not any more claim to the balance of the subsidies than I have?—A. No; not after this was settled.

Q. The amount of subsidy transferred to Mr. Murray Smith was that \$118,000?

—A. I do not exactly remember the amount.

Q. That was about the amount?—A. I cannot say.

Q. The Dominion and Quebec subsidies which were transferred to your firm were \$370,000?—A. Yes.

Q. Your award was \$251,510?—A. Yes.

Q. And the balance of these subsidies you transferred to Mr. Murray Smith?—

A. Well, we got the \$10,000 besides.

Q. In with the \$251,000?—A. No; outside of that. We got \$10,000 back out of the instalments.

Q. But the \$10,000 you put up as security was honestly paid back?—A. It was paid back.

Q. And the amount, \$251,510, was paid out of the Dominion and Quebec subsidies?—A. Was paid out of the subsidies.

Q. For work actually done?—A. Yes.

Q. Out of the estimates furnished by the engineers?—A. Yes.

Q. Any monkeying there?—A. No.

Q. Now the difference between \$370,000 and \$251,510 was received by Mr. Murray Smith under the power you gave him to receive it?—A. Yes; I do not know how much he received, whatever the difference was.

Q. And the difference was \$118,490?—A. That \$251,510 was our estimate for work done.

Q. Subtract that amount from \$370,000—how much does it leave?—A. It would leave \$118,000.

Q. But you had got your \$10,000 back before you got the balance of \$251,510?—A. That \$251,000 represented work actually done.

Q. Yes; I understand that. The addition of the actual certificates of work done. The \$10,000 was outside of that?—A. Yes.

Q. And you got the security of \$10,000 back?—A. Yes; in settlement.

Q. And what you really got was \$10,000 of your own money and \$251,510 in subsidies?—A. Yes.

Q. How soon did you get that back?—A. We got it nearly all back about the time of the arbitration in April, 1887, from Mr. Burland, and the balance from Mr. Murray Smith.

Q. Mr. Murray Smith paid you out of the last instalment of the Dominion subsidy?—A. Yes.

Q. So Murray Smith stood entitled to receive \$118,490 for the old company?—A. Yes.

Q. Was there anything dishonest in Mr. Murray Smith receiving that \$118,490?—A. No.

Q. Any embezzlement in that?—A. No.

Q. Was it honest on Senator Robitaille's part?—A. I think so.

Q. Was there any misapplication of moneys?—A. Not that I can see.

Q. This document (Exhibit 68) was stated by Counsel for the Quebec Government to be a document which would show that \$118,000 was embezzled or misapplied by the old company. Now tell us whether you intended to make any insinuation of embezzlement or misapplication of moneys in that affidavit, if you made it?—A. I certainly did not.

By Hon. Mr. Miller :

Q. What does your affidavit mean?

Mr. LANGELIER.—I want to object to the question which is being put. Witness is asked to give an opinion as to a document which is filed. I contend we are not to get the opinion of the witness, as the document speaks for itself.

The CHAIRMAN.—I understand the question is what he, who made the affidavit, meant by it, and I think the question is a proper one.

Q. Who asked you to draw the affidavit, Chrysostôme Langelier?—A. Chrysostôme Langelier.

Q. What did he say to you?—A. I wish to explain a little.

Q. Just answer my question, please. We will ask you the question how you came to go there, but say first what he said to you?—A. He wished to know whether I would be willing to put certain facts in the form of an affidavit.

Q. Did he tell you the facts?—A. I had explained them to him.

Q. Is this about what he said to you? You have read that in the newspapers?—A. Yes.

Q. Do you remember what is in it?—A. Yes; I remember what is in it.

Q. What did Chrysostôme Langelier say about embezzlement or misapplication of the money?—A. I did not know anything in connection with that.

The Hon. Mr. TASSÉ.—I would like to know if the paper signed by the witness was the first copy, and the only copy that was drawn.

By Mr. Barwick :

Q. I will ask you that. Did Chrysostôme Langelier write what you told him?—A. Yes.

Q. With a pen?—

Hon. Mr. POWER.—Or was it not a pencil?

By Mr. Barwick :

Q. Was it with a pen or a pencil?—A. It was either a pen or pencil; I could not say.

Q. You do not remember that?—A. No; I do not remember that.

Q. But he wrote down what you told him?—A. Yes.

Q. Had he it written before you went there?—A. I think so.

Q. He had it all ready before you went there?—A. I think so.

Q. He sent for you to come to his office?—A. I was there several times with Mr. MacFarlane.

Q. Did he have an inner room in his office?—A. An inner room—I do not remember that.

Q. What place was this meeting at?—A. In the buildings, in Quebec.

Q. The Parliament Buildings?—A. Yes.

Q. Chrysostôme Langelier's private office?—A. In his office.

Q. You went there, and when you got there he told you he had the document, did he?—A. Yes; he told me he had it.

Q. Who went there with you?—A. George MacFarlane.

Q. That is Henry MacFarlane's son?—A. Yes. We were there several times.

Q. Did Henry MacFarlane go with you several times?—A. No; George.

Q. I mean George?—A. I think he did.

Q. Did you talk about the document before you signed it?—A. There was a little casual conversation; I do not remember it.

Q. He read this over to you?—A. Yes.

Q. Asked you if that was not the facts?—A. Yes.

Q. Were you told what the effect of it would be?—A. No. I understood this was merely for the assistance of Mr. MacFarlane in his case, in the troubles.

Q. Mr. Chrysostome Langelier being the Commissioner appointed by the Quebec Government for paying the men?—A. Exactly.

Q. You understood the document was going to assist him?—A. To assist Mr. MacFarlane.

Q. You never joined in a conspiracy to hurt Senator Robitaille?—A. No.

Q. This charge of embezzlement was not made with your knowledge?—A. No; I was much surprised to see this document in the papers.

Q. You were surprised to see this document used as a basis of a charge of embezzlement?—A. Yes.

Q. You never intended to do it; it is a false use of the document?—A. Yes.

Q. An untrue use of the document?—A. Yes.

Q. An unfair use?—Unfair.

By the Hon. Mr. McInnes (B.C.)

Q. Was the document read to you before you signed it?—A. I read it over.

Q. Did you understand it?—A. I understood it was just merely the facts I was giving in connection with our work.

By Mr. Barwick :

Q. When you got there and the document was in Mr. J. C. Langelier's hand-writing, did you wait until he got it type-written?—A. Yes, I did. I do not know whether he did it just then or not, but it was sent outside of the room.

Q. To the type-writer outside?—A. I suppose so.

Q. Did you wait there until it came back?—A. I do not know whether I went away and came back the same day or the next day. I was there three or four times.

Q. And the document was drawn on the first day you went to Quebec?—A. No, not until two or three days.

Q. And about a day or two after the document was drawn with a pen by Mr. J. C. Langelier, you went back and it was type-written?—A. I do not know how long it was.

- Q. It may have been a day or two, as to that you have forgotten?—A. Yes.
 Q. And when you went back Mr. J. C. Langelier sat down and made these alterations with a pen?—A. Yes.
 Q. And you thought nothing of it afterwards until you saw the use of it by Counsel for the Quebec Government?—A. Yes.

Mr. GEORGE BULL BURLAND, of the City of Montreal, Province of Quebec, who being duly sworn was examined by the Hon. FRANÇOIS LANGELIER, Counsel for the Quebec Government:—

- Q. You have seen an agreement between the Baie des Chaleurs Railway Company, Armstrong and others and yourself?—A. Yes.
 Q. You were appointed trustee by that?—A. Yes.
 Q. For the purposes of the agreement in question?—A. Yes.
 Q. In that capacity you were to receive all subsidies which were to become payable to the Baie des Chaleurs Railway Company, both by the Local and Federal Governments?—A. Yes.
 Q. And by that same deed these subsidies were transferred to you?—A. Yes.
 Q. You carried out the trust you undertook, to the best of your ability?—A. Yes.
 Q. You paid the several sums to the parties mentioned as stipulated in the agreement?—A. I paid the total amounts but it was a regular drawing account, the sub-contractors drew as they went.
 Q. And re-transferred what balance remained to the company?—A. I think so.
 Q. So nothing has remained in your name?—A. Not in my name. Everything was settled up.
 Q. What date did you make the last transfer to the company?
 WITNESS.—To Mr. Smith?
 Mr. LANGELIER.—Yes, for the company?
 A. No, I do not remember any date. It was immediately after this arbitration.
 Q. And the amount you transferred was \$118,000?—A. I do not remember the amount. I had only to do with the amount I received.

By Mr. Barwick (Counsel for the Hon. Theodore Robitaille)—

- Q. Will you send to the committee a statement showing the amount of subsidies received, the amounts paid, and to whom?—A. I have a statement here. (Document produced.) The amount I received was three instalments of \$60,000 from the Dominion Government, one of \$40,000, one of \$30,000, and \$35,000 from the Quebec Government. The contractors were paid in the ordinary way as they drew; and there was a sum of \$42,000 paid otherwise—\$8,000 to Mr. Armstrong on September 30th, 1886; and in October, 1886, \$8,000 to Mr. Noel; on November 15th, \$8,000 to Mr. Noel, and December the 18th, \$8,000 to Mr. Noel. I retained sufficient to protect the sub-contractors and myself all the way through.
 Q. You have heard Mr. Taylor's evidence in regard to the dealing with these subsidies, in answer to me?—A. Yes, sir.
 Q. Is what he has said true?—A. I think so, perfectly true.
 Q. Now, another thing, Mr. Burland. Have these subsidies, so far as you are aware, been honestly handled, honestly dealt with by Senator Robitaille?—A. I do not think there was anything to use in any other way, so far as I was concerned, except the \$42,000, and \$8,000 of this went to Mr. Armstrong, and the rest for the benefit of the contractors through the Quebec Bank.
 Q. And no one has been paid except the men you have named?—A. And the sub-contractors. I was thinking I might have paid an account for Mr. Armstrong, but I think not.
 Q. Is there anything in the handling of these subsidies which would justify the charge of the counsel for the Government of Quebec that there was embezzlement

or misapplication of the funds by the old company?—A. It was utterly impossible, so far as my knowledge or handling of the money is concerned.

Q. And you are the man who ought to know?—A. Yes; the money was in my hands. I thought I was rich at one time, with so large an account in the bank.

Q. And you were the man who would know?—A. If there had been any attempt at boodling they would not come to me. Mr. Armstrong did several times urge me to let him have money. He came to me when I was in bed with a broken leg. He wanted me to give him the \$40,000 without the consent of the others, as he was very much pressed. But I held on to the money, I wanted to protect myself and the sub-contractors. He was very anxious to get money. What he wanted it for of course I knew nothing about. He urged me very strongly, and if I had been weak-minded I think he would have persuaded me to give him some of the money.

Q. He urged you to pay him the \$40,000?—A. He wanted some of the money that was in my hands, because he said he had disputes with the other men. But I would not deviate from my position, and would not give way, whether he wanted me to or not. I kept the whole amount, and had a big account in the bank during the whole dispute.

By the Hon. Mr. Power :

Q. Do you remember how much you paid over to Mr. Murray Smith at the close of your trusteeship?—A. I do not think I had any money in my possession at the time. I think the moneys were paid out, and the contractors and myself used up every cent, I am pretty sure. There was very little if any cash at all.

Q. Will you send a statement of the amount received and paid out, and the names of persons to whom paid?—A. There were only two persons to whom money was paid: Messrs. Armstrong and Noël.

The Committee then adjourned until Monday evening at 8 o'clock.

THE SENATE,
COMMITTEE ROOM, MONDAY, August 31st, 1891.

The Committee met at 8 p.m., Hon. Mr. VIDAL in the Chair.

GEORGE A. TAYLOR was re-called and examined by Mr. François Langelier Counsel for the Quebec Government.

Q. You stated the other day that you were not quite sure whether you had been sworn or not by Mr. J. C. Langelier when you took the affidavit which has been put in?—A. I am not quite certain whether I kissed the Bible.

Q. Did you ever see this book? (showing witness a book).—A. I do not know. I am not sure, I have seen several that looked like that.

Q. Will you swear you never saw that in my brother's office?—A. No.

Q. You will not swear that you were not sworn on that Bible?—A. No.

Q. At all events what you signed contained the truth?—A. Most assuredly it did.

Q. You stated that the affidavit or whatever it might be which you signed on that occasion had been prepared by Mr. J. C. Langelier?—A. Well, it was written out by him, I may have given him some notes, it is as likely as not.

Q. Please look at this paper (Exhibit 83). Did you make that out?—A. Yes.

Q. In whose handwriting is it?—A. In mine.

Q. Written by you on that occasion?—A. Yes, written by me when I was in Quebec.

Q. I understand it was written as instructions to Mr. J. C. Langelier to prepare the affidavit?—A. Well, I gave no instructions.

Q. Why did you give him that statement?—A. Simply to assist Mr. MacFarlane in his case with the company.

Q. But for what immediate purpose did you hand that paper to J. C. Langelier?—A. I wish to say I went to Quebec as a witness in MacFarlane's case, and this memo was given for that purpose as I could not remain.

Mr. LANGELIER—I will read the document. It is as follows:—

[First 20 miles Baie des Chaleurs Railway, McDonald, O'Brien & Co., Contractors.] Subsidies transferred to them or to their trustees by the Railway Company as security. Dominion Government grant \$300,000, payable in five instalments of \$60,000 each; Quebec Government grant 10,000 acres of land per mile, one half payable in cash, 70 cents an acre, \$70,000; total, \$370,000. Contractors to complete road-bed and fencing, track and ballasting, including purchase of ties and rails, all at schedule rates. Moneys received by contractors on account of the work;—first instalment, Dominion Government, \$60,000; second instalment, \$60,000; third instalment, \$60,000; fourth instalment (in part), \$40,000; Quebec subsidy, first ten miles, \$35,000; Quebec subsidy, second ten miles (on account), \$30,000. Out of the fifth instalment, Dominion Government, \$9,000, making a total of \$294,000. Cash paid over to Armstrong and Robitaille on signing a contract \$5,000; cash paid to Armstrong and Robitaille on transfer of subsidies, \$5,000; cash paid to Armstrong out of first Dominion instalment \$8,000; cash paid to Quebec Bank, Dominion instalment \$8,000; cash paid to Quebec Bank, second Dominion instalment \$8,000; cash paid Quebec Bank, third Dominion instalment \$8,000; total paid by contractors, \$42,000. Total amount estimated work done and first 20 miles \$252,000. Amount of advance by contractors out of subsidies, \$42,000. Total received by contractors out of subsidies \$294,000, total subsidies, transferred \$270,000. Balance of subsidies in cash re-transferred to Company \$76,000. Land subsidy, also re-transferred. Add amount transferred to contractors \$42,000. Total amount of excess of contractors' estimates \$118,000

Q. It is upon this paper which you handed to J. C. Langelier that he prepared the affidavit?—A. Likely.

Q. And the figures in the affidavit are exactly these?—A. They correspond.

By Mr. Barwick, (Counsel for Senator Robitaille) :

Q. This document (exhibit 83) is in your handwriting?—A. Yes.

Q. And on the third page shows \$39,000 as the amount demanded by the company to be re-transferred, that is the \$40,000 which counsel for the Quebec Government accuses Senator Robitaille of embezzling?—A. That is the amount sir.

Q. And this statement is true?—A. Yes.

Q. Any intention of founding a charge of embezzlement upon it?—A. By no means.

Q. You never thought it was going to be used for any such dishonest purpose?—A. I never thought it was going to be used for any such purpose. I may say that Mr. McFarlane went over what our contract had been and I got this statement up in connection with Mr. McFarlane.

Q. In order to acquaint counsel with the facts?—A. I could not say that.

Q. In order to acquaint, at all events, whoever had charge of his case?—A. Well that is what I understood.

Q. You received the telegram you told us about from Senator Robitaille saying that the \$40,000 would be re-transferred at once?—A. Yes.

Q. That telegram was received before the four members of your firm went to Quebec?—A. I believe it was.

Q. That is you knew from Robitaille that the money was going to be transferred?—A. From that telegram.

Q. Then you went to Quebec?—A. Yes we went down there.

Q. You were bound to have that \$40,000 back?—A. Yes.

Q. Where did you first meet Senator Robitaille when you went to Quebec?—A. In the St. Louis Hotel in the dining room, I think. It was at breakfast time, just after we arrived.

Q. Did the Senator come over and join you?—A. Yes.

Q. What did he say?—A. He did not speak to me, he spoke to Mr. O'Brien.

Q. Can you give us the substance of the conversation. It was in regard to this matter, and what was going to be done?—A. We had a talk after breakfast. He was disposed to turn the money over to us.

Q. Just as soon as he could?—A. Yes; as soon as he could.

Q. That is before he saw his solicitor?—A. Well, it was just after coming out.

Q. He told you he would re-transfer the money?—A. Yes; to Mr. Burland.

Q. Your contract on the first twenty miles was not for the whole work?—A. No.

Q. And a large amount of work was remaining to be done when you got through?—A. We had the track laid and there was some ballasting to be done and some rip-rapping, and there were some trestles torn down.

Q. There was an engine-house remaining to be built, and a turn-table to be built?—A. That was not a part of our contract.

Q. Did you contract to put up an engine-house or a turn-table?—A. No; that had to be put up.

Q. Was there any water service, or any rolling stock, or any road diversion?—

A. We built a road diversion, but there might have been more.

Q. What about the buildings?—A. We put up no buildings.

Q. What about ballasting?—A. We did no ballasting.

Q. Were any ties in?—A. Oh, I could not say that.

Q. What about road crossings, had they been provided for?—A. No.

Q. How many remained to be done—seven?—A. All of that; we put in cattle guards.

Q. But you did not build road crossings or farm crossings or fencing—what about fencing?—A. Fencing was built, but I understand it had to be rebuilt.

Q. To what extent—3,000 rods?—A. I could not say.

Q. Does 3,000 rods sound right?—A. It sounds like a good deal. There was about five miles of double fencing; I know it was defective.

Q. How much was defective, several miles?—A. I understood it was defective.

Q. How about the bridge at Selars—was there any bridge there?—A. No.

Q. How about the bridge at Rivière du Loup?—A. I think there was no bridge there.

Q. How about the bridge at Sowerby's, was that built?—A. We had a contract for that.

Q. How about rip-rapping—were there 16,000 feet to be done?—A. Yes; more than that.

Q. And rock excavation?—A. Not unless they widened the cuts.

Q. Any earth excavation?—A. Not unless the grade was raised.

Q. I am told there was about 43,700 yards of earth excavation to be done for raising the grades?—A. I could not say.

Q. Does it sound right?—A. It is a large quantity; these grades would have to be raised a good deal to make that amount. I could not say exactly.

Q. Was the right of way paid for?—A. I heard not.

Q. What about the engineering superintendence?—A. We paid no engineer, except our own.

Q. So these items represent a large sum of money?—A. Yes, they do.

Q. Can you give us an estimate of how many thousands?—A. Oh, I would have to make a calculation.

Q. But whatever it cost it had to be paid out of the \$118,000 which counsel for the Quebec Government says Mr. Robitaille embezzled—is that so?—A. Well, I do not know. It would be supposed to be paid out of that sum.

By the Hon. Mr. Macdonald, (B.C.):

Q. Where did you leave that account (Exhibit 83) when you made it out?—A. I left it at Mr. J. C. Langelier's office.

Q. Who told you to make that out?—A. Mr. Macfarlane requested me to give those figures, and I made it out.

Q. Not of your own motion. You were asked to make it out?—A. Well, Macfarlane asked me in the first place.

Q. And in the second place?—A. Well in the second place Mr. J. C. Langelier.

By Mr. Langelier:

Q. Are you aware whether these works mentioned as undone, have been left undone? For instance, telegraph lines?—A. No.

By the Hon. Mr. Boulton:

Q. The were not part of your contract?—A. No, sir.

By Mr. Barwick:

Q. Some of them were you say?—A. Oh, some of them were, but we could not finish them because we were obstructed.

By the Hon. Mr. Power:

Q. How obstructed?—A. By delay in the right of way and in the furnishing of plans and deciding on structures.

Q. Who was to find the right of way for you?—A. Mr. Armstrong, and furnish the plans, and decide on all structures.

Q. Then you stopped work because he did not carry out his part?—A. Yes, that is the reason why I wanted a settlement.

Q. Could you not give us an estimate of what remained to be done?—A. Not without calculating it.

By Mr. Langelier:

Q. Did you get back that \$40,000 mentioned in that document?—A. Well, we did not receive any money at all. Mr. Burland paid us on the estimates of the engineer.

Q. Did it come back to you in one shape or another, over and above the \$252,000?—A. We only got the \$252,000.

Q. So you never got back that \$40,000?—A. No, Mr. Burland received it.

By the Hon. Mr. Miller :

Q. You got all you were entitled to?—A. Everything.

By Mr. Barwick :

Q. When you got the \$252,000 you had not a claim of a cent on that \$40,000?—A. No, we had no more claim.

By the Hon. Mr. Power :

Q. What time did you leave the work?—A. In January, 1887.

HENRY MACFARLANE, of the City of Sherbrooke, in the Province of Quebec, contractor, being duly sworn, testified as follows:—

By HON. FRANÇOIS LANGELIER, Counsel for the Government of the Province of Quebec.

Q. You have been the contractor for the first 60 miles of the Baie des Chaleurs Railway from Metapedia down to the River Cascapedia?—A. Yes, sir.

Q. You took that contract from Mr. Armstrong, the first contractor, and also from the Company themselves?—A. How is that?

Q. That is to say they became parties to the contract after it had been entered into between you and Mr. Armstrong?—A. Yes, they signed the contract.

Q. Did there remain a good deal of work to be done on the first 20 miles of the railway which had been partly built by Messrs. Macdonald, O'Brien & Co.?—A. Yes, there was a good deal to be done.

Q. How many thousand dollars worth of work?—A. I am not prepared to give you that this evening, Sir, that is, not very correctly; because it would be almost impossible for even the engineers to do that. I had to work not by contract but for a percentage. If you will allow me to come forward to-morrow if the Committee sits again I could bring documents from which I could give more particulars.

MR. LANGELIER—I suppose the Committee would have no objections to allowing the witness time to prepare a statement. (No objection was raised.)

Q. You entered into that contract, if I am not mistaken, in June, 1888?—A. Yes; we signed the contract in June.

Q. And you went to work immediately?—A. Yes.

Q. And carried on the work with as much activity as you could?—A. We pretended to, or we intended to anyway.

Q. When did you cease to work on that contract, when did you stop work?—A. Do you mean finally?

Q. Yes, the last work you did, when was that?—A. I should say it was some time in December, 1889. I should think it was about that time; of course we did not do very much work after August, but probably we were there till after January, 1890.

Q. When you stopped work in the fall of 1889 or the commencement of the winter how much money was due to you by the Company?—A. That I could not tell you without looking at my documents.

MR. LANGELIER—I presume that it would be no difficulty in allowing the witness time to prepare this statement also. I wish to call attention to a most important point upon which there seems to be no evidence. The only ground upon which the Ontario Bank could oppose the Bill is on the ground of their being a creditor, but I do not find any proof of it or of Mr. MacFarlane's claim. If my testimony is to be taken I would say that I have no doubt of Mr. MacFarlane's claim. I have assumed that the Ontario Bank's was a good claim. As to Mr. MacFarlane's claim I

think I know as much as any man in the country can know. If my statement is to be taken as evidence I am ready to give it, that claim is to the amount of \$190,000.

Q. You could not tell without referring to your books or notes how much money was due to you by the Company when you left the work?—A. I could not do so very well. Our books and everything was filed in court.

Q. At all events you took an action against the Company to get payment of the balance you claimed?—A. Yes.

Q. And you have not been paid yet?—A. I am sorry to say we have not.

Q. I understand you have been in financial difficulties? You had to make an assignment?—A. I did in the commencement of the winter of 1889.

Q. What was the cause of the troubles and difficulties?—A. I had not money enough to pay the bills.

Q. If you had been paid that claim of yours by the Company would you have been in any financial difficulty?—A. No, sir, I do not think so.

Q. That was then the cause of your financial difficulties, that unpaid claim of yours due by the Company?—A. That is the way I looked at it.

Q. Will you be kind enough to look at your documents and put yourself in a position to give an exact figure, as far as possible, of the amount of your claim?—A. I will get it ready for the Committee as soon as I can. Our books are filed in a court but I have certain documents by which I can come pretty near the amount.

MR. LANGELIER—I presume the learned Counsel, who, as the representative of Ontario Bank, has been insisting upon that claim, will not now deny it as the representative of the old company.

MR. BARWICK.—That is proved.

MR. LANGELIER.—If so I have nothing else to ask, except as to the amount of work to be done. Mr. Barwick says it is proved and if he admits it as representing the old company the matter ends there.

MR. BARWICK.—I could not admit that for the old company. Mr. Langelier knows that very well. I came here and proved that it was due, you will find the evidence on page 84 of the printed evidence. In the negotiations the Committee will remember that Mr. John J. Macdonald says that Mr. Riopel was ready to allow Mr. McFarlane \$75,000 for his claim.

MR. LANGELIER.—There is not a bit of proof in that; a small commissioner's court would not admit that as proof. But if the Committee is satisfied that the proof exists, I am satisfied personally that the claim is a legitimate claim to the extent of over \$190,000.

By the Hon. Mr. McCallum :

Q. Were you dealing with the old company or with Mr. Armstrong?—A. With both.

Q. You were a sub-contractor?—A. I took the contract from Mr. Armstrong, it was backed up by the company.

Q. So you had to deal with Mr. Armstrong and with Mr. Robitaille as President?—A. I should not have taken it if Mr. Robitaille had not been in the mill.

By Mr. Barwick :

Q. That is Senator Robitaille?—A. Yes.

Q. Why?—A. Because there were people who doubted whether it would be carried through and I was a stranger to all these parties, I did not know them.

Q. Why did you rely upon Senator Robitaille?—A. On account of what I had heard.

Q. What do you mean by that?—A. I mean I would not have taken it if he had not been in it.

Q. Your claim is in litigation in Montreal?—A. It was in Quebec, but I believe it is in Montreal.

Q. I mean the Province of Quebec. The amount of your claim will be settled when the suit is determined?—A. It will settle the amount. I do not know whether I will ever get the money or not.

Q. But the settlement of the suit will settle the amount?—A. I think so.

By the Hon. Mr. Macdonald (British Columbia) :

Q. Did you borrow money from the Bank of Ontario?—A. I do not know whether you call it borrowing. I had money from them.

Q. Did you repay all that; are you indebted to them?—A. I never paid them a cent; I transferred all my government subsidies that were transferred to me; I am not prepared to say how much the bank got back.

Q. Can you say whether they got it all back?—A. I don't think they did, according to what we hear.

By the Hon. Mr. Kaulbach :

Q. Did you expend the advances on this road that you got from the Ontario Bank on your contract?—A. Certainly.

By Mr. Barwick :

Q. You got advances from the Eastern Townships Bank in the same way?—A. Yes, I got from them after the Ontario Bank stopped advancing.

Q. You got it for the road?—A. Certainly.

Q. The money of these banks went into the road?—A. Yes.

By the Hon. Mr. Boulton :

Q. Was your contract for the whole 100 miles?—A. For only 60.

By the Hon. Mr. O'Donohoe :

Q. Did you give it any other security?—A. I gave all the security I had; I transferred everything to them,

Q. Did you give any other security?—A. That is all they had.

Q. You gave no real estate?—A. No.

Q. No mortgage made?—A. No; I transferred my contract to them with the subsidies.

By the Hon. Mr. McCallum :

Q. You gave them everything you had?—A. I gave them everything under my contract.

By the Hon. Mr. Tassé :

Q. Have you ever employed members of Parliament or members of the local legislature at Quebec in connection with the settlement of your claims?—A. Members.

Q. Yes?—A. No I cannot say I have.

Q. What are the names of the parties you have employed?—A. I never employed any body. When I entered this suit, I employed for my lawyer Mr. Demarais from St. Hyacinthe.

Q. Was he not a member?—A. He is now; I do not know but what he was then.

Q. For what county?—A. I cannot tell you; I know too but I cannot remember.

Q. St. Hyacinthe?—A. Yes.

Q. How long did you employ him?—A. Well; as far as I am concerned he is employed yet by me. I never dismissed him and I don't think any body else did; but Mr. Langelier here carried the suit on.

Q. Are you able to tell how much you have paid to him?—A. I paid when he went over the line to look at it; I think I paid him about \$100 that is about all; he never made out his account to me. He has not been paid yet.

Q. When did he commence to be employed by you?—A. Sometime in 1889; I think in August.

Q. When was Mr. Langelier employed by you? Not then?—A. Not at that time.

By the Hon. Mr. Tassé :

Q. So \$100 is the sole amount you have paid to Mr. Demerais?—A. I think \$100.

Q. And he is the only member of the Local Legislature to whom you have given any money in any capacity?—A. I never gave them a dollar. That is why they do not like me.

By Mr. Langelier :

Q. How much money did you give me for conducting your case for nearly six months?—A. I never gave you a dollar.

By Mr. Barwick :

Q. Who paid him?—A. I do not know.

By Mr. Langelier :

Q. I received \$300 from the curator of the estate. How long did I work at that case for you?—A. Some 13 months or more.

Q. Did I ever neglect your case because you could give me no money?—A. I do not think you did.

ANGUS McINTYRE THOM, who being duly sworn, was examined by Mr. Langelier, counsel for Quebec Government :—

Q. You are, I think, the secretary or the secretary-treasurer of the re-organized Baie des Chaleurs Railway Company?—A. Yes.

Q. The negotiations for the assumption of the enterprise by the Montreal syndicate who now compose the company were, I understand, mostly conducted by you?—A. Solely.

Q. Therefore, nothing in connection with these negotiations, has taken place which you do not know?—I do not think so.

Q. The negotiations of the new syndicate were with the Government of Quebec?—A. Yes.

Q. You had negotiations with other parties also, with the old company—that is to say, the company as originally composed?—A. No, I had no negotiations with them, beyond buying them out.

Q. Therefore, you conducted all those negotiations with those composing the company and with those to be recognized by the Government as offering the necessary guarantees of financial ability to complete the road—you conducted those negotiations with the Government?—A. Yes.

Q. Mention the names of the Ministers with whom you had those negotiations?—A. Well several times I met the whole Council in session.

Q. Was Mr. Mercier present?—A. No.

Q. He was in Europe?—A. He was somewhere—he was not there.

Q. Did he leave before your negotiations commenced?—A. I understand he left previous to my negotiations.

Q. How did these negotiations commence—did the initiative commence with the Government or with your syndicate?—A. Well, the initiative as far as we are concerned, commenced with Armstrong.

Q. What did Armstrong do originally when he commenced?—A. He gave me a list of the subsidies and what he thought a fair estimate of the debts—placed it before me as a business transaction and I looked into it as such.

Q. Did he tell you how much you would have to pay to buy out the whole company?—A. You mean for the stock—well, he mentioned several amounts; and I afterwards came to an amount myself.

Q. What date was it when Armstrong first approached you?—A. I think it would be about the early part of March, probably between that and the middle of March.

Q. Did he mention to you, that he himself had a claim against the company?—

A. Yes, he gave me to understand that he had a large claim.

Q. And did he leave you to understand that you would have to settle with him, if you took the affair in hand?—A. Certainly, that was the basis of our agreement.

Q. It was understood between you and Mr. Armstrong, that his claim would be paid?—A. Certainly.

Q. Did you come to an understanding as to the amount that was going to be paid by your company?—A. Not for a considerable time afterwards.

Q. And the amount was not fixed at first?—A. No.

Q. He simply told you how much was due and he pretended to make an estimate?—A. I cannot say that, he represented that there was about \$200,000 or \$225,000, necessary to secure his interest and that of the company.

Q. After you had been approached by Armstrong what did you do—with whom did you negotiate?—A. I immediately entered into negotiations with the Government.

Q. You wrote that letter which is in evidence and which is embodied in the Order-in-Council?—A. Well, that was a considerable time after I first approached the Government.

Q. That was simply the embodiment of what negotiations have been going on before?—A. Yes.

Q. The embodiment of negotiations which had preceded this letter?—A. Yes.

Q. How long before this letter was written did you first approach the members of the Government?—A. I think the first interview was in New York. It was merely a preliminary interview extending over two or three minutes.

Q. What took place?—A. I was introduced by Mr. Armstrong and by the Hon. Charles Langelier to the Hon. Mr. Robidoux. I asked them if they were prepared to negotiate. They said they were, but that they could not entertain any proposition until they would return in about three weeks. They were going on an inspection of Lunatic Asylums, I think, and were not prepared to receive proposals until their return.

Q. They did not invite proposals there and you made none?—A. Not at all.

Q. How long was it after that that you met them again?—A. About the date of that letter. I did not see any in the interim between that and my visit to Quebec.

Q. You had no other interviews?—A. No.

Q. Whom did you see in Quebec?—A. I first saw Messrs. Garneau and Ross.

Q. That was the Hon. D. A. Ross, who is President of the Executive Council?—A. So I heard.

Q. You had conversations with these gentlemen, please state what took place during these conversations?—A. I think it was more as to the value of the road. Mr. Ross, I understood, had been in that country for a considerable time, and I think the first interview was only as to the probable prospects of the road as a speculation. They gave me to understand that they would likely be in a position to receive proposals and intimated that any proposal I would have to make would have to be upon a basis of privileged claims.

Q. Did they say why they would have to be based upon privileged claims?—A. Because, I understood, that Governments generally stipulate that the labourers will have to be paid before any other claims.

Q. Did not the law of the previous session make that obligatory?—A. They certainly drew my attention to that law.

Q. And they said it would be a condition of any arrangement that those debts should be paid?—A. That was the peremptory condition.

Q. Did you see any other Ministers on that occasion, but Messrs. Ross and Garneau?—A. I do not think I saw any Ministers except at Council.

Q. When was that—long after that interview you had with Messrs. Ross and Garneau?—A. It was probably a couple of days. I would not like to be positive.

Q. Mr. Garneau was then acting Premier of the Province?—A. Yes.

Q. And also Minister of Public Works?—A. Yes.

Q. And the railways are in his branch?—A. So I understand.

Q. State what took place at that meeting of council which you attended?—A. I attended several meetings, and we had interviews as to the terms of the contract. The Government wanted to impose conditions on me which I would not submit to in this matter.

Q. There were informal meetings of the Executive Council, where you were admitted to discuss with the Government your proposals and their counter-proposals?—A. I do not know that you could call them informal; I wrote them several letters before this, and these interviews were the result of them. They wanted to impose conditions I would not agree to, and on the other hand I wanted to impose conditions to which they would not agree.

Q. Well, will you please state whether these conditions that you would not agree to had any connection with any money to be paid to Mr. Pacaud or anybody else?—A. Oh, no, sir; neither Mr. Pacaud or anybody else. What we disagreed upon was the time of starting. They wanted that I should start the road at once. I was determined I would not start until the privileged claims were paid. Until that was done I could not build the road. I stipulated in my letter that I should start work on the 10th of May, and as a counter proposition provided that the privileged claims were to be paid by that date. That was a sort of compromise.

Q. Was there a difficulty to be overcome in getting possession of the road?—A. Considerable.

Q. Was that question mentioned between you and the Government at some of the interviews?—A. Yes.

Q. By whom—by you or by them?—A. About getting possession?

Q. Yes.—A. I mentioned it.

Q. As one of the difficulties that would have to be overcome?—A. Certainly.

Q. At these several interviews which you had with the Government, was Mr. Pacaud's name or anybody else's name mentioned or hinted at by any member of the Government?—A. I do not quite understand your question.

Q. Was any name mentioned as being the name of a party to whom you should speak, or whom you should approach?—A. Never.

Q. Your interviews, if I understand you rightly, were simply business interviews, and solely with the Government, such as might take place between business men?—A. Certainly.

Q. Business men who want to do an honest transaction?—A. I think so.

Q. When you settled with Mr. Armstrong, did Mr. Pacaud see you about the settlement?—A. No, sir.

Q. Mr. Pacaud never saw you; you were not asked by Mr. Pacaud to settle with Mr. Armstrong?—A. No; during all the negotiations I do not think I saw him more than twice; once in New York and once in Quebec.

Q. Did he make any propositions as to his getting something?—A. Not any.

Q. He never spoke to you of that?—A. I spoke to Mr. Pacaud at various times after the business was concluded with the Government. During the progress with the negotiations I never had any interview with Mr. Pacaud.

Q. After the negotiations were completed, after you had completed your agreement with the Government, you saw Mr. Pacaud in connection with some money to be given to him, or that he had received, or something of that kind?—A. It was indirectly.

Q. What was it?—A. Previous to this closing of this contract Mr. Armstrong came to me and asked me to accept an order in favour of some bank in Quebec, I do not remember the name, for either forty-six or thirty-six hundred dollars. I objected to that for the reason that I had not decided to go into the contract. I asked him what it was for, and he told me it was for a debt due to Mr. Pacaud and this bank. He had negotiated a subsidy through Mr. Pacaud for forty-five or fifty-four thousand dollars. I thought I had better not accept it as a matter of business, and refused to accept it. The day after the bank manager called upon me and asked me to accept it.

Q. A bank in Quebec?—A. Yes.

A. What bank?—I cannot say. I declined to accept it. A few days after that Mr. Pacaud came to me and asked me if I would not accept this from Mr. Armstrong; that I was likely to go on with the contract, that the matter was closed, he had heard, and I said I would not accept any order.

Q. So that before you entered into the contract you never spoke of any business seriously with Mr. Pacaud?—A. Never.

Q. And these were the only things you had to do with him?—A. As far as my memory serves me.

Q. Did Mr. Garneau or Mr. Ross, or any other member of the Government intimate to you or hint directly or indirectly that you should deal with Mr. Pacaud or any one else?—A. Never; his name was never mentioned.

Q. Did you know that anything had taken place between Mr. Pacaud and Mr. Armstrong when you entered into the agreement with the Government?—A. I had my suspicions that something had taken place, but I know nothing of it. Mr. Armstrong introduced me to Mr. Pacaud.

By the Hon. Mr. Miller :

Q. You say you had your suspicions, what does that mean?—A. Something must have taken place or Mr. Armstrong would not have introduced me. It was he who introduced me.

Q. You had your suspicions, that something had been done?—A. Not that a payment of money had been made.

By Mr. Barwick :

Q. When did you first learn of the payment of \$100,000 to Mr. Pacaud?—A. In this room.

By Mr. Langelier :

Q. It has been stated by Mr. Macdonald, you were here at the time,—I suppose you remember the statement—that you had told him that all the money that had been paid to Armstrong I think had gone in “boodle.” Do you remember the statement of Mr. Macdonald?—A. I do not think I ever made such statement. I would not like to say he states what is wrong, but I think he is mistaken.

By the Hon. Mr. McCallum :

Q. You would not swear you did not?—A. I have been joked so often about this thing, that I would not like to swear as to what I had said.

Q. At the time you had the interview with Mr. Macdonald had you any knowledge or suspicion about the \$100,000?—A. I had seen it in the papers by that time. My interview with Mr. Macdonald was considerably after I had closed the negotiation—the middle of May.

Q. You had no knowledge except from the paper?—A. No.

Q. If ever you used that word to Mr. Macdonald—if he is not mistaken as to the word—you had been speaking from newspaper report and not from anything you knew personally?—A. Certainly, or the reports of some other person.

By Mr. Barwick :

Q. The reports of some men?—A. Yes.

Q. Did Mr. Armstrong tell you the smallest amount he would take for the claim?—A. I forced that settlement on Mr. Armstrong.

Q. You forced the settlement of \$175,000 of which \$100,000 went to him and \$75,000 you paid out?—A. The \$75,000 I paid out in different amounts; to the old shareholders, \$60,000; and \$14,000 the balance of obligation of the Company and Mr. Armstrong jointly.

Q. That is \$60,000 to the old shareholders, and the balance of the proceeds of the letter of credit of \$75,000 went in payment of debts for which Mr. Armstrong and the Company were jointly liable?—A. I would not say that exactly but debts of the Company and of Mr. Armstrong for which in some cases they were jointly liable.

By Hon. Mr. Tassé :

Q. The object of paying the old shareholders was to get control of the road?—Yes.

By Hon. Mr. Miller :

Q. If you got the contract you were to get any portion of the \$280,000 remaining after the privileged claims?—A. Yes, sir.

Q. Did you know that \$100,000 of that sum was to go to Mr. Pacaud?—A. Certainly not; I had no notion of it.

Q. Did you know that Mr. Armstrong was to get \$175,000?—A. Certainly.

Q. Had you any idea of how that sum of \$100,000 was to be appropriated—what was to become of it?—A. Certainly; I had an understanding.

Q. What was it?—A. I spoke to him several times. This is a private matter and I would rather not speak of it, but if the Committee insist upon it I shall speak. Mr. Armstrong, I may explain, as those who know him well will agree, is generally in the state of being hard up—a chronic state of hard up. On going into the operation I stipulated that he should hand us the road free from debt, except what claims might be due for wages by the estate of McFarlane. When Mr. Armstrong first spoke to me, he left me under the impression that his portion of the liability was about \$15,000. When I got to Quebec, looking over the matter with Mr. Riopel and Mr. Robitaille, I was presented with a list showing obligations of \$8,884 I think it was, which they gave me as the whole liabilities of the Company, apart from what I have mentioned. Subsequently I called on these gentlemen and was presented with a list of \$19,000, and on the 20th of April Mr. Armstrong handed me an order in favour of the Bank of Montreal for \$13,000. Then the Quebec Government put in a bill for taxes of \$6,900, and another firm in Montreal handed in a bill of \$6,900.

By Mr. Barwick :

Q. What was the name of the firm?—A. I would rather not give the name of the firm; it would do the Committee no good and might do me harm, but I can show the account to any gentleman who wants to see it. It is one we may have to pay and there may be a law suit over it. It would have been injudicious for me to go upon the assumption of Mr. Armstrong paying the debts. I stipulated that I should have that \$75,000 and pay the money myself.

By the Hon. Mr. Miller :

Q. You do not understand me; I wanted to know if you knew what was to become of the \$100,000?—A. I said to him: Now, Armstrong, this \$75,000 I am to pay out for you, ought to put you in a pretty good position; what are you going to do? Well, he said, I have several debts to pay, and in speaking of the balance he used the word "pot." He intended to say that he was going to settle it on his wife. I inferred that he had to pay the \$45,000 or 54,000 dollars for which he and Mr. Pacaud had asked me to accept an order for interest on.

By Mr. Barwick :

Q. You said forty-five hundred dollars?—A. The amount was fifty-four or forty-five thousand. The order was for the interest, I took it for granted that Mr. Pacaud was responsible for the loan or the negotiation of the Government subsidy, until I asked Mr. Armstrong, in the street the other day, when he told me Mr. Pacaud was responsible for the interest only and not for the principal. That seemed to me not reasonable. But that misled me at the time. I understood he had this amount to pay, and that he was going to give the balance to his wife and family, and I found out that was not right, and I accused him of deceiving me. I accused him of dividing the money with Mr. Robitaille and Mr. Riopel, a statement for which I must apologise now. He assured me that he was not doing so and that was his explanation.

By the Hon. Mr. McCallum :

Q. He did not tell you it went in boodle?—A. No.

By Mr. Barwick :

Q. He asked you to advance about forty-five hundred dollars the interest on this sum of forty-five or fifty-four thousand?—A. He asked me to accept an order; I could not swear to the amount of it in favour of a bank.

Q. Which you understood was the interest on a larger loan?—A. Yes.

Q. About forty-five thousand dollars?—A. Yes.

Q. You agreed that you would pay certain debts for which he was liable and jointly liable with the Company?—A. I agreed to pay them out of his \$75,000.

Q. And you paid all you agreed to pay out of that?—A. I might say that there are certain amounts due yet to Mr. Armstrong.

Q. Have not you disposed of the whole \$75,000?—A. I have to account for it.

Q. You have disposed of the whole \$75,000?—A. Certainly.

Q. Now, Mr. Thom, I do not want to inquire into your private business, but you paid more to Armstrong than \$75,000?—A. I did not pay that to him.

Q. You have advanced other moneys to pay Armstrong's debts over and above the \$75,000?—A. I do not catch what you are driving at.

Q. Did you not advance other money for Armstrong's debts besides the \$75,000. You paid some of Armstrong's debts?—A. We have paid them with this money.

Q. How did you come to pay debts for him over and above the \$75,000, when he had \$100,000—did that not strike you as peculiar?—A. No.

Q. Why did you not tell him to pay his own debts instead of calling on you?—A. This money was given for the purpose of paying these debts.

Q. You have paid debts in excess of the \$75,000?—A. No. We have paid \$75,000 and more, but we will stop when we reach \$75,000.

Q. How much did you pay the old company?—A. \$60,000.

Q. Then the difference between \$60,000 and \$74,000 is the amount of the payment of the company's debts?—A. Yes, that is all the money I got.

Q. And you paid some of Armstrong's debts outside of that?—A. No, because I have all this money of his to pay.

Q. You are going on paying Armstrong's debts up to \$74,000?—A. Certainly, that money I insisted on making Armstrong give to secure me in my position.

Q. Then you have not spent the whole \$74,000 yet?—A. No.

Q. And you are going on until you have expended \$74,000, and then you will stop?—A. Yes.

Q. The whole \$60,000 is gone to the old company?—A. Yes.

Q. And \$14,000 besides?—A. Yes.

Q. Then you are going on paying debts of Armstrong until you reach \$74,000?—A. Yes.

By the Hon. Mr. Boulton :

Q. Then you propose to replace \$60,000 taken out of the Government subsidy in order to buy out the shareholders of the old company, with your own money?—A. Yes.

Q. Your money is going to pay the old company?—A. Yes.

Q. Not the subsidies money?—A. Yes.

By the Hon. Mr. McMillan :

Q. What day did you meet these gentlemen in New York?—A. I am not sure. Whatever date Mr. Mercier sailed it was a day or two after.

Q. When you met these gentlemen in New York, Mr. Mercier was there?—A. No.

Q. It was after he sailed?—A. A day or two after, I am not sure.

By Mr. Barwick :

Q. What members of the Government were there?—A. Messrs. Robidoux and Charles Langelier, that was all.

Q. Did they telegraph for you?—A. No; I came up at the request of Armstrong.

Q. Was Armstrong there ahead of you?—A. No, we went together.

Q. To interview the Government?—A. Yes.

Q. Did Mr. Pacaud tell you that Armstrong telegraphed to go down?—A. Yes.

Q. And Mr. Pacaud was there?—A. Yes. It was the first time in my life that I met him. I was introduced to him at the Brunswick hotel.

Q. Did you meet the members of the Government in a room?—A. No; I met them in the vestibule.

Q. Who introduced you?—A. Mr. Pacaud or Mr. Armstrong, I could not say which.

Q. You left Mr. Pacaud there with the members of the Government?—A. Yes; my interview only lasted a few minutes in the vestibule.

Q. Was the arrangement with Mr. J. J. McDonald ever broken off?—A. I understood it was broken off long before. I understood that from Mr. J. J. McDonald himself or I would not have entered into it.

By the Hon. Mr. Power :

Q. With respect to that \$175,000, paid to get the right of the old company, do you think that was a business like, reasonable settlement?—A. Well, it was a simple matter of business. I was there to make the best bargain I could for myself.

Q. The balance after this was paid, was to go to your company?—A. The balance, after the payment of the privileged claims if any, by the Order in Council, came to us.

Q. Then it was in your interest to get the claim of the old corporators as low as possible?—A. Certainly.

Q. You spoke about your being asked to accept an order in Mr. Armstrong's favor as to a sum with which Mr. Pacaud was in some way connected. What was the impression left on your mind by all that took place there, and explain the financial relations between Pacaud and Armstrong?—A. I was under the impression that Armstrong had negotiated alone, through Mr. Pacaud's intercession, against some subsidy. I naturally concluded the interest was on that subsidy and that Armstrong would have had to pay Pacaud that interest. I understood also that the principal had to be accounted for to Pacaud, but Mr. Armstrong tells me now that Mr. Pacaud was only responsible for the interest.

Q. Is your impression still the same?—A. I was connected with hundreds of transactions like that, and I never knew of a case where the party negotiating was not responsible for the principal.

Q. Then you thought at the time that Armstrong was indebted to Pacaud for \$45,000 or \$54,000?—A. That is the impression left on my mind.

By the Hon. Mr. McCallum :

Q. How could you arrive at impressions?—A. He came and told me.

By the Hon. Mr. Power :

Q. Who told you?—A. He did not tell me that Pacaud was responsible for the money, but when he asked for the accommodation I certainly supposed Pacaud was responsible.

By the Hon. Mr. McMillan :

Q. You knew that Armstrong was negotiating for the Government?—A. Not until he came to me. I had no knowledge of any transaction until Armstrong came to me sometime in March, previous to that New York meeting.

By the Hon. Mr. Power :

Q. Was there any other negotiation, as far as you know, with the Quebec Government about this matter, except your own?—A. Not to my knowledge. I have heard of McDonald's negotiations, but not to my knowledge.

By the Hon. Mr. Kaulbach :

Q. Did you not know that Armstrong was negotiating with the Government until he came to you?—A. I had no previous knowledge; that was before the New York meeting.

By the Hon. Mr. Power :

Q. Did your president have anything to do with the Quebec Government?—

A. No.

Q. What are the politics of your Board?—A. Well, I guess they are mixed.

By the Hon. Mr. MacInnes (Burlington) :

Q. You had nothing to do with the matter until the syndicate was formed, or had you anything to do with it until then?—A. No; these are the only treaties I had.

By the Hon. Mr. Power :

Q. Have you been down to the road since negotiations were closed or before?—

A. I have been down twice since.

Q. Have you ascertained how much remained to be done on that 60 miles before it would be completed?—A. Not positively; that is one of the things I had to bolt.

Q. Can you give a general idea?—A. I estimate that it will cost say \$60,000 to complete the first 60 miles.

By the Hon. Mr. Kaulbach :

Q. Did you know that Pacaud was negotiating between Armstrong and the Quebec Government?—A. Armstrong told me Pacaud was negotiating between him and the Government.

By the Hon. Mr. Boulton :

Q. You took it for granted that Pacaud had made arrangements with the Government before you began negotiations?—A. He came to me and represented that there was so much subsidy due and represented that it would be a good business speculation; that the subsidies were voted long prior to that and that no change had been proposed.

By Mr. Barwick :

Q. Your firm was entitled to the whole of the balance of \$280,000 after paying the privileged claims?—A. Yes; our company.

Q. As the result of that arrangement with Armstrong, it was perfectly immaterial to you whether his claim was a privileged one or not?—A. I did not care whether it was privileged or not.

Q. Whether privileged or not, you had to give him \$175,000?—A. Yes that was the agreement.

Q. Whether his claim was privileged or not?—A. I never went into it on that basis; I went into it on the basis that it was a privileged claim.

Q. What inquiries did you make?—A. I found out there were some debts, and that Armstrong was really the owner of sixty miles of that road.

Q. How?—A. Under contract with the company.

Q. And you examined that contract?—A. Not very carefully.

Q. At any rate, whether his claim was privileged or not, you had to pay him \$175,000?—A. I would not have gone into it at all unless I could make some arrangement with Armstrong's claim.

Q. You had to pay him \$175,000 to get in, whether he was a privileged creditor or not?—A. I do not say that, because it was represented to me that it was one of the privileged claims.

Q. You had to pay him, whether or not, \$175,000?—A. I would not have gone into it at all. I wanted to get Armstrong's title, and the only way I got into it was to pay him and get the stock.

Q. Well, did you examine all the vouchers and engineers' estimates making up Mr. Armstrong's claim?—A. I did not think it was necessary. I saw attached the signatures of men in whom I had the utmost confidence.

Q. But you never thought of verifying them?—A. No.

Q. You never verified that statement before you certified to Mr. Langelier by this document that \$175,000 ought to be paid to Mr. Armstrong?—A. Not further than looking over it.

Q. You simply looked over the claims submitted?—A. I saw Mr. Light's estimates and the figures there.

Q. Where did you see Mr. Light's estimates?—A. I think it was in Mr. Riopel's house.

Q. Do you remember the date?—A. I do not remember.

Q. Do you remember about the date?—A. The negotiations were between the 15th and the 23rd of April.

Q. You had not very much time between the 15th and the 23rd to go through and check that claim in Exhibit 5?—A. Not the details of it.

Q. You did not check any details?—A. It was impossible for me to do so; it is an engineer's business.

By the Hon. Mr. Kaubach :

Q. Did the Government let you understand that \$175,000 had to be paid?—A. No, sir.

By the Hon. Mr. Perley :

Q. That was a matter between Mr. Armstrong and you?—A. Yes.

By the Hon. Mr. Kaubach :

Q. And Pacaud?—A. I had no conversation with Mr. Pacaud.

By Mr. Barwick :

Q. This is the document (document produced) shewing \$294,000 due and this was accepted by you as correct?—A. After it had been vouched for by the other people,—by Mr. Riopel and Mr. L. A. Robitaille and Mr. Light.

Q. But Mr. Light only certified that these were estimates of work done. That is the account, do you understand, that is the total amount due to Mr. Armstrong—the total amount of the estimate; you know that now?—A. Yes.

Q. The figures below—the details of Mr. Light's certificates you do not know anything about?—A. I looked over them, probably I could explain them if you would allow me to look at them. I verified them as far as I could.

Q. How many hours did it take you to verify that document?—A. I looked over these statements here.

Q. That is the summation of Mr. Light's certificate?—A. Yes, sir.

Q. You did not look at anything below that?—A. Let me look at it.

Q. Here is the total, \$1,235,297. Did you check these figures?—A. I believe I must have, but I have no recollection of it. I would not go into it without satisfying myself at the time.

Q. The only other question is whether any vouchers were produced to you?—A. The only vouchers were Mr. Light's certificates. I might explain that when the statement was presented it was certified by Mr. Riopel, Mr. Robitaille, and my present engineer Mr. Leduc, in whom I have every confidence. He was in Quebec at the time, and went into the matter.

By the Chairman :

Q. Was it possible for Chrysostome Langelier to pay any of these claims without your signature approving them or without your approval?—A. That is provided for by Order in Council.

Q. That is not an answer to my question. Could he have paid any claim without your approval or without your certifying that it was correct?—A. Not without taking the alternative.

Q. What was that?—A. Arbitration.

Q. Then, as a matter of fact, you gave Chrysostome Langelier the certificate of the accuracy of that large account?—A. Yes, sir, I agreed to that payment.

Q. Without any investigation?—A. No. Not without investigation. I had the certificate of the Company, the secretary of the company, the general manager, Mr. Light, and our own engineer. I do not think I could have had better proof than these gentlemen's statements.

By the Hon. Mr. Power :

Q. There has been something said about your negotiations with the Quebec Government. Tell me if I am mistaken. As I understand it the Quebec statute and order in council set out the conditions upon which any company might get the contract for completing this road?—A. I believe so.

Q. Once you had made arrangements with Mr. Armstrong to take over the interest of the old corporators of the road, had you any one to negotiate with the Quebec Government, or were not you able to do it yourself?—A. I did it myself.

Q. You did not need any intermediary?—A. No; in fact there was none.

Q. Did Mr. Armstrong, once you and he agreed upon terms, act after that as intermediary between you and the Quebec Government?—A. Who? Mr. Armstrong?

Q. Yes.—A. No; he never did.

By Mr. Langelier :

Q. If I am not mistaken, Mr. Thom, these transactions were not the first business relations you had had with Mr. Armstrong?—A. No; not at all.

Q. You had known him for some time?—A. Yes; for a number of years.

Q. And he had dealt with the firm of Cooper, Fairman & Company, with which you are connected?—A. In whose business I have an interest—yes.

Q. It was not a surprise to you then when he came to you to propose a business transaction?—A. Not at all, sir.

Q. After you had given your consent to Mr. Armstrong's claim being paid to the amount of \$175,000, could Mr. Chrysostome Langelier decently oppose the payment of the claim?—A. I do not think so, sir.

The Hon. Mr. TASSÉ.—Before we adjourn, I should like to ask Mr. Langelier if he has any other witnesses?

Mr. LANGELIER.—Not to-night.

The Hon. Mr. TASSÉ.—Have you any other charges to make in reference to this matter?

Mr. LANGELIER.—I shall have a statement to put before the Committee, dealing with the facts that have been brought forward.

The Hon. Mr. TASSÉ.—Mr. Chairman, I desire to call your attention to some facts. On the 10th of August, you received the following telegram from Mr. Garneau :—

"Telegram transmitted from Quebec informs me summons sent requesting me to appear before Committee, Wednesday morning. Summons not received here. However, my state of health does not allow me to go to Ottawa at present. Will send doctor's certificate if required."

On the 13th of August you received the following telegram from Mr. Garneau :—

"Since sending my first telegram, I am informed, my colleagues are of opinion we are responsible to the Legislature only. Therefore I respectfully decline to appear."

On the 14th August, you received the following letter from Mr. Langelier :—

"DEAR SIR,—I enclose a telegram I have just (2.15 P.M.) received from the 'Honourable P. Garneau. As you may see, he is too unwell to come up. My telegram to which he replies was to this effect: Unless you are unable to do so

“ through illness I believe you should come. When here, if any question is put to you to elicit information in your official capacity, you may then object and decline to answer.”

I would like to know, Mr. Chairman, if further information has reached you since. Can Mr. Langelier tell you what position he intends to take? Because these telegrams are conflicting. Mr. Garneau's last telegram says Mr. Garneau will not come because he does not recognize the authority of the Committee, while the other says it is on account of his health. I would like to know the position of Mr. Langelier's client?

Mr. LANGELIER.—I have had no communication with Mr. Garneau since the last telegram, which I handed over to the Chairman of the Committee. If the hon. gentleman looks attentively at the telegrams he will see there is no contradiction. M. Garneau says at first that he is not well enough to come to Ottawa; not necessarily that he is sick in bed, but that he is not well enough to come. He has sent a Doctor's certificate to that effect. After he had sent that excuse for not attending, he learned that his colleagues had determined to question the jurisdiction of the Senate in this matter, and then he mentioned that as another reason for not attending. I do not see that there is any contradiction in the two positions he has taken. He still persists that he is too unwell to attend, but even if he was well enough he might perhaps persist in not attending, because his colleagues believe that he should not attend.

Hon. Mr. TASSÉ.—Mr. Chairman at the last meeting I requested you to issue a summons for the appearance of Mr. Lesage, Deputy Minister of Public Works for the Province of Quebec. I would like to know if that summons was issued and any answer received.

The Hon. CHAIRMAN.—I received a telegram this afternoon, which reads as follows:—“ I received instructions from members of the Quebec Cabinet not to appear before the Senate Committee.

(Sgd.) LESAGE,
Deputy Commissioner of Public Works.

This is addressed to me as Chairman of the Committee.

Hon. Mr. TASSÉ.—Then I would like the Hon. Mr. Langelier to explain this fact and how it is that Mr. J. C. Langelier appeared before us. Had he leave of absence to appear before us or not. Mr. Lesage in his answer states that he will not appear because members of the Government will not permit him to appear before us. But in the other case Mr. J. C. Langelier, who appears as Deputy Provincial Registrar, has appeared here for some days. How can you explain all these things.

Mr. FRANÇOIS LANGELIER, Counsel for the Quebec Government.—The explanation is an easy one. If Mr. J. C. Langelier had consulted the Government, I think he would not have come. I am quite sure from information before the Committee that the Government would have given him the same instructions, but he did not consult the Government. He came right through from Baie des Chaleurs and did not see the members of the Government, but he was so anxious to appear before the Committee seeing in the newspapers some aspersions on his character.

Hon. Mr. KAULBACH.—Have you not instructed them, as their attorney, to come here?

Mr. F. LANGELIER.—Yes, I said before, what I can only repeat, that I advised them as to the position they should take, but I never advised them not to appear; because there might be some questions put to them in their private capacity which they might be at liberty to answer.

The Committee adjourned until 10.30 to-morrow morning.

THE SENATE, COMMITTEE ROOM No. 8,
TUESDAY, 1st September, 1891.

HENRY MACFARLANE re-called and further examined.

By the Hon. François Langelier (Counsel for the Government of the Province of Quebec):

Q. Have you looked for the information I asked for from you last night about the amount of work which remained to be done on the first twenty miles when you took the work?—A. I cannot give it at all, Mr. Langelier, because that work was never measured. That work was carried on by the day, you might say, for a percentage.

Q. Then you could not give approximately the amount of the work?—A. I think it cost us somewhere in the neighbourhood of \$70,000.

Q. Then as to the other question I put to you yesterday evening, will you please state the amount of balance remaining due to you for the work you executed upon the sixty miles, and for which you have taken proceedings in court?—A. In the neighbourhood of \$200,000; perhaps a little more, it may be a little less.

Q. That is what you consider is honestly due to you by the company?—A. I consider so, or I would not have put in the claim.

Q. You made a statement yesterday, jokingly I think, but I want to know whether it is serious at all, that you gave nothing to any political man in Quebec, and that was the reason you had not got paid. Will you please explain that? Do you pretend to say that you were approached, or that it was hinted to you that if you paid anything to any political man in Quebec you would get your claim settled?—A. No; I did not say that at all. I said that was why they did not like me. But I will take that back.

By the Hon. Mr. Miller:

Q. How do you know they do not like you?—A. I said that in a joke. As a matter of fact. I think they do.

By Mr. Langelier:

Q. Have you any ground for stating that if you had given money, you would now be better off?—A. No reason whatever.

Q. Have you any reason to complain of the friends of the Government of Quebec in the treatment of your case?—A. I have not, sir.

Q. You say you gave them no money and promised them none?—A. So far as I know, my case was conducted satisfactorily. It did not go very far.

By the Hon. Mr. Power:

Q. Had you any transactions with the Ontario Bank before this Baie des Chaleurs business?—A. I had, sir, for several years.

Q. And how was the balance at the time this business began—was there a balance?

Mr. BARWICK.—Is it right to enquire into these other transactions.

The Hon. Mr. POWER—It bears directly upon your claim.

Mr. BARWICK—If it does I have not the slightest objection. The only thing I desire is to ask that other transactions should not be inquired into unless it affects this.

The Hon. Mr. POWER—I simply asked that one question, whether at the time this began you owed the bank or not?—A. I secured them for all I had from them, and more than all I had.

Q. Do you know how much had been done, or had you any means of knowing what had been done on the first twenty miles from the time McDonald, O'Brien & Co. stopped work until you began?—A. I could see the work; that is all I know. I did not know the quantities. I had no way of knowing that.

By the Hon. Mr. Boulton :

Q. You have a lien upon the road, have you not?—A. I did have; I suppose I have it yet.

Q. You are supposed to have it yet?—A. I expect so.

Q. The object of this Committee is to ascertain what has become of certain funds, because the Ontario Bank have asked protection by the insertion of an amendment in the Bill before the Railway Committee. Would your security be strengthened by the insertion of that amendment?—A. My impression was that that security could not be taken away until I was settled with.

Q. It was the old company that owed you the money?—A. Yes.

Q. The new company has taken its place?—A. The new company I have nothing to do with.

Q. You have no claim against them?—A. No.

Q. You have a claim against the road itself?—A. The part I built.

Q. Has that lien been injured by any action since?—A. I do not know. Of course, the possession of the road has been given over to the new company. I cannot say whether the lien was injured or not. It might be.

Q. You would desire some protection for it under the new Bill?—A. I certainly do if I can get any.

By the Hon. Mr. Power :

Q. Did you ever get any statement of your account from the Ontario Bank?—A. I did. Do you mean the winding up?

Q. Yes.—A. Just at the time, October, 1889, or November, we did get a statement when we were making up our accounts to see how we stood, in order to find where the balance of the money was coming from to pay the accounts. I think that at that date we owed them in the neighbourhood of \$100,000.

Q. Why were you not able to pay them?—A. Didn't have the cash.

Q. Why?—A. Because we could not get it.

Q. Why could you not get it? What hindered you? Was there not enough subsidy to pay you?—A. I think so. We did not get it because it was paid over to the party I was doing work for.

Q. Who was that?—A. Mr. Armstrong and the company.

Q. Then you would have been able to pay the Ontario Bank if Mr. Armstrong and the company had paid you?—A. If they had paid what I claimed was due I could have paid everybody.

By the Hon. Mr. Miller :

Q. Did they get the money?—A. I expect they did, but I do not know. I had no way of knowing. All the money that was coming to me had been transferred to the Ontario Bank, and I knew nothing about it until they reported to me. It was not necessary; they were running that part of it.

By the Hon. Mr. McInnes (British Columbia) :

Q. Has he given you any reason why he did not pay you?—A. Unless he says he has paid all he owed me.

By the Hon. Mr. O'Donohoe :

Q. How was possession of the road taken from you?—A. I cannot say it was taken from me.

Q. It has been handed over?—A. This new company has got leave to go on and finish the road, I believe, and repair it, and run their material for the next forty miles over it.

Q. By an order?—A. By an order in court, I believe.

Q. Do you know if the order in court was for taking over such things as were necessary for the progress of the work, or giving up the corpus of the road?—A. I think they were to have the use of the rolling stock, and all that. In fact, I think in their transaction with Mr. Armstrong and the company they have bought everything.

Q. But the order of court that you speak of—was that only to give them materials—the rolling stock, and such things as were necessary for the progress of the work?—A. I cannot say that; I never had any report from the court.

By Mr. Barwick :

Q. I am going to trouble the Committee with a question about the Ontario Bank, because these answers are often misrepresented. In your dealings with the Ontario Bank how were you treated?—A. First rate; got all the money I wanted.

Q. All the statements you wanted?—A. Certainly.

Q. So there is no—?—A. No reason whatever. I did not require the statement. I was working night and day, and the bank was furnishing the money up to a certain time.

Q. There were no difficulties between you and the bank?—A. No; up to that day, when the difficulties occurred in regard to the bridge work, the change which kept me back five months. I believe the thing looked blue to the Ontario Bank, and they shut down.

Q. But you believe they have treated you fairly enough?—A. Yes.

Q. Was the old debt secured by the Baie des Chaleurs subsidies?—A. Not at all. The bank had a right to do with the subsidies what they liked. They could take it all up into Ontario if they liked.

Q. They applied it on the debt in Montreal?—A. Yes.

Q. You had your advances from the Montreal and Toronto branches. They were kept entirely separate, and the Montreal branch advances covered the Baie des Chaleurs Railway?—A. Certainly.

Q. And the subsidies were kept there and applied on that alone?—A. That is the way the business was carried on.

Q. You have some statement that Mr. Langelier asked you to prepare?—A. It is very simple.

Q. I intend to put them in.—A. I have not shown them to Mr. Langelier yet. (Document filed as Exhibit 85).

Mr. BARWICK—This is a statement abstracting Mr. MacFarlane's position shortly. Mr. MacFarlane had assigned to him to secure his contract on the first 40 miles a Dominion subsidy of \$62,000, and he had a Dominion subsidy assigned to him to secure his work on the next 20 miles of \$128,000. He had a Quebec subsidy assigned to him to secure his work on the third 20 miles of \$70,000, total, \$260,000. What Mr. MacFarlane claims is, that instead of having \$70,000 assigned to him for the third 20 miles he should have had \$140,000, because the work cost double what it was represented it would.

Q. Is this right? You had \$70,000 assigned to you for the last 20 miles of the work?—A. Yes.

Q. Quebec subsidy?—A. Yes.

Q. You think you ought to have had \$140,000?—A. Yes; that is what was promised me.

Q. You were promised sufficient subsidies to pay the work?—A. I had promise of \$330,000; instead of that I got \$260,000.

Q. Did you ever get any money in payment of your work except out of the subsidies?—A. That is all.

Q. And the Quebec Government retained \$28,000 of subsidy which was due to you, did they not?—A. I think it was about that. I could not say positively. That is a matter for the Ontario Bank to deal with, but I think that was about it.

By the Hon. Mr. Boulton :

Q. Your contract for the first 60 miles included the first 20 miles for which McDonald, O'Brien & Co. had done the bulk of the work?—A. Yes.

Q. And on the second twenty Armstrong himself had done a certain amount of the work—about how much? Was the track laid?—A. I think it was, except about five miles.

Q. That was done by Armstrong himself?—A. I do not know that he did the tracklaying; there was a party there who had the contract for masonry and grading.

Q. Was your contract to finish up on the first 20 miles, and finish up on the second 20 miles, and do 20 miles of new work?—A. Yes.

By the Hon. Mr. Power :

Q. Did you get any subsidies on the first 20 miles?—A. There were \$62,000 transferred to me for the first 40 miles.

Q. But for the first 20?—A. I cannot tell you. It might have been on the second 20 miles.

Q. As far as you know, there was nothing on the first 20?—A. I cannot tell.

Q. You got only \$62,000 on the first 40 miles?—A. That is what was transferred to me.

By Mr. Armstrong, representing the Hon. Mr. Robitaille :

Q. Did you pay the Ontario Bank on account of your Toronto debt any portion of money on account of advances made to you in regard to the Baie des Chaleurs Railway?—A. I did not pay the Ontario Bank a dollar.

Q. If they took any money paid by the Government, was that right to take any of the Baie des Chaleurs Railway money to pay any other debts of yours?—A. If they advanced me \$300,000 they had a right to take a part of it back.

Q. Had they the right to take any of the Baie des Chaleurs Railway money away from the trustees, between you and me?—A. I do not think they had, and I do not think they did.

Q. You are not positive?—A. No; but they advanced me \$300,000, and I put it on the road and only drew a little over \$200,000 from your subsidies.

Q. Are you not aware that the transfer of these subsidies to the Ontario Bank were simply that they should be paid out as the work progressed?—A. Exactly.

Q. Did you give them a statement of work done as it progressed?—A. No; I do not think I did. Any statement ought to have come from the engineer.

Q. You should have got it from the engineer?—A. What engineer?

Q. The engineer who was giving the estimate for the work—Mr. Leduc or Mr. Light?—A. Mr. Leduc in my contract was my engineer.

Q. For the purposes of your contract you were to have the control of Mr. Leduc. Did you ever get an estimate of the work from Mr. Leduc to give the Ontario Bank, so that they could judge how much money to advance?—A. I think all they got was a statement of my own work.

Q. As a matter of fact, did they not advance money to you without any statement at all, taking your word as to what work was done?—A. Certainly, that was my contract with them.

Q. Did they not advance you more than the total subsidies?—A. Yes; in the neighbourhood of \$300,000.

Q. Are you sure it was not \$280,000?—A. It was \$200,000-odd; I have no statement of it.

Q. You have an estimate from Mr. Leduc for the last 20 miles at the close of your work—how much was that?—A. I do not remember. I did not get it at all myself. It was merely made out as an index to the regular statement.

Q. Did you not accept Mr. Leduc's certificate for the work on the 20 miles as correct?—A. I suppose it is correct; I never disputed it.

Q. You do not dispute it now?—A. No.

Q. How much was the value of the work done on the 20 miles?—A. I do not know.

Q. Did it exceed \$198,000—the amount of subsidies received on that 20 miles?—A. I had not the slightest idea. I have not an idea of the work done. I did not get estimates.

Q. You got a final estimate which is in court?—A. I saw that, but I cannot tell what the amount is.

Q. Have you changed your mind about it since the statement was filed in court?—A. I always thought Mr. Leduc an honourable man.

Q. Did the subsidies cover the work done on the 20 miles from 40th to the 60th mile?—A. You said you had been promised \$140,000 of Quebec subsidy on that section instead \$70,000?

Q. How do you know that?—A. By your own letters.

Q. Produce them?—A. They are in court.

Q. Was it not proved in court that promise was never made?—A. I have a letter written by you a few days before I signed the contract, that the amount of the contract you would transfer to me, and that the balance would make \$13,400. You would not deny it?

Q. I have given my evidence under oath; the contract was that I was to get \$70,000; you got every dollar of what the contract said you were to get?—A. Yes; the contract called for the \$70,000?

Q. And you got that?—A. I expect so.

Q. It has been stated here that I have transferred \$70,000 to you and afterwards collected it myself. Did that take place?—A. I do not think so.

Q. Did I ever collect what I transferred to you?—A. I cannot say whether you did or not, but I know that \$70,000 we are speaking of should have been in my contract. You were not prepared then to give it, but your letter said I would get it.

Q. Did that letter not refer to a longer distance, 30 instead of 20 miles, and you did not take 30 miles?—A. No, because you did not give it to me.

Q. Therefore, you are not entitled to that \$70,000, as you would have been if you had taken the 30 miles?—A. Oh, no; that is how it was.

Q. I want to make it clear that you had no right to that \$70,000?—A. Well, so would I; if it had been clear before we would never have had this trouble.

Q. Your contract said you were to get \$70,000 and you got it?—A. You wrote me that letter which is in court.

By Mr. Langelier :

Q. You are aware that almost immediately, or at all events a short time after you entered into your contract with the company and Armstrong, a conditional subsidy was paid by the Quebec Legislature, amounting to \$3,500 a mile and covering the 40 miles from the 20th to the 60th mile?—I think so.

Q. Did you ever get a cent of that subsidy—I mean, of that \$3,500 a mile for the 40 miles?—A. Well, it is pretty hard for me to say.

Q. Did you get any other subsidies than those mentioned in your contract?—A. No.

Q. And you said a few moments ago that when you entered on the contract it was contemplated that such additional subsidy should be voted?—A. Yes.

Q. And you never got that?—A. No.

Q. If you had obtained that subsidy, \$3,500 a mile, would you have been able to carry out your contract completely?—A. I think I should.

By Mr. Barwick :

Q. You have always insisted that you were entitled to that \$70,000?—A. Certainly.

Q. And that the company should pay it?—A. Pay it out of that or something else.

Q. And that is the question you are fighting the company on in the courts?—
A. Yes; that and the balance.

Q. And that is before the courts for determination now?—A. Well, whether it is the \$70,000 or not, I am fighting them for a settlement. I do not think I put that \$70,000 in my statement.

Q. I was under the impression that the question whether you should receive \$70,000 was now before a judge for determination?—A. No; I think not. I put in my claim for the balance.

Q. Then this is before the judge now?—A. No.

Q. The question before the judge is, simply what balance is due to you?—A. Yes, I think so.

By Mr. Armstrong:

Q. If you had been paid twice over for your work, you could have paid your men?—A. Oh, no, you are making a mistake.

Q. What was your contract and what amount were you to get under it?—A. It is pretty hard for me to tell what my contract was for the first 40 miles; I do not think your company's engineer knew the first thing about the work laid out until we commenced; the work on the first 40 miles from day to day was kept increasing and against your will, too, I think; but, however, that \$70,000 I claim is a certain amount of money, and I do not care whether it comes out of that \$70,000 referred to or not.

Q. From the time that subsidy was voted did you ever make a demand on me until after your failure?—A. I never mentioned it to you; I had not time.

Q. Well, you had 18 months?—A. I was working night and day to build the road.

Q. Who first told you you were entitled to that amount?—A. You are the man who first told me. You wrote it to me in this letter that I speak of.

Q. That was before the contract was signed?—A. Certainly.

Q. You should go by your contract?—A. Yes.

Q. By your contract you are entitled to that \$70,000?—A. No.

Q. Who put that idea into your head?—A. Do you not think my head capable of containing that idea?

Q. Yes; but not originating it—who gave you the idea first?—A. I had the idea from the time you wrote me the letter. You told me it was going to be, and I took your word.

Q. Who told you first to make a claim in connection with that second \$70,000?—A. Nobody told me; I think I was capable of making a claim myself without anybody telling me.

Q. Did Mr. Demerais, your legal adviser advise you that you should get that money?—A. He told me I should get my claim, but so far as the \$70,000 is concerned, I claim that was to be put up as security, but it was not put up as security.

Q. For 18 months you did not claim it, and it was not until your insolvency that you put in any claim for it?—A. That is the time; I did not know it was necessary for me to come back from my work and claim that \$70,000. You agreed to give it to me; I suppose that letter will show it was mine.

Q. You owed that money to the Ontario Bank, and yet you never informed the bank during the eighteen months?—A. They furnished me money according to my contract.

Q. Why not inform them, so they could get it?—A. The Ontario Bank knew all about it. I gave them all my rights and claims. The day my contract was signed they got all my rights. If they did not follow it up it was not my fault.

Q. You did not tell them of the \$70,000 until after your failure?—A. I do not know that I did; I do not know but I did.

Q. You knew perfectly well you had no right and did not claim it?—A. They knew my security—\$13,400 a mile.

By the Hon. Mr. Boulton :

Q. The work on the first 40 miles under your contract was put in in day work, or was it a lump sum?—A. It was done on a percentage, and there was a percentage on the material furnished also.

JAMES COOPER, of the City of Montreal, in the District of Montreal, in the Province of Quebec, merchant, President of the Baie des Chaleurs Railway Company, who being duly sworn and examined, testified as follows :—

By the Hon. Francois Langelier, (Counsel for the Government of the Province of Quebec :)

Q. You are the President of the re-organized Baie des Chaleurs Railway Company?—A. Yes, sir.

Q. One of the principal shareholders?—A. Yes; I am one of the large shareholders.

Q. You have been one of the promoters of the re-organized company?—A. I promoted a syndicate for taking over the company, for re-organizing it with the assistance of Mr. Thom.

Q. During the negotiations which took place between your syndicate and the Government of the Province of Quebec, was it insinuated, or intimated, or hinted to you, directly or indirectly, that you should have Mr. Pacaud to approach the Government of Quebec?—A. No.

Q. Of what nature have been your negotiations or transactions with the Quebec Government in connection with this agreement? Was there any hoodling, was there anything improper in these negotiations?—A. I have no knowledge of it.

Q. The whole thing then was conducted in a business-like manner, as between business men and business men?—A. It was. The understanding I had was that the road was to be delivered to the new syndicate free of debt or litigation, and that the new syndicate, which, through my influence, was organized was to take up the road and build it. I had two objects: one was to secure a debt I was afraid I was going to lose, which amounted personally and through my connection with the firm of Cooper, Fairman & Co. to \$22,000. I saw it was going to be lost by litigation and wrecking, that the road been left in a shape for a year and a half which was very bad, and the rolling stock which I had furnished to the road was lying exposed to all weathers, summer and winter, and I had paid my money for that stock, and never got a penny for it. I felt that litigation was going to ruin the whole chance of getting anything out of that debt. I urged to the best of my endeavours Mr. John J. McDonald to take it up. He was a friend of mine, and I begged and beseeched him to organize a syndicate, and I got fairly disheartened when he told me he was going to England and would abandon the whole project. I said: If you go to England and leave the road in the shape it is I shall endeavour to reorganize a syndicate to take it over. I would never have taken that step except on these conditions if you had given me the road for a present. I would not be identified with all this scandal and disgrace, such as appears in the papers.

By the Hon. Mr. Miller :

Q. What do you mean? Do you mean the Pacaud scandal?—A. I mean that all this scandal is detrimental to my success in carrying the work through. The road is going to be short—at least, when I went into it it was \$300,000, and our resources as a company are in the bonds, and if the road is to be built we have to get the co-operation of both Governments to finish it. That is the only true principle of the matter. If you will allow me to give you an explanation. I am a business man, and I will give it as to why the disaster came. The disaster happened in this way: The Ontario Bank advanced money to Mr. MacFarlane for a very large sum. I do not know how much. They at length, when they got up to the whole length of the

subsidy, I presume, got alarmed at the amount of money expended. The error that was committed, which I know, and which I think they would not commit again, was in not appointing an engineer to report to them as the work went on. They would then have a guarantee that the work would be done. I supplied the stock, and when I did so the company was to pay in thirty days. At the end of thirty days I was told that they could renew for three months, and that I could get the money out of the next subsidy. They got the subsidy, but I was not paid. I waited twelve months, and the Ontario Bank collected \$17,500 and I got nothing. That is all. In the extremity they forced or induced Mr. MacFarlane to give them a transfer of all his interest, irrespective of or otherwise to the detriment of myself and other creditors. I allowed that transfer to remain for forty-five days, in the hope that the Ontario Bank would come forward and help Mr. MacFarlane out, as he claimed he only wanted \$30,000 more. I had to put him into insolvency, with a view to protecting myself and the other creditors. That is the cause of the disaster; that is the history of the thing.

By the Hon. Mr. Langelier :

Q. If I understand you rightly, it was your firm of Cooper, Fairman & Co. who put Mr. MacFarlane into insolvency?—A. Yes.

Q. And you took out a *capias* against him?—A. Yes.

Q. Founded on the transfer of all his assets to the Ontario Bank?—A. Yes, sir.

Q. Which transfer you pretended was to defraud the creditors?—A. So my solicitor informed me.

Q. You took out the *capias*, and upon that Mr. MacFarlane was put into insolvency?—A. Yes, sir.

Q. When you spoke of scandal, you spoke of the scandals which were in the papers before you went into this business at all?—A. No; I could not have said anything about that. I alluded to what has turned up since in regard to this thing, as a very serious detriment to my interest now, and that is why I want to impress upon the gentlemen of this Senate that if they do not give me a clean bill that that road can never be built if I am to use their charter. There is not money enough in it to do it. I am not a philanthropist, you can understand, but at the same time I went into it to build the road if possible to recover my own and pay the legitimate debts of the road. I have formed a syndicate of the most respectable men I could find, the best men I could get enlisted to carry it out. I do not want to cast reflections on anybody else, but I am a man who wants to do things straight and right. I think I can appeal to one gentleman here—I did not know I should have the honour of seeing him here—who has known me for eight years, who knows me from the sole of my foot to the crown of my head, and who knows that I would not, or my syndicate would not, take hold of it unless it was fair and right, and reasonable to everybody.

Q. You have seen these attacks made on the company about the sum of \$100,000 supposed to have gone to Mr. Pacaud in boodle, as it was said. During the course of your negotiations did you ever hear of anything improper going on?—A. I had no knowledge of it.

Q. No knowledge whatever?—A. No knowledge whatever.

Q. When did you hear for the first time that there was a charge of improper proceedings or transactions taking place?—A. First from an article which I understood appeared in *L'Electeur* or some other paper in Quebec, calling attention to the matter.

Q. Have the proceedings before this Committee been calculated to help the company or to hurt it?—A. The proceedings that are taking place now?

Q. Yes.—A. They must hurt it now, of course, for our future must depend on our going to England and getting assistance on the bonds.

By the Hon. Mr. Miller :

Q. How are you hurt?—A. Any road that has a scandal attached to it, English capitalists will not so readily go into.

Q. What scandal are you alluding to?—A. All that is referred to in the newspapers; these are copied in England.

Q. Do you allude to the Pacaud scandal?—A. I allude to any scandal.

Q. How do you know that the scandals have hurt the company?—A. I take it as a business man.

Q. There has been nothing brought before the Committee, except within the past day or two, with reference to the old company; the only scandal has been the Pacaud scandal. It must be that that did the injury?—A. Two of them have come up now.

Q. At the time you spoke of, when the scandals had injured the standing of the company, you must have referred to the scandal before the Committee before the old company's business was brought before us?—A. I do not know how it is going to affect me; I hope it may not. But I am a little nervous about it, so much so, that I would not think of offering the bonds until this thing blew over.

Q. When did you first hear of the Pacaud scandal?—A. The first I heard of it was in the Quebec paper I spoke of.

Q. Was not that the scandal you believed would injure the prospects of the company in England?—A. Any scandal would.

Q. Was not that the particular scandal?—A. I will not say that.

Q. Give a fair answer?—A. That is the only answer I can give.

Q. Did you not fear that that scandal would injure the company?—A. I felt that any scandal would.

By the Hon. Mr. Tassé :

Q. That one included?—A. You may infer that if you like.

By the Hon. Mr. Boulton :

Q. Do you recognize the lien Mr. MacFarlane has upon the road?—A. That is to be decided in court, I understand.

Q. Do you feel yourselves accountable to Mr. MacFarlane for any claim he may have?—A. I suppose I will be accountable to the assignee, the curator who has charge of his estate.

Q. Your company hold yourselves responsible for any liability the court decides?—A. Certainly. They have the same claim now as they had before. They have their two men on the line as heretofore, and the new company are simply using the line for construction. We are building twenty miles, which we will have completed I think by November. We were kept back by two months of litigation in Montreal, but I think we will get it completed notwithstanding. The expenditure of over \$300,000 which has been made must have increased their security.

Q. If the court awards \$150,000 to Mr. MacFarlane's estate you will have to pay it?—A. Certainly.

By the Hon. Mr. Ogilvie :

Q. Mr. Langelier referred to the negotiations having gone on about the new company, but as a matter of fact, except by heresay, you do not know anything about these negotiations at all?—A. I do not.

Q. And all that you know about the negotiations between the Government and the old company was nothing else but heresay?—A. I got it by heresay.

By the Hon. Mr. Kaulbach :

Q. Your reconstructed company have subsidies amounting to \$870,000, have they not?—A. No, sir.

Q. The subsidies amount to \$670,000 in the reconstructed company?—A. Not half of that.

Q. If you count the \$280,000 in cash which the Quebec Government was to give to pay off the debts of the road, would it not amount to \$870,00?—A. I never attended to that; Mr. Thom generally attends to the financial part of the business.

Q. If the \$280,000, including the \$100,000, was not given to you, would it not affect your company?—A. There is no subsidy for the ten miles now building from the Dominion Government.

Q. If you got back that \$100,000 into your company would it not help you?—A. I could utilize it certainly to advantage.

By Mr. Barwick :

Q. When did you see that article in *L'Electeur*?—A. I think in June of this year.

Q. That is Mr. Pacaud's paper?—A. Yes. My attention was called to it, it being in French.

Q. What was the substance of the article. Did it deny this charge of \$100,000?—A. I was told something about the \$100,000, and I think I was told, if you want any information refer to Armstrong. The article was in French; that is what I was told it contained.

Q. You understood there was a charge that \$100,000 was paid to Mr. Pacaud out of that subsidy?—A. No; there was \$100,000 they were trying to hunt up.

Q. You understood that \$100,000 had gone in boodle?—A. They claimed that \$100,000 had disappeared; I do not read French.

Q. When did you speak to Mr. Thom about that?—Q. I do not think I spoke to him about it.

Q. When did you speak to him about this missing \$100,000?—A. Afterwards, when I saw it in the papers.

Q. What papers?—A. I am too busy a man to notice what papers.

Q. Did you know about the Ontario Bank?—A. You would deny that the Ontario Bank took \$17,000, which Macfarlane had bargained to pay me over.

Q. When did you first speak to Mr. Thom about this \$100,000?—A. I do not think I spoke to him at all.

Q. Never to this day?—A. Well, I do not know.

Q. Do you mean to say that you never did?—A. I do not know that I did; I may have when I saw it in the papers.

Q. When did you first speak to Mr. Thom about this missing \$100,000 —A. Not the missing \$100,000.

Q. About any scandal, the exposure, or about Mr. Pacaud, or boodle—when did you first discuss these?—A. I could not tell you; I cannot remember.

Q. How long before it is mentioned in this Committee?—A. I cannot remember.

Q. Did you speak to him before it came up in this Committee?—A. I cannot remember.

Q. Are you sure? He negotiated this whole thing for you, did he not?—A. He was the man in charge of all the financial portion of my business.

Q. That is not the question. He had charge of the whole Baie des Chaleurs negotiation?—A. Yes.

Q. He was the man who met the Government; who met Armstrong, and went to New York alone?—A. I was thinking whether he did go to New York. I do not remember.

Q. You never heard that he went to New York?—A. I really could not swear that he did.

Q. Had he your authority to go there and meet members of the Government and endeavor to carry out this arrangement?—A. He had my authority to reconstruct the company to save the property from being wrecked and to rescue, if possible, my large interest.

Q. And therefore had full authority to go to New York?—A. Therefore I paid no further attention to it.

Q. Answer my question. Had Mr. Thom full authority to go to New York and endeavour to make some arrangement with the Government—yes or no?—A. If he went there he had authority simply on the instructions I gave him.

Q. I want you to say?—A. No; you cannot force me to say what I do not want to say; I mean, you cannot force me to misrepresent myself. I am not willing to do that. I told you exactly the interest I had there to secure, and if I had not had that interest I would not be president of this company.

Q. I think I am entitled to an answer. If Mr. Thom went down to New York to meet members of the Government, as you saw in the papers he did, had he your authority to go?—A. No; except on this condition, that I told him if he could reorganize the company on true business principles to carry out this enterprise, to do so.

Q. Then if he went down to New York in the course of an endeavour to reorganise the company in a business way he had a right to go for you?—A. I suppose he had.

Q. Did you ever discuss the re-arrangement with Armstrong?—A. I discussed nothing with Armstrong.

Q. Nothing with any of them—Armstrong or Thom?—A. No; I left Mr. Thom to run the whole thing.

Q. And the arrangement ultimately reached was satisfactory to you?—A. As represented to me.

Q. And as represented in the letter Mr. Thom wrote to the Government?—A. I never saw that letter.

Q. Well, he submitted that letter to the Government, even without showing it to you?—A. I. I have no recollection.

Q. Did you see that letter before sending it to the Government?—A. I do not know what letter you mean?

Q. The offer to build the road?—A. He had my authority.

Q. Did you see that letter?—A. I cannot remember; I cannot say.

Q. Had you a meeting of your provisional directors to discuss that?—A. After the matter was closed.

Q. Mr. Thom said there were several changes in the letter before it was finally revised and sent in—did you ever hear of that?—A. I cannot remember.

Q. Then you learned the amount of subsidies secured to you by the offer first from this letter that Thom sent in?—A. The only thing I was apprised of was that the road was to be delivered to me free of all debt, and on that understanding I went into it.

Q. What amount of subsidies were you to get under that Order in Council?—A. I do not know. Mr. Thom arranged all that.

Q. You do not know within \$250,000?—A. I do not know the amount of the subsidies.

Q. Then, what did you mean, that the road in your opinion, cannot be completed without further applications to the two Governments?—A. Because my engineer gave me figures to that effect. I naturally wanted to know how much I was going to lose when I went into it.

Q. What were the figures which the engineer gave you?—A. I cannot tell you from memory.

Q. What is the difference between the figures and the total amount of subsidy you were to get?—A. You call Mr. Thom and he will tell you; I cannot say.

Q. How much subsidy were you to get from the Dominion Government?—A. I cannot say.

Q. But you intend to apply to the Dominion and Quebec Governments for further subsidy, is that so?—A. I have not made up my mind what I will do yet.

Q. But you wanted the Committee to understand that you could not build this road unless you got assistance—did you mean by way of subsidies?—A. The Quebec Government have subsidized it to the end of 100 miles.

Q. What did you expect from the Quebec Government—that they would fold back some more subsidies?—A. I did not.

Q. Do you expect to get any more money from them?—A. No; I do not.

Q. Do you expect more money from the Dominion Government?—A. Yes; I hope to get \$100,000 more. I would like to.

Q. You do not hope or expect to get any more from the Quebec Government?—A. Well, I do not know.

Q. You said "No" a few minutes ago. You want to change that?—A. I will change that, and say I referred all that business to Mr. Thom.

Q. I insist on an answer. I understand you to say you did not expect to get any more pecuniary assistance from the Quebec Government?—A. I did not give it consideration.

Q. Have you not at this moment any anticipation of getting any more money from the Quebec Government than provided by Order in Council?—A. I cannot say.

Q. I think you must say?—A. I have no hope of getting any.

Q. You have no hope of getting any more?—A. No.

Q. Have you any anticipation?—A. I have no hope. I do not know how it will end until I get through.

Q. You have no promise?—A. No promise.

Q. No anticipation?—A. I have no hope.

Q. Then, Mr. Cooper, what did you mean by stating to the Committee a few minutes ago that that you could not finish the road without getting assistance from the Quebec Government?—A. I said I could not finish the road without the assistance of the bonds.

Q. No, sir. You said a few moments ago, and I think the Committee will bear me out that you said that you could not finish the road without further assistance from the Quebec and Dominion Governments.—A. No.

Q. Do you want to tell us that you did not mean that?—A. What I meant was, that I did not want my bonds injured. I want these Baie des Chaleurs bonds intact and in good shape, and appreciated by the people, so that I can place them, and sell them at the highest figure we can realize.

Q. That is no explanation of my question, and no answer to it. Do you mean to say you did not mean to convey the impression to this Committee that you expected more money from the Quebec Government?—A. I say when I made that remark I referred to any legislation in regard to the bonds.

By Hon. Mr. Macdonald (British Columbia):

Q. How do you expect \$100,000 from the Dominion, and nothing from Quebec?—A. My reason for expecting we might get assistance from the Dominion Government is—there are thirty miles that have not a dollar from this Government. If they had given already I would not apply to them.

By Mr. Barwick:

Q. Have you ever heard Mr. Thom tell you that the company has entered into a solemn agreement with the Crown not to apply for a subsidy?—A. I never heard that. I did not hear it was in that shape.

Q. What shape did you hear it was in?—A. We have not applied for a subsidy; consequently, you need not bring that discussion in. I won't answer that?

Q. You will not answer that question?—A. I will not answer.

Q. You won't answer the question, what was your understanding of that agreement with the Crown about asking for any further subsidy? That is a fair question.—A. I do not know what you mean.

Q. You do not know what I mean?—A. I do not know what you are driving at?

Q. I do not want you to know what I am driving at.—A. What do you mean by Crown—the Quebec Government?

Q. You do not understand that question, do you?—A. I do not know whether I do or not.

Q. I will repeat it. Do you understand there was an agreement with the Dominion Government that you would apply for no further subsidy?—A. Yes; I understand

so in regard to the old company, but not in regard to the new company, because we are putting in steel bridges instead of wooden structures, which cost a great deal of money, and there is a great deal of additional expense otherwise. The road will be built with a view to running it, and not for the sake of drawing the subsidies, putting the money in your pocket, and leaving the road, but to develop the trade of the country, and put it in first-class shape. If the Dominion Government considers that we are entitled to more they will give it to us; if not, they won't.

Q. Did you not know that the Dominion Government were holding back \$31,000, the price of the steel bridges, which the old company were bound to put in?—A. I was informed they are holding that back for the completion of the sixty miles.

Q. Did you ever hear of steel bridges?—A. I have supplied them; I think I ought to know something about them.

Q. You knew that the old company was bound to put in steel bridges?—A. No; not exactly.

Q. You did not know that the steel bridges you supplied——?—A. The Dominion Bridge Company supplied.

Q. Were pronounced too short for the purpose of the road in the time of the old company. Did you ever hear that before?—A. I heard that recently.

Q. You did not hear that before?—A. No.

Q. You heard that before you came to the conclusion to ask for another subsidy? From the Dominion Government?—A. No.

Q. You did not come to any conclusions about that. The only assistance you required was the \$100,000?—A. I am not asking any.

Q. But you require assistance?—A. I am asking for a clean bill, that is what I am asking.

Q. You must answer my question. The assistance you hoped to get from the Dominion Government was \$100,000 to enable you to finish the road?—A. I have not expressed that.

Q. Can you finish it without \$100,000 from the Dominion Government?—A. It depends upon how much you and gentlemen like you are going on in this thing.

Q. You are going off the track again?—A. You have swallowed a large sum of this estate which I and others in Montreal have had to pay. I am a creditor of the estate, and there was a warfare in May and June costing \$8,000 or \$10,000 which must come off the estate.

Mr. BARWICK—Mr. Cooper will not keep to the line. I think he should be directed to answer my questions.

Q. Now try to keep to the track without starting off on any side lines. The Committee was led to understand that you did not expect more from the Quebec Government than was provided by the Order in Council.

The Hon. Mr. POWER—Are Mr. Cooper's expectations or hopes evidence?

Mr. BARWICK—Certainly, he has told the Committee in the early part of his evidence that he could not finish the road unless he got further assistance from the two Governments.

The WITNESS—Not bonuses, I did not mean that.

Q. You mean you did not expect bonuses from either Government?

The Hon. Mr. POWER—Objected that this was merely badgering the witness.

Mr. BARWICK—I think the witness ought to be confined to my question. I will leave it to the Committee if I am pressing him unduly or unfairly.

Q. You did not want the Committee to understand that you expected more bonuses from either Government to enable you to finish the road?—A. I do not know what I want. The road has to be extended to Gaspé, eighty miles, and therefore it remains for the future to say what we will want.

Q. Then you do expect more?—A. Well, eighty miles will have to be built.

Q. And you expect bonuses for that?—A. Certainly.

Q. From the Quebec Government?—A. They have a large interest in that part of the country, and there is no part of the country that needs a railway more.

Q. You expect bonuses from the Quebec Government?—A. Certainly.

Q. Look at the extraordinary position you are in. You told us half an hour ago that you expected assistance from the Quebec Government to build that road, then a few minutes afterwards you told us you did not expect money assistance, and now you say you do?—A. Yes, because if the road goes to its destination, that is, Gaspé, it will have to be done.

Q. One other question. Whatever amount is due to Mr. McFarlane, he has got to look to the Company for it?—A. I don't know; there is a curator has charge of the whole estate. He is the man that is to pay it.

Q. The man who has got to be paid?—A. He is the man, I believe, who has got to look after it. I am very largely interested there myself.

Q. I am representing the curator.—A. Than you must be representing me at the same time.

Q. Looking at the cheques you appear to have taken pretty good care of yourself?—A. I want you to prove how I have taken good care of myself. I will not go one word further until you do.

The CHAIRMAN—I have to remind you, Mr. Cooper, that you are giving evidence to the Committee. You will be pleased to answer the question.

The WITNESS—He says I have known how to take good care of myself. I want him to prove it. I say it is a vile slander.

Mr. BARWICK—My remark is based on the exhibits filed in this case.

Q. MacFarlane's estate has to be paid whatever amount is due to it?—A. Whatever the courts decide.

Q. Whatever the courts decide as to the amount due to the MacFarlane estate, the estate must look to the company for it.—A. Whatever amount is due the company will pay.

By the Hon. Mr. Kaulbach:

Q. The new company?—A. Yes.

By Mr. Barwick:

Q. Not the individual members of the company?—A. The company will pay it.

Q. Will the individual members of the company undertake to pay it?—(No answer).

Q. Answer the question.

Mr. LANGELIER—I submit that this is not fair. Any man of sense must know that the company will have to pay it. To ask if the individual members of the company will pay it as reasonable as to ask if I will pay it.

Mr. BARWICK—That is a fair question. The individual members of the company did not incur any responsibility in regard to that.

The WITNESS—The company will pay its debts.

Q. Did the individual members incur any responsibility?—A. The company will pay it.

Q. Have the individual members of the company refused to incur a dollar's worth of responsibility in regard to that claim? Will you answer that?—A. I say that they have not refused.

Q. Was that put before them in the negotiations when Mr. Cockburn met you the other day?—A. Yes, it was, because he has no claim. Mr. Cockburn—if you mention him; I do not know him except as a gentleman I used to remember in Toronto thirty-five years ago, but I know the Ontario Bank—they have not substantiated their claim.

Q. The Ontario Bank is not seeking protection? It is to the company only that the MacFarlane estate has to look. You do not understand that?—(No answer).

By the Hon. Mr. MacInnes (Burlington):

Q. You say Thom conducted negotiations for the syndicate?—A. Yes.

Q. Did you not give him full authority to act?—A. I stated I would give him full authority to reorganize the company, to do what would resuscitate it and put it in such a shape that we could get the debts back.

By the Hon. Mr. Power :

Q. You spoke of that part of the road from Paspébiac to Gaspé, you have no contract for that?—A. I have no contract, it is embodied in the charter; they have a right to go there.

Q. When you said you expected no further subsidy from either Government, did you mean you expected no more subsidy than you are entitled to under existing law on the first 100 miles?—A. I have no hope to, beyond what the law gives.

By the Hon. Mr. Read :

Q. Then I understand your company intends to pay this account of McFarlane's, whatever it may be, and as this bill aims at putting it in such shape that it can be paid, what reason is there why it should not be so amended as that McFarlane may get his money?—A. The bill has been already amended with the approval of Mr. Cockburn and Mr. Barwick both, and they pledged their honour it should not be interfered with any more. That is what I understood from Mr. Lonergan. The bill was amended to protect the Ontario Bank and myself as well. I ranking as a creditor and having to take my percentage on that estate as well as the Ontario Bank.

By the Hon. Mr. Boulton :

Q. If this bill is passed authorizing the issue of these bonds, will that not be a first mortgage cutting out this claim?—A. I am not a lawyer; all I know is that I am connected with a great many companies and every one of them pay 100 cents on the dollar and I hope this will be the case with this one. I will be sorry if it is not. I could not answer you in regard to the legal position, but it did not matter whether legal or not, I should see that that money was paid.

The witness retired and the Hon. Chairman addressing counsel for the Quebec Government asked him if he had closed his case.

Mr. LANGELIER—I have no other witnesses.

Hon. Mr. TASSÉ—And no other charges?

Mr. LANGELIER—I will make a statement to the Committee.

Mr. BARWICK—Mr. Chairman, in appearing in the second charge I appeared for Senator Robitaille, because the charge was levelled against him.

Mr. LANGELIER—No, it was not levelled against him but against the company.

Mr. BARWICK—I should have said that the charge was levelled against Senator Robitaille amongst others.

Mr. LANGELIER—If it had been confined to Senator Robitaille, most probably I would not have made the charge, but I never mentioned his name and the shorthand writer's notes show it, but Senator Robitaille seemed offended because the old company of which he was President, was the object of the charge. I never said one word against him. If it had been Senator Robitaille alone who was concerned there would have been no difficulty. My client has no complaints of him. Those having dealings with the old company always said that if they had all been like Senator Robitaille they would not have complained. I desire that this should be taken down, because I think Senator Robitaille was the best man of the old company.

Hon. Mr. TASSÉ—And this is the only charge you have to make and none against Senator Robitaille?

Mr. LANGELIER—No.

CHARLES N. ARMSTRONG recalled and further examined by Mr. Barwick.

Mr. BARWICK—I put in the agreement of the 12th of April, 1887, between C. N. Armstrong and McDonald O'Brien & Company, and the transfer of the subsidies from Mr. G. B. Burland to Mr. J. Murray Smith? (Document filed, Exhibit 86).

By Mr. Barwick :

Q. Now, Mr. Armstrong, I want to show the Committee the meaning of this agreement. Prior to that agreement what amount of subsidy had Mr. Burland received?—A. There had been transferred to him \$370,000 of subsidy.

Q. Now, sir, he paid Messrs. McDonald, O'Brien & Company how much prior to the date of that deed?—A. McDonald, O'Brien & Company acknowledge to have received by this deed and prior to the date \$246,975.

Q. They acknowledged to have \$246,975 out of the \$370,000?—A. Yes.

Q. Then Mr. Burland received in addition to that how much?—A. He received \$30,000 on account of the \$70,000 of Quebec subsidy.

Q. Then he transferred the balance of the four instalments of \$60,000, did not he, to Mr. J. Murray Smith?—Yes. Twenty thousand dollars, being the balance of the fourth instalment of \$60,000.

Q. He transferred that to Mr. J. Murray Smith?—Yes.

Q. And he transferred the fifth instalment?—A. Yes, the fifth instalment of \$60,000.

Q. And then there was an unpaid balance of the \$70,000 of the Quebec subsidy, amounting to how much?—A. \$5,000.

Q. That totalled \$361,975?—A. Yes.

Q. There was a commission on the \$40,000 cheque which was sent back by the Quebec Bank?—A. Yes; they charged \$25.

Q. And there was an amount paid to you?—A. Yes.

Q. The amount paid to you was \$8,000?—A. Yes.

Q. This completed the \$370,000?—A. Yes.

The Hon. Mr. BOULTON—Who is Mr. J. Murray Smith?

Mr. BARWICK—He was the trustee named to receive the subsidies after Mr. Burland had received the subsidies sufficient to pay McDonald, O'Brien & Co.

Q. Now, sir, Messrs. McDonald, O'Brien & Co. were entitled to receive under their award \$251,510?—A. Yes; that has been stated already.

Q. Then there was \$500, they were entitled to receive, a debt from you to them?—A. Yes.

Q. Then they were entitled to get back two instalments of \$2,000 each on the \$10,000 they had paid to secure the performance of the contract?—A. Yes, sir.

Q. That made \$4,000.—They were to get \$5,000 for their plant?—A. For some plant I bought,—yes

Q. That made \$256,510?—A. Yes.

Q. Which they got out of the \$370,000?—A. They have received \$246,975 from Mr. Burland.

Q. They were to get \$9,035 and also \$500 from Mr. Smith?—A. Yes; and they did get it.

Q. These three sums came out of the \$370,000, and made in all \$256,510?—A. Yes.

Q. Every dollar of that came out of the \$370,000?—A. Yes, sir.

Q. What Mr. Murray Smith got was \$85,000?—A. Yes, sir.

Q. He paid to O'Brien \$9,035?—A. Yes, sir.

Q. And to the Ontario Bank for Mr. Macfarlane \$28,000?—A. Yes.

Q. And also \$18,724.52?—A. Yes.

Q. That made \$56,259.52. The difference between \$85,000 and \$56,259.52 is \$28,740.48. How was that expended?—A. That was paid out in different amounts. I may say I did not know I would be asked to make this statement, and did not get the full statement from Mr. Smith.

Q. That is Mr. Murray Smith?—A. Yes. He is the Manager of the Bank of Toronto in Montreal. I telegraphed him to give me the statements of the amount and the parties to whom paid. But I know that every dollar was used in connection with the Baie des Chaleurs Railway.

Q. In answer to the question of what became of the \$18,000, Mr. Murray Smith's statement, which you will receive in answer to the telegram, will show the expenditure of every dollar.—A. Yes; and every dollar of it paid on my order.

Q. For what?—A. For work done on the road, and supplies.

By Hon. Mr. McCallum :

Q. That is the amount that it is said the old company embezzled?—A. Yes.

By Hon. Mr. Tassé :

Q. That is the amount mentioned by Mr. Langelier in his charge?—A. Yes. I think I have explained that \$30,000 of that was actually received by Mr. Burland.

Q. Answer my question, please.—A. You asked me whether that was the \$118,000; Mr. Smith only got \$5,000. Mr. Burland actually received \$30,000.

By Hon. Mr. Kaulbach :

Q. It was all paid for the same purpose?—A. Mr. Burland paid his \$30,000 to McDonald, O'Brien & Co.

By Mr. Barwick :

Q. The statements you have made is in explanation of the \$118,000 in which the Counsel for the Quebec Government charged embezzlement or misapplication of funds. How many cents of that was embezzled?—A. Not one cent.

Q. What do you understand by the French word *detournement des fonds*?—A. I have always understood that it was using money criminally for purposes for which it had not been intended to be used.

Q. Do you speak French well?—A. Tolerably well.

Q. And without being a lawyer what have you understood the *detournement des fonds* to mean?—A. I have always understood it meant the same thing as the English word "embezzlement." I am no lawyer, though.

Q. Do you understand from the charge made by Mr. Langelier that he was charging embezzlement against Mr. Robitaille?—A. I was not here.

Q. Did you understand that from the papers?

Mr. LANGELIER—We are not going into a grammatical discussion. I might bring witnesses who might be better authorities than Mr. Armstrong in this matter, though he is an intelligent man. I do not think he will pretend to be an authority in the French language.

Mr. BARWICK—The Counsel on the other side treats this as a joke, but Senator Robitaille understands that if he had proved his charge it would have resulted in Senator Robitaille's expulsion from the House.

Mr. LANGELIER—When did I say that?

Mr. BARWICK—You never said that, but I say that Senator Robitaille understands that if Mr. Langelier could have proved his case the House would have been compelled to expel him, and Mr. Robitaille understood that in making his statement he gave Mr. Langelier an opportunity to prove, if he could, what, if proved, would drive him out of the House, and out of respectable society.

Mr. LANGELIER objected to the Counsel interrupting the examination of the witness to make a speech to the Committee.

Mr. BARWICK explained that he was answering the objection that had been raised.

Examination continued.

Q. This document (document produced) is the certificate of the 20th June, 1887?—A. Yes.

Document filed as Exhibit 87.

Q. It shows the amount of work to be done to be \$428,000, the value of the work done \$322,000, and the work remaining to be done \$106,000?—A. Yes; on the basis of the work done the company was entitled to a payment of \$40,000.

Mr. BARWICK—This is not the original letter, but it is a copy of the letter, which can be verified by sending over to the Department Public of Work?—A. This is a copy given to me at the time it was made in June, 1887, by Mr. Bradley, the Secretary of the Department, as being the copy of the report of the Chief Engineer.

Q. On this report the \$40,000 was paid?—A. Yes.

Q. And paid how?—A. Paid to the Quebec Bank, and by them remitted to Quebec, as shown in evidence.

Q. And sent back?—A. Yes.

Mr. BARWICK—I put in a copy of Mr. Justice Pagnuelo's judgment, and the petition on which the temporary use of the road was given.

The Committee adjourned until 10,30 to-morrow.

THE SENATE, COMMITTEE ROOM No. 8,
WEDNESDAY, 2nd September, 1891.

The Committee met at 10.30 a.m., Hon. Mr. VIDAL in the Chair.

The Hon. CHAIRMAN.—I wish to make a statement about the non-attendance of witnesses summoned yesterday. Mr. LeSage sent a telegram which I read yesterday, but it was thought not proper to take action until we had evidence that the summons was actually served on Mr. LeSage; then we can take such action upon it as we think desirable. Mr. Robert McGreevy could not be found, and consequently could not be served. Mr. Creighton will make a statement with reference to Mr. McGreevy.

Mr. CREIGHTON, Clerk of the Committee, said: I sent one of our messengers to the Royal Exchange Hotel to enquire for Mr. McGreevy. He was told he had been there, but they did not know whether he was there now. He looked at the book and found Mr. McGreevy was registered at that hotel on Friday. They denied that he was there, and said they knew nothing about it. I then got Commissioner Sherwood to take the matter in hand, and he said that if Mr. McGreevy was in town he would serve him within half an hour. He took every measure by his detectives, had all trains watched, but nothing could be found of him whatever.

Mr. C. N. ARMSTRONG re-called, was examined by the Hon. Mr. Power.

Q. You informed us on a previous occasion, when under examination, that the money was paid out at a comparatively late date to the Ontario Bank as the result of interviews had between yourself and the late Premier, then Minister of Railways. Is that a fact?—A. Yes, I gave some evidence about it.

Q. What was the arrangement you came to with the Minister of Railways with respect to the workman's claims?—A. He agreed to pay the money to the Ontario Bank, provided they agreed to see the wages paid to the men.

Q. Was there any limitation to the amount to be paid?—A. No; there was the amount of \$13,000 mentioned. Sir John asked me if I knew what was the total amount. I said "No;" on the contrary, I had simply Mr. McFarlane's statement; but that he would be perfectly safe if he took the guarantee of the bank for the wages, whatever they amount to.

Q. I see in the exhibits, I presume it is a mistake of the printer, that we have a letter from the Department to the Ontario Bank in reference to this matter in two forms. Exhibit 64 reads as follows:—"If the Government pay over this \$54,000 forthwith to Mr. Noel, to be paid to the Ontario Bank, the bank undertakes to see the wages of the men paid." In the other copy of the letter it reads, "the above wages of the men," which is in accordance with the arrangement with the Premier?—A. Of course I had nothing to do with the letter. It was distinctly understood that the agreement would cover the whole of the wages; it was understood that the Quebec Government had \$28,000 for this purpose, and it was only in the event of the wages exceeding that amount that the Ontario Bank would be called upon to pay.

Q. Did the Premier know that the Quebec Government had this \$28,000?—A. Yes. I told him that the Order-in-Council had been passed undertaking to pay out of the \$28,000 whatever was due for wages along the line.

Q. You are familiar with the whole history of this Baie des Chaleurs Railway from the time the first sod was turned up to the present time?—A. Well not the first sod, because the first sod was turned several times on that road. The last time I think it was in 1886.

Q. Could you state the amounts that were received and paid out on the road, or can you refer to any particular statement in these exhibits which will show just

what was paid and what was received?—A. There is a statement in the exhibits of the amount paid out by the Dominion Government.

Q. That is \$524,000. I think?—A. No; I think \$490,000. I think \$526,000 is the total they should have paid; the statements are given in detail in the evidence, as the estimates were made on each section.

Q. What does it come to on the 60 miles?—A. The total amount is \$524,175.

Q. That money was paid to the Baie des Chaleurs Railway Company, at least it is so stated?—A. The Dominion Government always pay their subsidies to the railway companies. When they are paid to other parties, it is simply under power of attorney.

Q. Well this \$524,000 was paid to the company, how much was paid by the Quebec Government altogether?—A. \$350,000.

Q. Does that include the amount paid to McFarlane's labourers this spring?—A. That includes every dollar except the \$280,000 which was not payable to the company, but includes all the money paid to the company on that 60 miles of road.

Q. How much in addition to that has been paid out of this \$280,000 paid to the workmen?—A. I only know what Mr. J. C. Langelier's evidence before this Committee shows.

Q. The company received that much money, what moneys has the company paid out?—A. I said the Government nominally paid the subsidies to the company, but on powers of attorney. Of that sum \$220,000 was paid to Mr. Burland; the balance was paid to the Quebec Bank who held a power of attorney.

Q. As a matter of fact the money was all paid to the company through these attorneys? I want to know what the company did with the money. The money was paid to construct the road, was it not?—A. Every dollar was either paid direct to me, or on my orders to the sub-contractors, for work done and supplies furnished for the road.

Q. How much was paid out?—A. The whole of that amount was paid out and more too.

Q. On the construction of the road?—A. Yes, and more I put in outside of the subsidies.

Q. How much did you put in?—A. Roughly speaking \$40,000; and I put in \$45,000 of borrowed money besides which went in as actual cash. Probably about \$100,000 altogether was paid out through me on that 60 miles outside of the subsidies. Then there were of course some debts besides that which are unsettled yet.

Q. You contend that you owed McFarlane nothing at the close?—A. I still say so.

Q. And he claims you owe \$200,000?—A. \$180,000 I think he claims.

Q. If you split the difference and say you owed him \$100,000, that would make \$974,000, and the money the Quebec Government paid the labourers would make about a million dollars. You heard the evidence of Mr. Light and of Mr. J. J. Macdonald, to the effect that the road should not cost more than \$13,000 altogether on the outside?—A. Mr. Macdonald put it at \$12,000 or \$13,000, and Mr. Light at \$14,000.

Q. That was the outside figure, Mr. Light said. That would make, for the whole distance, \$780,000, taking the middle estimate which that road ought to cost. Was any portion of the road completed when it was handed over to this new company, say, even the first 20 miles?—A. Well, the Dominion Government, on the first 20 miles, held back \$200 for the completion of the water service; with that exception it was complete.

Q. Were the telegraph lines completed?—A. No telegraph lines were required in the contract.

Q. I understood so?—A. In the contract between the Government and myself a telegraph line is to be erected, but so far as the contract with the Company is concerned, it does not call for a telegraph line.

Q. You say all this money was paid out on the road or for the purposes of the road—do you remember being examined before the Committee of Privileges and

Elections in the other House with respect to the Baie des Chaleurs Railway?—A. I do.

Q. Do you remember that you stated there that you had paid out of the subsidies \$42,000 to Robert McGreevy in order to acquire his stock?—A. I did not state that I had paid \$42,000 out of the subsidies. I paid him \$10,000 in cash and \$32,000 out of the subsidies. That money was replaced by me, and to a larger extent than that. It was simply for the purpose of securing him in the agreement that the money was to be paid him in that manner—\$10,000 in cash and four payments of \$8,000 each.

Q. You say you replaced the money. Have you any document to show that?—A. I would have to bring a lot of documents running away back to 1886.

Q. I don't think it would need many documents. You paid to Mr. McGreevy the sum of \$42,000 in four payments I think?—A. There is no difficulty about proving the payment, but replacing the equivalent amount of money by me in the work was not in any specified payments; it extended over a long time and all sorts of payments.

Q. I think it would be desirable that you should furnish the Committee information showing how the money went on the road. I presume you will produce the evidence?—A. The \$10,000 was paid in cash and had nothing to do with the subsidy. It is only a question of the \$32,000.

Q. In your examination before the Committee of the other House you admitted that you still had \$8,000?—A. I still admit it.

Q. Do you remember what the number in the exhibits was of the contract with the Company?—A. The Company's contract is at page 29, the contract with McFarlane page 33.

Q. How much work was admitted to be remaining to be done on the 60 miles at the time that your connection with the road ceased?—A. The estimate made by the Dominion Engineer, Mr. Ridout, is \$31,825, I think.

Q. That is the amount of work to be done?—A. That is the amount of work remaining to be done on the 60 miles, Mr. Light, the Quebec engineer, estimated \$28,465 I believe.

Q. About \$30,000 of work to be done on the first 60 miles to build it according to the contract between the Government and the Company. The Dominion Government; there is no contract between the Quebec Government and the Company.

Q. Did that include the replacing of these bridges that Mr. Light said had been objected to?—A. It included the replacing of wooden bridges, which are the bridges provided for by the Government.

By the Hon. Mr. Miller:

Q. Placing or replacing?—A. Placing.

By the Hon. Mr. Power:

Q. I said replacing because certain bridges had been condemned?—A. No bridges were condemned by the Dominion Government engineer.

Q. They were condemned by Mr. Light?—A. Mr. Light at first stated that he had condemned all the bridges, but then it boiled down that he had condemned only one.

Q. Did that include the replacing of this bridge, the Cascapedia I think?—A. No, it was the Escuminac.

Q. Did it include the replacing of the Escuminac bridge?—A. Yes.

Q. Do you know anything of the internal arrangements of the Company, the arrangements between the President, Senator Robitaille, and his colleagues?—A. I had nothing to do with that.

Q. You do not know whether or not \$30,000 was paid to Senator Robitaille and Mr. Riopel at a comparatively early stage in the history of the Company?—A. Paid by whom?

Q. Paid by the Company.—A. I had nothing whatever to do with that.

Q. All you know of is that \$24,000 that you paid to Senator Robitaille after you had closed with the new promoters?—A. I did not pay it; it was the new shareholders.

Q. But it was a cheque you handed to him—I think I understood you to say you had handed it over on behalf of the new company?—A. I said I was not sure whether it was handed over by Mr. Thom or by me; but I have the knowledge that the \$24,000 was paid.

Q. Have you any knowledge of his having paid any money into the undertaking?—A. Yes, sir.

Q. What sums?—A. Ever since I had to do with the road, he has been paying out expenses of different kinds in connection with it.

Q. Out of his private funds?—A. Yes; the Company never paid him a cent to my knowledge.

By the Hon. Mr. Miller :

Q. You say these were paid out of his private funds?—A. Yes, sir; to my knowledge he never received a dollar from the Company.

By the Hon. Mr. Power :

Q. With respect to your dealings with Mr. Pacaud, you have been acquainted with him for a good while, have you not?—A. About five years.

Q. You have had a good deal to do with him?—A. Yes; I saw him pretty frequently.

Q. After you had paid him that handsome sum last spring, did not he make some payments for you or to you—did he pay certain sums for you?—A. Mr. Pacaud once accepted a draft of mine for \$2,000.

Q. Was this afterwards?—A. A long time afterwards—a couple of months. It was quite late.

Q. Was that all?—A. That is all. It was merely a matter of accommodation.

By the Hon. Mr. Tassé :

Q. When, about?—A. I cannot tell exactly; probably in the month of June.

By the Hon. Mr. Miller :

Q. Come as near it as possible?—A. I say it was probably in the month of June.

By the Hon. Mr. Tassé :

Q. What year?—A. This year. It may have been July; I am not sure.

By the Hon. Mr. Power :

Q. You never drew upon him for any amount?—A. I say he accepted my draft for \$2,000. I was expecting to make a discount through him with the Union Bank on a matter of subsidy of \$14,000—the Union Bank in Quebec. He could not arrange it at that time, and this draft was made to be paid out of that subsidy.

By Hon. Mr. Tassé :

Q. Was it the old subsidy?—A. It had nothing to do with the Baie des Chaleurs Railway.

By Hon. Mr. Kaulbach :

Q. Had it anything to do with the \$100,000?—A. No; it was simply a business accommodation.

Q. Entirely a business matter?—A. A pure matter of business and perfectly legitimate.

Q. In your numerous conversations with Mr. Pacaud, did he let you understand what induced the acting Premier, Mr. Garneau, to sign these letters of credit of \$75,000 and \$100,000?—A. Well, I do not think he ever said anything to me particularly about the signing of the letters of credit.

Q. Did he let you understand what inducement led Mr. Garneau to give these letters of credit?—A. The letters of credit were issued in pursuance of the Order in Council passed.

Q. Well, then, the Order in Council?—A. I do not understand that there was anything particular in regard to the signing of the Order in Council.

Q. Did he not let you understand that it was in consequence of representations to him that Mr. Mercier expected certain moneys to be paid out of that \$100,000, a list of which Mr. Pacaud had, that induced them to issue that Order in Council?—A. I do not think he ever brought the matter up with me. There was lots of rumors of different kinds in Quebec in regard to the transaction, and I spoke to him about it. But he never addressed me on the subject.

Q. Whether he addressed you or you addressed him, did not he let you understand that in consequence of this money being needed to meet certain claims, a list of which he presented to him, he was to issue that Order in Council?—A. The only point was that it had been stated in Quebec that he had had to use pressure on Mr. Garneau to make these payments.

Q. What pressure?—A. I do not know exactly; that was the rumor.

Q. Did not you get that from Mr. Pacaud himself?—A. No, sir; I did not.

Q. He never intimated to you that was the reason why Mr. Garneau was induced to sign it?—A. I asked him whether there was any truth in the matter, that is in the rumors going about.

Q. To what effect?—A. To the effect that he had to press Garneau before the matter was finally settled.

Q. Did he let you understand it was so?—A. He let me understand that he had a good deal of difficulty to get the matter settled at once.

Q. Did he lead you to understand that it was in consequence of his representations that these moneys were required to be paid, a list of which he had that induced them to grant the Order in Council?—A. He never said a word about a list.

Q. Did he speak of money to be paid?—A. He spoke of urgent payments that he had to make, but he never mentioned any names.

Q. Did he not represent that to Mr. Garneau?—A. Yes.

Q. That he had payments to make?—A. Yes.

Q. For Mr. Mercier and others?—A. That is what he told me.

Q. For Mr. Mercier and others?—A. No; he did not mention Mr. Mercier at all.

Q. Did he not refer to the list?—A. No, sir; he did not tell me who they were at all.

Q. Did what he said not induce you to believe—A. I object to answering such a question, Mr. Chairman, I have no right to make him responsible for my opinions.

Q. From what conversation you had with him did you not infer that these were the payments he referred to?—A. As I said, he did not refer to any list at all.

Q. Did he say he had payments for these parties?—A. He said he had urgent payments to make, but he never mentioned any names.

Q. Did not he leave you to understand they were payments of Mr. Mercier?—A. No; he never mentioned Mr. Mercier's name in that connection at all.

Q. I think this \$75,000 which you were to get was arranged at La Banque Nationale?—Yes; the letter of credit was discounted at that bank.

Q. Was any person present?—A. Yes; Mr. Chrysostome Langelier, Mr. Thom, and the manager of the bank.

Q. After you received that, did you consider that you had anything more to do with the arrangements?—A. After that I—

Q. Say, yes or no?—A. I consider that I have nothing more to receive, except there was a small balance on the letter of credit.

Q. You signed the receipt where?—A. Previous to that.

Q. There was nothing more to be done by you in reference to the \$100,000?—A. I was not told there was any thing more to be done at the time.

Q. Did you consider that you had any thing more to do?—A. I did not know, but perhaps I might be asked to sign something. I had what I was going to get out of it, and did not trouble myself any more about it.

Q. The moment you got the \$75,000, as far as you were concerned, you were done with the arrangement?—A. That is all I had to get.

By the Hon. Mr. Kaulbach :

Q. Did Mr. Pacaud not lead you to understand that he informed Mr. Garneau that if he did not issue letters of credit, that he would telegraph Mr. Mercier?—A. That was the statement I had heard and which I asked Mr. Pacaud about. He told me that Mr. Mercier had left him instructions to have that Baie des Chaleurs railway matter settled as quickly as possible, that he wanted to see the men at work before he got back, and that if Mr. Garneau did not settle the matter he would cable to Mr. Mercier about it.

Q. But did he not tell you that he informed Mr. Garneau at the time that he would do this?—A. I have already stated so.

Q. That was the pressure you referred to?—A. Certainly.

Q. I want to refer you to the evidence of Mr. J. C. Langelier, I see there was an agreement made to meet him at Mr. Pacaud's office—did you make any appointment with him to meet him at the time those five twenty thousand dollar cheques were given?—A. I have no recollection of making any appointment with Mr. J. C. Langelier at Mr. Pacaud's office. I do not think I did.

Q. When did you first hear of that \$100,000 cheque—did you direct him to issue the \$100,000 cheque?—A. The \$100,000 cheque, which he says in his evidence was destroyed, I never heard of before.

Q. When did you first hear of it?—A. When I heard his evidence.

Q. Did you give an order to destroy that cheque?—A. No.

Q. Did you give him an order to issue that cheque for \$100,000?—A. He may have issued one without my directions.

Q. Did you give him any directions to issue any cheques?—A. No.

Q. Then if he issued the \$100,000 cheque first, it would be without your direction?—A. It would be perfectly regular.

By the Hon. Mr. Tassé :

Q. Did you ever see that \$100,000 cheque?—A. No.

By the Hon. Mr. Kaulbach :

Q. I read in the evidence of Mr. J. C. Langelier, the following: "I wrote and signed them at the demand of Mr. Armstrong, that is the five \$20,000 cheques." now did you give any directions at all about issuing any cheques at all to him?—A. No; I did not. Mr. Langelier is mistaken.

Q. Mr. Langelier says further "Mr. Armstrong asked me to go to Mr. Pacaud's office to pay the \$100,000. It was at the demand of Mr. Armstrong that I made those cheques." You say that is not correct?—A. I never made any demand for the issue of five \$20,000 cheques.

Q. Mr. Langelier further says that he wrote a cheque for \$100,000 and that you asked him to destroy it, is that true?—A. No; sir.

Q. Were the cheques written in Mr. Pacaud's office?—A. I cannot tell where they were written, they were already written when I saw them.

Q. When you went to Mr. Pacaud's office you did not go with any intention or in the belief of meeting Mr. Langelier?—A. I have already stated that I have no recollection how I came to go to Mr. Pacaud's office on that occasion.

Q. You did not expect to meet Mr. Langelier?—A. I would not be too positive, it is barely possible I might have done so.

Q. Unless you had made an appointment how could you expect to meet him?—A. Well, I say my remembrance is that I did not expect to meet him there, but it is possible.

By the Hon. Mr. Tassé :

Q. You knew that Mr. Langelier was in the habit of going there very often?—
A. I do not think I saw him there except on this one occasion.

By the Hon. Mr. Kaulbach :

Q. You say that after signing a receipt for the \$75,000 you gave yourself no concern about anything further?—A. I understood that the matter was arranged.

Q. Between the Commissioner and Mr. Pacaud?—A. Well, I do not know how it was done.

By Hon. Mr. McInnes (B.C.) :

Q. At the time you paid Mr. Pacaud the the \$100,000 did you owe Mr. Pacaud any sum of money?—A. No, sir; I have never owed him any money.

Q. Were you under any obligation to Mr. Pacaud which induced you to hand over that sum of money?—A. No; I think I may make a statement with regard to Mr. Thom's evidence. I see by the reports in the newspapers (for which, however, I do not want to hold Mr. Thom responsible) that he stated that I went to him and asked him to accept an order on him for \$45,000 or \$54,000 in favour of Mr. Pacaud. Afterwards he states that it was an order for \$4,500, according to the newspapers. The facts are that Mr. Pacaud had previously arranged for me a discount, in connection with a subsidy on other railways, at the Union Bank. The amounts were due, and needed renewal by the Union Bank. The amount of interest due to the Union Bank was \$4,000. Mr. Pacaud was not responsible for it in any way, shape or form, and simply acted for me in getting the thing through the bank. They had security, and hearing, I suppose through Mr. Pacaud himself, that I was about to receive a large sum of money, they wished to get this interest, and asked him to give an order on Mr. Thom, representing the new syndicate, for the amount of the interest. I gave that order \$4,500, but Mr. Pacaud was in no way responsible for it, and it is one of the amounts the company will pay out of my \$75,000.

By the Hon. Mr. O'Donohoe :

Q. There are three separate estimates of the value of the sixty miles, but taking the highest, \$14,000 a mile, that would give \$840,000. The sum received was about \$1,000,000, what became of the difference between these two sums?—A. Well these estimates were all wrong. I have prepared a memo. here, which I wish to place before the Committee, regarding the cost of the whole line. I have taken the different sections, and show the quantities and the different items—earth-work, rock work, crib-work, stone filling, masonry and bridges, showing the proportion of cost of each section of that line, and I have reduced it for the sake of simplicity to a question of percentages, making it so easy that anyone can understand it, and it amounts to this: The first 20 miles are equal to 26.8 of the whole work; the next section of 10 miles (they are all ten miles except the first section) amounts to 9.1; the next section to 7.2; the next section to 8.3 (that is one of the McFarlane sections); the next section 7.4 (that is the other McFarlane section, two of the lightest on the line); the next section to 13; the next to 9.5; the next to 11.3, and the last section to 7.4; that ends at Paspébiac, the end of my contract for 100 miles, and that makes 100 per cent. Taking the first 40 miles that represents 43.1 per cent.; the last 40 miles, which McDonald and Light say will cost \$18,000 a mile, represents 41.2 or 2 per cent. less; the middle section built by McFarlane represents 15.7 (the one is 8.3, the other 7.4). These were estimates made at the beginning of the work by my engineer, based upon actual surveys and profiles. By these estimates the 60 miles represented 58.8 of the whole work. After the work was actually done from actual measurements, and the actual cost obtained from Mr. Light's certificate, included in my statement, the actual proportion of the work is ascertained to be 59.3. That is, that our original estimates were only a half per cent. out, and these are sworn to by Mr. Light as absolutely correct, so there can be no question as to the proportion of the amount of work on the different sections of that line. Taking Mr. Light's and

Mr. McDonald's estimate of the last 40 miles, \$18,000 a mile, it would make the first 40 miles cost a trifle over \$18,000 a mile. Mr. McDonald carefully went into the last 40 miles, because he was proposing to build it. He got all our estimates, even down to culverts and farm crossings, detailed estimates of all these were in his hands with the plans and profiles when he went over that forty miles. The first sixty miles he did not care about. It was done, and he had nothing to do with it. If he had taken the same trouble about the first sixty miles that he did about the last forty, his conclusion would have been different. He simply went over it in a day, and I am satisfied that if he went carefully over the work and got an order to make a close estimate, he would not have stated \$12,000 or \$13,000 a mile. In the first place, the first 20 miles alone, according to the estimate of Mr. Schrieber himself, cost \$428,000, and according to Mr. McDonald, if the whole only cost \$12,000 a mile, it would leave only \$300,000 for the other forty miles. It is clear that he is entirely wrong, and that Mr. Light is wrong also, and his figures show that he is wrong. Here are the detailed estimates which, he says, he has gone over with care. They were prepared by Mr. Leduc, and everything was measured.

By the Hon. Mr. Power :

Q. Mr. Light said he agreed with Mr. McDonald?—A. I believe he placed it at \$14,000 a mile,

The HON. MR. MILLER.—Does Mr. Barwick intend to put these papers in?

MR. BARWICK.—They are not put in at my instance as representing Senator Robitaille. Mr. Robitaille has not seen these figures, they are Mr. Armstrong's own idea.

The WITNESS.—These statements were finished at 1 o'clock this morning, and nobody has seen them yet. Mr. Barwick is wrong, I think, in saying that they are not put in at the instance of Mr. Robitaille. They are prepared at his request. I take it that the object of the Committee is to find out what the road has cost and what it is worth. Mr. Leduc can verify every point, for they are based upon his original figures, but I took the responsibility for the figures are given in these papers.

By the Hon. Mr. O'Donohoe :

Q. The difference between you and these gentlemen, you charge, arose by reason of their under-estimating the cost of the work?—A. Entirely.

Q. You do not agree with Mr. Light in his valuation?—No; I prefer to take his estimates carefully made at the time rather than his off-hand statement.

Q. You say that the work cost more than Mr. Light estimates it to have cost?—A. I say the work cost about \$17,000 a mile of actual hard cash.

By the Hon. Mr. McInnes (British Columbia) :

Q. Do you mean the whole 60 miles?—A. Yes, sir, and I think that is a fair estimate for the whole line. I think \$17,000 a mile is a fair estimate for a contractor to build the last forty miles, and that is about Mr. McDonald's estimate, because he includes the sum of \$1,250 a mile for Mr. Pacaud in his estimate. His actual cash estimate of the work is \$16,750, and I think that is as close an estimate as any body could make. The average is about the same on the other sixty miles.

By the Hon. Mr. O'Donohoe :

Q. Your estimate of the work was about a million dollars?—A. My estimate for sixty miles, based on part cash and part bonds, amounts to a little over \$1,118,000.

Q. Nearly \$1,200,000.—A. That was payable partly in bonds. It would not be fair to count that as a cash price.

By the Hon. Mr. Tassé :

Q. That is according to your contract with the company?—A. Yes, sir.

By the Hon. Mr. O'Donohoe :

Q. Was that amount of \$1,118,000 put into these works?—A. I did not say that. I say that was the price the company had to pay me for the work, but that included a portion of bonds, and it is not fair to take that as a cash valuation of the work.

By the Hon. Mr. Miller :

Q. What are the bonds worth—50 cents on the dollar?—A. I think that is too low a price. The estimate made as to the value of the bonds, and I think a fair estimate under ordinary circumstances, is 75 cents on the dollar, and in making my arrangement with the company that is the basis I worked on. That would have given me the subsidies payable on that hundred miles of road, say Dominion Government subsidy on the first twenty miles \$300,000, then a hundred miles at \$3,200 a mile, \$320,000, making in all \$620,000 payable by the Dominion Government. The Quebec Government gave a subsidy of 10,000 acres of land on one hundred and eighty miles, which was afterwards applied entirely to the hundred miles, making \$630,000, the two subsidies amounting to \$1,250,000, or \$12,500 per mile. That left me to receive \$7,500 a mile in bonds, and taking these bonds at 75 cents on the dollar would have given me \$5,250 a mile, or that equivalent in cash, being a total of \$17,750 per mile for the building of the line.

By the Hon. Mr. Boulton :

Q. How do you make that out on the bonds?—A. Taking them at 75 cents—that was my valuation of them.

By the Hon. Mr. Kaulbach :

Q. Was not that a high value for the bonds?—A. I think not, sir; I think it was a fair estimate. I think these bonds are fairly worth 75 cents on the dollar.

Q. Were they when you made that computation?—A. That was in 1886—yes. I hold that they are worth that.

Mr. BARWICK.—Do you want these three statements to go in?

The WITNESS.—Yes, I want them to go in as Exhibits.

Documents filed as Exhibits 89a, 89b, 89c.

The WITNESS.—I wish to put in also another Exhibit. This is the Agreement made between the company and me as the basis for giving the estimates and certificates by the company's engineer. The contract price being \$20,000 per mile, and being payable according as the work progressed, some sections, of course, would receive more than the \$20,000, and some less, and it was necessary to put a value on each particular class of work, so that I could get each month an estimate for the work done during the month. There is a long list of the different classes of work, each one of which was to be done at a price. Mr. Light in his evidence drew attention to the fact that there was a difference between these prices and the sub-contractor's prices. Naturally there was. My friend, Mr. Barwick, has spoken several times about "hoisted" prices. Mr. Light said my prices was 40 cents for earth work, and that the sub-contractor got only 25. I wish to point out that my earth price included hard pan, loose rock, &c., and I paid the contractors as high as 90 cents, the ordinary price of hard pan being 75 cents and loose rock 50 cents, though my price covered everything at 40 cents.

By the Hon. Mr. Miller :

Q. Where did you pay that 90 cents?—A. For earth-work in foundations and so on, and loose rock and hard pan from 40 cents to 45 or 50 cents.

Q. Did you say you had paid 90 cents?—A. Yes, for loose rock, but that is included in my earth price, there is no specification for it.

Document filed as exhibit 90.

I also want to put in the estimates made by my engineer on the last forty miles.

Document filed as Exhibit 91.

By the Hon. Mr. Power :

Q. Are these certified?—A. They are certified by the engineer who made them. Exhibit 90 is not certified. It is a press copy of the original, and on my oath I state that it is a true copy of the original.

By Mr. Barwick :

Q. This Exhibit 90 shews, of course, in many instances that you are charging the Company far more than you were paying?—A. Naturally so, because—

Q. Never mind explanations. Naturally they are. This is a bill of quantities and prices, as it is called, so made up as to form the price of \$20,000?—A. That is precisely what it says.

Q. Of course. So that in most instances the prices and quantities are over that they cost you?—A. The quantities are perfectly correct.

Q. I meant the prices. The prices are over what they cost you. The average of them, of course, is over what they cost you?—A. Yes, they would have to be reduced to a cash basis.

Q. And you just took this one instance to shew how much more you paid?—A. I only took it because Mr. Light did; I did not pick it out, it was Mr. Light picked it out.

Q. You paid Robert McGreevy how much?—A. \$42,000.

Q. Will you explain the transaction from the beginning? And why you made it, and why you wanted him out of the Company?—A. When I first had an interview with the Company with reference to an offer to build the line, I was asked to make a tender, and so was Mr. McGreevy. The tenders were sent in, and my tender was so much more favorable than Mr. McGreevy's that the Company doubted whether I could carry it out.

By the Hon. Mr. McInnes, (British Columbia) :

Q. Which McGreevy?—A. Robert. I was asked to meet the Company in Quebec and satisfy them that I could carry out the contract on the terms I had offered. We agreed upon the terms, but I stated that I would not enter into the contract with them if Mr. McGreevy continued to be the Vice-President, or continued to have control. They said the only way was to buy Mr. McGreevy out. I said I was prepared to do that on reasonable terms. I had several interviews with Mr. McGreevy after that, and it ended by our agreeing upon terms, for buying him out, of \$50,000.

By Mr. Barwick :

Q. You were to pay Mr. McGreevy \$50,000 for his stock?—A. His stock, his plant and the work he already had done there. He claimed to have a verbal contract with the company besides that, upon which he had commenced work.

Q. You bought his claim under that contract?—A. I bought him clean out.

Q. What was the amount of plant he had there?—A. It was worth a great deal less than I understood.

Q. What did you understand it was worth?—A. I think roughly I agreed upon \$15,000 or \$20,000 upon the plant and the work he had done. He did not exactly give me those figures, but that was my idea from what he said.

Q. What did it turn out to be worth?—A. Less than that.

Q. So you were getting \$15,000 or \$20,000 for his interest in the plant and work, and the balance you were giving him for his stock and rights under a verbal contract which he claimed he had?—A. And got rid of him entirely.

Q. You say that money was paid?—A. I paid him \$10,000.

Q. Down?—A. Well \$3,000 down and a short note for \$7,000 which was paid at maturity.

Q. Practically cash?—A. Yes.

Q. Paid out of the Baie des Chaleurs Railway subsidies?—A. No; my own private money.

Q. How much did that leave to be paid?—A. \$40,000.

Q. And there was an agreement about that?—A. I was to pay that in five instalments of \$8,000 each.

Q. How?—A. When I received each instalment of \$60,000 from the Dominion Government.

Q. You were to pay him out of whatever portion of the Dominion subsidy you yourself were entitled to?—A. Yes; and I would have had to earn the \$40,000 before I paid it to him.

Q. How much of that \$40,000 have you earned and paid to him?—A. I have earned it all, except the last payment of the Dominion Government, and until the final payment by the Dominion Government is received he is not entitled to his money.

Q. If you had done work sufficient to entitle you to a certificate to get that balance from the Dominion Government he would have got it?—A. Yes.

Q. How much have you received?—A. He has received \$32,000.

Q. And this was paid out of each certificate which entitles you to the subsidy?—A. Yes.

Q. Have you the stock yet?—A. I have received a portion of it, \$42,000, I think, the balance is transferable when he gets the balance of the money. There is one point, that apart from the cash he was to receive \$25,000 in bonds in addition.

Q. Who from?—A. From me.

Q. And he holds the balance of his stock, \$33,000, until he gets the other \$8,000 in cash and \$25,000 in bonds?—A. Yes.

Q. You have been acquainted with this road from the beginning?—A. Well, since 1886, but the company was begun in 1872.

Q. Have you examined the books of the company lately?—A. I saw some of the books within the last few days.

Q. Did you examine the books with a view of ascertaining whether Senator Robitaille had drawn a dollar out of this company?

Hon. MR. POWER objected to the question and it was withdrawn.

Q. To your knowledge has Senator Robitaille drawn a dollar out of that company?—A. No.

Q. You have a letter from Mr. J. Murray Smith, of the Bank of Toronto, in Montreal?—A. Yes.

Q. He was the attorney who received the Dominion subsidies and the Quebec subsidies after Mr. Burland had received sufficient to pay Messrs McDonald, O'Brien & Co.?—A. He was the trustee to whom the attorney paid the money. Mr. Noël was the attorney here in Ottawa.

Q. Mr. Burland was the attorney chosen between McDonald, O'Brien & Co., and yourself?—A. Yes.

Q. And Mr. Smith afterwards and he saw them paid the whole amount due to them?—A. Yes.

Q. And after, when the Dominion moneys were paid to Mr. Noel he transferred them to Mr. Smith?—The Dominion Government money. Mr. Smith received the moneys from the Quebec Government direct.

Q. And this is a statement from Mr. Murray Smith showing the disbursements. It is in the form of a letter addressed to you?—A. Yes.

MR. LANGELIER objected to the letter going in as evidence but the objection was not sustained.

Q. You know Mr. Murray Smith's handwriting?—A. Perfectly, that is his handwriting.

Q. He is the Manager of the Bank of Toronto in Montreal?—A. Yes.

MR. BARWICK—I will read it and you will correct me if I am wrong:—

The following appear to be the payments made by me with the names and dates :—

Year.		Amount.
		\$
1887.		
Aug. 24	Your own note.....	1,101 65
" "	Your own note to Barb Wire Co.....	395 04
" 25	Your note to Cooper Fairman & Co.....	5,043 54
" 24	Note Fosbrook to Armstrong.....	2,100 00
" 25	Note C. N. Armstrong.....	2,964 93
" "	Note Dominion Barb Wire Co.....	395 00
1888.		
Jan. 24	McDonald, O'Brien & Co.....	6,685 25
Feb. 28	T. T. Turnbull.....	7,000 00
" 29	Cooper, Fairman & Co.....	18,000 00
Aug. 7	Clendenning & Son.....	658 48
" "	L. G. Fosbrooke.....	3,000 00
" 8	Bank B. N. A.....	4,884 00
" 10	D. C. Henderson.....	695 00
" 11	McDonald, O'Brien & Co.....	2,351 75
1889.		
Jan. 8	T. T. Turnbull, in trust.....	3,370 00
March 4	W. W. L. Chipman.....	3,250 00
" "	Cooper, Fairman & Co.....	10,500 00
" "	C. N. Armstrong.....	5,000 00
" "	Ontario Bank.....	18,724 52
" "	" "	6,898 35
" 7	McDonald, O'Brien & Co.....	467 00
Aug. 6	Ontario Bank.....	18,794 60
" 25	" "	1,847 30

(Signed) J. MURRAY SMITH.

Mr. BARWICK—Making a total of \$124,104.36 (Exhibit 92). Of that amount \$40,120 is payable on the subsequent section beyond the first 20 miles. So the difference \$83,984.36 was the balance of the \$118,000?—A. Yes, payable by Burland. \$40,000 was payable out of other transfers.

By Hon. Mr. Miller :

Q. You mean by that statement to account for the \$118,000?

Mr. BARWICK—I account for the balance of it.

By the Hon. Mr. Tassé :

Q. To your knowledge have the payments made for supplies referred to in that letter been made in connection with the road?—A. Every dollar, and all paid on my order.

Document filed Exhibit 92.

By Mr. Barwick :

Q. Now this statement, Mr. Armstrong, shows an expenditure of about \$118,000 with the exception of about \$1,000?—A. Yes ; with the exception of about \$1,000.

Q. All these payments made on Mr. Murray Smith's part are truly made?—A. Yes ; and all on my order.

Q. For work on the road?—A. For work on the road, for supplies or advances.

Q. That is, advances of money which went into the work?—A. Yes ; all expended on the road.

Q. So that every dollar of that \$118,000 was expended on the road?—A. This only refers to \$85,000.

Q. The whole \$83,984.36 which Mr. Murray Smith handled, went into the road?—A. Every dollar of it, yes.

Q. What about the balance of this between \$83,984.36 and \$118,000?—A. A portion of that was paid by Mr. Burland. Every dollar of the \$370,000 went into the road.

Q. Every dollar of that balance of \$118,000 went into the road?—A. There is a balance of about \$1,000 that Mr. Smith has not yet received.

Q. From the Dominion Government?—A. Partly from the Dominion, partly from the Provincial Government.

Q. So that the whole of the \$118,000 is accounted for by the amount Mr. Smith and Mr. Burland have received and the small balance which remains in the hands of the two Governments?—A. Yes.

Q. And every dollar that Mr. Burland has received, and that Mr. Smith has received have actually gone into that road?—A. Yes.

Q. Has a dollar of it been embezzled?—A. No, sir.

Q. Or misappropriated?—A. No, sir.

Q. Or mis-applied?—A. No, sir.

Q. What is the English of this expression *de tournement des fonds*?

HON. MR. POWER—I object, we had all that before.

MR. BARWICK—I would like to put this statement in.

Document filed Exhibit 93.

Q. This shows how the whole \$370,000 has been used?—A. Yes, except about \$1,000 not yet paid, or still in the hands of Mr. Smith.

Q. It shows you how the \$370,000 has been used, with the exception of \$1,015.64 still in the hands of the two Governments?—A. Yes, or Mr. Smith.

Q. There is still a small balance in the hands of Mr. Smith?—Yes, sir.

By Hon. Mr. Tasse :

Q. To your knowledge have you ever heard of the criminal proceeding referred to by Mr. Langelier to be taken against the directors of the old company?—A. Never, except what has taken place before this Committee.

Q. Not before?—A. No, sir.

By Hon. Mr. Power :

Q. When you were examined on the 14th of August you gave the following evidence as reported on page 62, part A :—

“Q. What did Mr. Pacaud tell you about his efforts to have this matter put through and the money made forthcoming?—A. There was nothing said to him——” I suppose it should be by him.

“—— about his efforts in putting the matter through. I know he was running about with reference to the letter of credit, but I did not bother my head about that.

“Q. He was running forward and backward to Garneau?—A. Not that I know of. I think he was running about among the banks more.

“Q. Did not he describe to you his visits and interviews with Garneau?—A. No.”

Q. Was that statement true?—A. Perfectly.

Q. With respect to this sheet of paper, you gave the following evidence :—

“Q. What other names did you notice?—A. I do not remember. I paid very little attention; it was done in a moment.

“How did he connect Mr. Mercier's name with the list?—A. He did not connect it with the list in any way.

“Q. Did he mention Garneau's name?—A. He mentioned no names. He simply said: It is too bad to be kept waiting when I have all these to pay. He held out the list for a second before me, but he did not show it to me, to look at attentively.”

Q. I do not know whether I understood you correctly to say, in reply to a question by Mr. Kaulbach, that Mr. Pacaud had told you that he had said to Mr. Garneau, in order to induce him to assent to the Order in Council, that he, that is, Pacaud, wanted to make some payments?—A. I said there was no difficulty about the Order in Council. It was about making the payments afterwards, there was delay about that.

Q. Did you say that after the Order in Council was made that he, that is, Pacaud, said to Mr. Garneau, that he wanted the money to make payments?—A. That he had payments to make; that is the expression I made use of. The reason of his urgency was that Mr. Thom, representing the syndicate, threatened to return to Montreal if the thing was not closed at once.

Q. I think you described in your previous evidence the way you got these five cheques of Mr. Langelier in Mr. Pacaud's office.—A. I think so; I have described it pretty often.

Q. Now, you spoke a while ago in reply to the Hon. Mr. Kaulbach of your having nothing more to do when you got the \$75,000. Were not you to get the cheques for \$100,000 also?—A. I was simply to get it for the purpose of paying it over; I was to get no benefit from it. I did not worry when the other party was to get it.

Q. You had arranged to give it to Pacaud?—A. I had arranged that he was to get it.

Q. You had to endorse the cheques?—A. I was not aware of that. I would not be surprised if I was asked to endorse the cheque, but I did not worry much over it.

Q. You stated just now that all the money that had come of the \$370,000 subsidies had gone into the road, and nowhere else. What about the \$32,000 you paid to Mr. McGreevy?—A. The money had gone into the road.

Q. It went to McGreevy?—A. It replaced money I had put into the road. I put it into the road before I got a dollar.

By the Hon. Mr. Boulton :

Q. I understood you to say that this \$75,000 you received was due for payment of work done?—A. The \$175,000 was a compromise on a total claim of \$298,000.

Q. What I wanted to arrive at was that the terms were dictated to you by which you could receive the \$75,000. It was a conspiracy on your part to join in diverting the public money?—A. No, Mr. Pacaud was employed by me to arrange the best terms he could, and if he got the terms I agreed to give him \$100,000.

Q. The evidence looked very much like a conspiracy to divert \$100,000 from its legitimate purpose?—A. I knew I could not get the \$75,000 without giving the \$100,000.

Q. So that the terms were dictated to you by which you could get \$75,000?—A. The terms I understood had been arranged previously between Messrs. McDonald, Cameron and Pacaud. I was simply carrying out the arrangement they had made.

Q. Were they to give the same amount?—A. Well, I must say that I had been told they were to give \$75,000, but I did not have that from any authority.

By the Hon. Mr. McCallum :

Q. Mr. McDonald offered \$50,000?—A. So I heard him say.

By Hon. Mr. Tassé :

Q. But you had to double the price?—A. I understood the amount they were to give was \$75,000, and mine was \$25,000 more.

Q. Who told you he was to receive \$75,000 from Mr. McDonald?—A. I would not be sure but he told me himself.

Q. You have heard Mr. McDonald swear he was to give \$50,000?—A. Mr. McDonald, as I understood it, had not settled any amount, but in his estimates he put down \$50,000 for Mr. Pacaud.

By the Hon. Mr. McCallum :

Q. You will not swear that Mr. Pacaud did not tell you he was to receive \$75,000?—A. I do not think I heard it from him first.

Q. You will not swear that he did not tell you he was to receive \$75,000?—A. Undoubtedly I will not; I think he did.

Q. Was Mr. Pacaud acting as the agent of Mr. McDonald?—A. Certainly.

Q. As well as for you afterwards?—A. Both before and afterwards, for both parties.

By the Hon. Mr. Kaulbach :

Q. With the Government?—A. Certainly.

By the Hon. Mr. Tassé :

Q. Did Mr. Pacaud tell you how the \$100,000 was to be distributed?—Never.

By Mr. Langelier :

Q. Am I to understand that your claim of \$298,000 was a genuine claim or a bogus claim?—A. It was a perfectly genuine claim, and, in fact, there were some items that I did not get into it. I had a lot of plant and material on the road that I never took any account of. I agreed to transfer that in addition, and that was worth \$30,000 or \$40,000 besides.

Q. So that your claim was not a put-up job, but a legitimate claim against the Company?—A. Yes, and approved by every official of the Company; and cannot be denied by anybody.

Q. Had the Government anything to do with the settlement of the claim?—A. Nothing whatever, except the payment of the amount.

Q. What you had to pay to Mr. Pacaud was not for settling a claim against the Government?—A. I had no claim against the Government at all.

Q. What you did pay to Mr. Pacaud must have been paid to settle your claim with the new syndicate?—A. It was my claim against the Company. The new syndicate did not exist.

Q. I understand you to say that what you paid Mr. Pacaud was for his influence in getting your claim settled by the Company?—In order to have my claim settled by the Company, they had to make the arrangement which was afterwards made with the Government.

Q. But was there any difficulty as to this arrangement with the Government?—A. Not the slightest.

Q. Do you think the Government paid too much to the Company for doing the work they have undertaken?—A. No; I think it was a perfectly good business arrangement.

Q. Did any Member of the Government, directly or indirectly, tell you, or intimate to you, or hint to you that you should apply to Mr. Pacaud to get a settlement of your claim?—A. I never had a word to say to any Member of the Government.

Q. You never saw any Member of the Government with regard to the settlement of your claim?—A. Never.

Q. The settlement took place entirely between you and the members of the company as re-organized?—A. With Mr. Thom; he was the party who acted for the syndicate.

Q. Did Mr. Thom in his negotiations intimate or insinuate that he had to admit your claim to the extent of \$175,000, or to any amount, or did he discuss the matter with you purely in a business-like manner?—A. I fixed the amount myself that I demanded from the company in settlement; Mr. Thom considered it a fair settlement, and agreed to it.

Q. Did Mr. Thom settle with you on any outside consideration, or simply on the merits of the transaction itself?—A. Entirely on the merits; he knew nothing of outside matters.

By the Hon. Mr. Kaulbach :

Q. Was it not the value of Mr. Pacaud's influence with the Government that you regarded as the consideration for the \$100,000?—A. Certainly; that is what I employed Mr. Pacaud for.

Q. Was he acting as agent for McDonald and you simultaneously?—A. Well, he might have acted for lots of other people.

Q. He acted as agent for McDonald against you; he was setting off McDonald against you?—A. Not at all.

By Mr. F. Langelier (Counsel for Quebec Government):

Q. You stated that Mr. Pacaud mentioned to you that he had been obliged to use some compulsion in order to bring Mr. Garneau to consent to the arrangement?—
A. I did not state that.

Q. I understood so?—A. I distinctly did not state that.

Q. To use great efforts?—A. Not in regard to the arrangements, which were all closed; it was in regard to the immediate payment of the amount so that the work might be gone on with.

Q. He never told you that he had to bring pressure in order to secure the passage of the Order in Council?—A. No; there was no difficulty about that.

Q. You stated afterwards that Mr. Pacaud told you that in order to bring Mr. Garneau to consent to the immediate payment he had to resort to some compulsion or some means of compulsion?—A. Pressing.

Q. Did he tell you that the means of compulsion resorted to, consisted in showing Mr. Garneau a list of debts he had to pay?—A. I have contradicted that already. He never told me he showed any list of debts to Mr. Garneau.

Q. Then you understood him to say that the means of compulsion resorted to, consisted in stating that Mr. Mercier was most anxious that the work should be in full swing as soon as possible?—A. That is one of the reasons.

Q. He knew that Mr. Mercier, representing the County of Bonaventure, was anxious that the work on the railway in his county should be in full swing when he came back from Europe?—A. Yes, and the men paid.

By the Hon. Mr. Kaulbach:

Q. What are the other reasons?—A. Mr. Pacaud stated that he had pressing payments to make.

By Mr. Langelier:

Q. But he did not tell you that he had arranged that with Mr. Garneau?—A. I told him that I had heard that, and he said he had told Mr. Garneau.

DANIEL O'LEARY, Inspector of Dominion Police, Ottawa, was re-called and examined by the Hon. Chairman.

Q. Inform us if you served Mr. LeSage with the notice entrusted to you?—A. I served him on last Saturday in the Parliament House at Quebec, personally.

Q. Did he make any observation to you as to his willingness to come?—A. He read it over and said, "That is all right."

MICHAEL STEPHEN LONERGAN, solicitor, of the City of Montreal, in the Province of Quebec, being sworn, was examined by Mr. F. Langelier, counsel for the Quebec Government.

Q. You are, I understand, one of the present directors of the Baie des Chaleurs Railway Company, as reorganized?—A. I am.

Q. You have been connected with the reorganized company?—A. I was elected a director on the 6th of May last and previously had acted as legal adviser of the syndicate in the arrangements preceding the reorganization.

Q. You must have been aware of all the negotiations which have been going on with the syndicate which took up the company and the Quebec Government?—A. My clients informed me so far as they might have thought it necessary to the advice I might give them.

Q. Did it come to your knowledge that any improper transactions or proceedings were going on, or were to take place, between the Government of Quebec or any of its members and the syndicate?—A. Any knowledge of that kind which I have is derived from the proceedings of this Committee.

Q. You never heard of anything improper before?—A. No.

Q. And you were aware of what was going on between the company and the Government?—A. Well, I was consulted almost constantly by Mr. Cooper and Mr. Thom about their arrangements, and they did not inform me of anything of the kind which has transpired before this Committee; I refer to the alleged improper diversion of moneys.

Q. Did you have any interviews with the Quebec Government or with any members of it?—A. Well, hardly. I was at Quebec two or three times. The first time I went there was at the request of Mr. Cooper, who informed me that Mr. Thom was there with the intention of closing the negotiations, and he was very anxious that I should look over the subsidies payable by the Province of Quebec to this road and be certain that they were applicable to the forty miles which they were about to build. Also, I was asked to examine the books of what is now called the old company, in order to be sure that they were able to deliver over the property to us. My instructions were that the syndicate had an option of the property at a certain price and my services were required to make certain that the so-called old company should deliver what they had promised in legal form.

Q. Who directed you?—A. Mr. Cooper.

Q. I presume you became aware that in order to get hold of the road, the company as reorganized, would have to settle with Mr. Armstrong?—A. Certainly. I was told, if that be any evidence, if you want the narrative, that Mr. Cooper expected that his syndicate would get a clear road. That was a fundamental condition of his going into the business. And that not only would he get a free road but free from all litigation and trouble of every kind. And I understood that Mr. Armstrong had to be disposed of before we could feel that there was any use in undertaking the work. There was no use in trying to go on with the work unless we could wipe out what went before us. The first thing necessary to be done, it appears to me was to remove Mr. Armstrong.

Q. Then he was about to settle with Mr. Armstrong and get rid of him?—A. Yes, but these negotiations were carried on with Mr. Thom.

Q. You had nothing to do with these negotiations?—A. No.

Q. Had the Government anything to do with these negotiations or with the settlement of Mr. Armstrong's claim?—A. Not to my knowledge.

By the Chairman:

Q. Were you aware of the claim of Mr. Macfarlane, or did you consider that to be included in Mr. Armstrong's claim?—A. I was aware of it, because from the commencement of it I was an attorney of record in the same case, but I may state, inasmuch as reference has been made to a statement I presented to the leader of the Government here, that I always believed and still believe, that after the settlement and discharge of the Armstrong claim, there was enough remaining of the subsidy to pay off any judgment that the Macfarlane estate would ever obtain.

By the Hon. Mr. McCallum:

Q. That is a matter of opinion only?—A. That is the opinion of those concerned in the case. It is my opinion derived from two sources.

Q. A lawyer's opinion?—A. As a party in the case—and an attorney of record and as inspector of the Macfarlane estate.

Q. And as a stockholder in this present company and a director of the road, as you are?—A. I may say that as the inspector of the estate, I had a right to know what the opinions of the counsel of the estate were as to the amount which might be recovered, therefore when I spoke a moment ago I based my judgment upon my own opinion as well as upon the opinion of the leading and senior counsel of the estate.

By the Chairman:

Q. I asked because it seemed to me that Mr. Macfarlane's claim was ignored?—A. Not at all. I may say I was consulted chiefly in the first instance by Mr. Cooper

with reference to that Macfarlane claim and to the manner in which it would be disposed of. The expectation was that the matter could be settled then and there, when I went into it I expected that we would be able to settle that claim. But the difficulty grew as we went along.

By the Hon. Mr. Kaulbach :

Q. Was there any great difficulty in settlement of the Armstrong matter?—A. I was not consulted on that.

Q. In settling with Mr. Armstrong, you did not anticipate any difficulty?—A. I took no part in that part of the settlement. But I certainly advised that it was necessary to eliminate his hold upon the road before we could advantageously enter upon the work.

Q. Did you know that that could be obtained for \$50,000?—A. I did not.

Q. What did you estimate it at?—A. I made no enquiries, because, as I remarked that was settled with Mr. Thom. If I were allowed to state what I have heard I could throw some light on it further.

By the Hon. Mr. McCallum :

Q. You wanted to remove him?—A. That is perhaps not a beautiful expression. My opinion was that we could do nothing unless the claims that Mr. Armstrong had and the rights which attached to these claims, were eliminated.

By the Hon. Mr. Miller :

Q. I do not see why you troubled Mr. Lonergan to come here—

The WITNESS. If I may interpose a remark, I have not been able to perceive that from the first.

By the Hon. Mr. Power :

Q. Did you know anything about the payment of \$100,000 to Mr. Pacaud? Then or afterwards?—A. Neither now or then, nor ever except as far as the evidence in this case goes.

Q. You were promoting the Bill which we are dealing with when it was before the House of Commons?—A. I was attending to it.

Q. Did Mr. Cockburn, who is one of the directors in the Ontario Bank, or Mr. Barwick, who acted as his counsel, know anything of this alleged payment or actual payment of \$100,000 or some such sum, to Mr. Pacaud before the Bill left the Commons?

Mr. BARWICK. No.

The HON. MR. POWER objected to the witness being interfered with.

Q. Before that Bill left the House of Commons, were Mr. Cockburn and Mr. Barwick aware that payment had been made or that it was alleged a payment had been made to Mr. Pacaud?—A. I remember that Mr. Barwick stated to the Committee that \$239,000 of this \$280,000 had been diverted. I remember that, because I challenged the statement. It was contrary to my information and I thought I ought to be as well informed as he was. I remember further Mr. Cockburn using the expression—I will only speak positively of the two words—something to the effect that steps ought to be taken in the interest of public morality—I know he used the words “public morality”—that an enquiry should be instituted into the doings of these people. The expression “public morality” directed my mind to the allegations which at that time were appearing in the newspapers and elsewhere.

Q. Mr. Cockburn and Mr. Barwick then did know something of the matter before the Bill came here.

Mr. BARWICK. He does not say so.

The HON. MR. POWER. Practically he does say so.

Q. What do you say about that, Mr. Lonergan?—A. I would rather, if the Committee so will, confine my evidence to facts. I am not able to state in so many words that any of these gentlemen mentioned said that \$100,000 was so paid. I may

have certain impressions, but my experience of life leads me to believe that a man's impressions may oftentimes be at fault, and I would rather not express such impressions here.

Q. What do you say about that, what was the impression on your mind?—A. I would rather confine my evidence to facts. I am not able to state that, in so many words, any of these gentlemen mentioned stated that \$100,000 was so paid. I may have a certain impression, which my experience of life tells me a man's impression may often be at fault, therefore I would not like to express them.

Q. Were any amendments made in the House of Commons Committee to this Bill?—A. Yes; the first time Mr. Cockburn submitted an amendment with reference to clause 5, as proposed by ourselves, which we accepted. The only objection I find to it is that it expresses with greater prolixity what was already provided for. The Bill was referred a second time to the House of Commons Committee, and it was argued then that Mr. Macfarlane had a lien on these 60 miles of road for the payment of his claim, and that the clause as then worded did not protect or continue that lien. I opposed that because I was confident, in the first place, that there was no lien, and that, in the second place, clause 5 protected everything that existed, and that was all the Committee could pass upon. However, in order to make no trouble, I agreed to accept an addition of the word "lien" to the clause. As it read previously, the clause had the word "privileges," which Quebec lawyers will admit is pretty much the same as "lien," and also another word, "undertaking," which met with the satisfaction of the opposants, and I thought everything after that was smooth water, until the trouble arose here.

Q. In your opinion, as a Quebec lawyer and having considered the matter, does the wording of the Bill as it is now protect Mr. Macfarlane's claim, supposing he recovers a judgment for \$50,000 in the present suit?

Objection having been taken to the question, the Chairman ruled that it was a proper one, and Mr. Power repeated it, as follows:—

Q. Supposing Mr. Macfarlane recovers a judgment for \$50,000. do you think the Bill, in its present form, would protect that judgment?—A. I am extremely reluctant to advance my own opinion as a lawyer, but I do not think there is a lawyer in the front rank of the profession in Quebec who would not admit that the Bill, as now drawn, would protect every claim Macfarlane has of right. I may say this, as a member of the company—which is trenching on fact—that this company at no time has ever contemplated getting out of the payment of that claim. So soon as it is decided by the court it will be paid.

Q. I have referred to the opposition made to this Bill on behalf of the Ontario Bank, which you supposed was removed and agreed to by representatives of the Ontario Bank. Was there any opposition other than the Ontario Bank opposition threatened by any other member of the other House?—A. I cannot remember of any—I beg pardon, upon reflection I recollect that some suggestions were made to me about the time limit. I asked for five years, originally in the Bill, to build the road, and some members interested in the locality thought the time was too long, that a *bonâ fide* company should build the road in a shorter time. We intend and will, unless this trouble prevents, build the road by the 31st December, 1892, but in drafting the Bill I wished for a year extra.

Q. Did this member make any demand on condition of withdrawing his opposition?—A. Well he thought the time should be reduced, and I did reduce it.

Q. You did as he asked?—A. Not quite, he wanted it reduced to three and I did reduce it.

Q. Did he make any other proposition in consideration of withdrawing his opposition?—A. I think he wanted some personal explanation as to the sufficiency of our company and the *bonâ fides* of its intentions, upon which points I gave satisfactory explanations.

Q. He did not want anything for himself?—A. He was simply interested in the country down there and in the road.

Q. There was no demand made on behalf of the party himself?—A. I understood that the gentleman who spoke to me on the subject—in fact I may say I spoke to him, appeared satisfied with my explanation. As to whether we did intend to act in good faith and to go on with the work as rapidly as possible, I told him the contract was drawn at that time and would be put into operation as soon as possible. I think I told him that four or five hundred men were employed on the road, which is the case.

Hon. Mr. POWER—I do not mention any name because what I referred to was a rumour floating about the House of Commons and as everybody knows rumours are not often well founded and I thought it was an objectionable thing to give the name until I found out whether there was any foundation for the rumour.

By the Hon. Mr. McInnes (B.C.) :

Q. Was any demand made upon you by any member of the House of Commons in consideration of his support?—A. No.

The Committee adjourned until to-morrow morning at 10.30 o'clock.

THE SENATE, COMMITTEE ROOM No. 8,
THURSDAY, 3rd September, 1891.

L. P. GODIN, of the City of Ottawa, in the Province of Ontario, member of the Dominion Police, who, being duly sworn and examined, testified as follows:—

By Mr. Barwick :

Q. You are on the staff of the Dominion Police?—A. I am, sir.

Q. Did you serve a summons on Mr. Philippe Vallière in Quebec?—A. Yes.

Q. State when you served him, and how?—A. On the 14th of August, in the morning, at the door of his shop in St. Vallière street, Quebec.

Q. Have you a copy of the summons?—A. I have. (Document produced.)

By the Chairman :

Q. You served him personally?—A. Myself, personally, at his shop door.

Q. Did he say anything to you when you served the summons?—A. He looked at it and laughed, and said it was all right.

Q. Did you serve Mr. Demers?—A. Yes, sir.

Q. Personally.—A. Yes, sir.

Q. Did he make any remark?—A. He was up here on the 18th; I saw him personally and talked with him.

Q. You say he obeyed the summons?—A. He was here, in the room; he told me when I saw him that Mr. Vallière was on his road here in the train, and would be in at one o'clock.

Q. Did Mr. Vallière come?—A. That is what Mr. Demers told me, that he would be in by the 1 o'clock train.

On motion the witness was discharged.

CHARLES N. ARMSTRONG re-called and further examined :

By Hon. Mr. Tassé :

Q. You are well acquainted with Senator Robitaille?—A. I have been for some years.

Q. Do you know if he was a Senator when the transactions connected with the \$118,000 referred to here took place?—A. Yes, he was.

Q. That is the amount referred to by Mr. Langelier?—A. Yes, sir.

The Hon. Mr. TASSÉ made the following statement:—When I asked for the summons to be sent to Mr. Lesage, Deputy Commissioner of Public Works for the Province of Quebec, my object was to prove by his evidence certain circumstances connected with the payment of the sum of \$100,000, the improper retention and misapplication of which has formed one of the subjects of enquiry by your Committee, and I further state that my object having been attained by the evidence given by other witnesses, I have now no special reason for insisting upon the attendance of Mr. Lesage.

After further proceedings,—

The Hon. Mr. TASSÉ.—Yesterday I asked the Committee, to ask the permission of the House of Commons to have the Hon. François Langelier here, to give evidence in connection with a certain matter that I wanted elicited. Since yesterday, I desire to say, as no action has been taken upon the motion, I have obtained from other sources the information I wanted from Mr. Langelier. I will tell you how the matter stands. In Mr. Pelletier's evidence, at pages 150 and 151 of the printed Minutes of Evidence, appears the following:—

“HON. MR. PELLETIER.—The proceeds were not used to pay my personal debts. To show that they had nothing to do with the elections, I will say that after the elections were over it was expected that a good many elections would be protested and a good many counter contestations, and, of course, nearly all our friends, whether elected or defeated, were interested, but had not the means to file the deposit in the court or in the Treasury Department, as the law requires, of \$1,000 in each case. As in many other cases, I endeavoured to help my friends. It was a private matter, and Mr. Mercier, before leaving for Europe, expecting this would be required, left in my hands three, or I would not be sure but that it was four notes, endorsed in blank, in case we would require money to help our friends make these deposits. I kept these notes until they were required and these amounts were raised for a good many petitions and counter contestations. In the absence of Mr. Mercier we filled up these notes, endorsed them, and I never saw anything of them afterwards. They were placed in the banks and used for making these petitions and counter contestations in the courts.”

Mr. PELLETIER further testifies as follows, in reply to Mr. Barwick:—

“Q. Here is another note due on the 18th of May for \$5,000 and another note due on the 4th of August for \$3,000?—A. I do not see my name there.

“MR. BARWICK—A witness swore that your name was there.

“HON. MR. PELLETIER—But I do not swear it.

“MR. BARWICK—It was sworn to by Mr. Webb. Here is another note of the Banque Nationale for \$5,000, which makes \$23,000 altogether. Now, were these notes all signed for the purpose you mention?—A. I do not see my name for \$23,000; I do not say it is not. All these notes I endorsed were for that purpose; I say that positively. Mr. Pacaud was the one who was given the money to distribute. He told me so. I endorsed the notes without looking at the dates of expiration. I did not even look at the amounts, because I knew what they were for.

“How many election petitions were there?—A. I could not say. There were a good many petitions and counter petitions.

“Q. These notes were made for the district of Quebec?—A. It was understood for that.

“Q. How many petitions were there in the district of Quebec?—A. I say I do not know. I did not know how many petitions or counter petitions.

“Q. You do not know whether they were for Quebec district or not?—A. I understood it would be from Three Rivers down to the Gulf; I do not know; I had nothing to do with that.

“Q. Do you think there were 23?—A. I say I do not know.

“Q. Do you think there were 10 or 23?—A. I told you I did not know how many petitions or counter petitions.

“Q. You have no idea whether there were 10 or 23?—A. I believe of petitions and counter petitions there were more than 10.

"Q. 15?—A. Well, I do not know, I think my answer is clear."

It will be seen that Mr. Pelletier says that all the notes were discounted after the elections—the elections were on the 5th of March. I would like the Clerk to read Exhibit 41.

Exhibit 41 was read by the Clerk as follows :—

" QUEBEC, 28th February, 1891.

" \$5,000.

" In two months from this date for value received I promise to pay to the order of the Honourable Honoré Mercier the sum of five thousand dollars.

(Signed) " ERNEST PACAUD.

" (Endorsed) " HONORÉ MERCIER.
" F. LANGELIER.
" CHS. LANGELIER.
" C. A. P. PELLETIER.
" ERNEST PACAUD."

The Hon. Mr. TASSÉ—Was that protested ?

The Clerk—Protest was made on the 1st May, 1891, by C. N. Tessier, Notary Public. Notice was given to the endorsers.

Hon. Mr. TASSÉ.—On page 84, in Exhibit 38, another note is mentioned of the Union Bank (the first was La Banque du Peuple), due the 1st of May, the same day, \$5,000. So far we have not been able to ascertain the date of the signing and discounting of that note. Yesterday, at my request, Mr. Barwick telegraphed the Bank as follows :—

" Please wire immediately date of Five thousand note paid May 1st.—W. BARWICK."

Telegram filed as Exhibit 94.

and this is the answer received :—

" Dated February 28th, at two months date. E. E. WEBB."

Telegram filed as Exhibit 95.

Hon. Mr. TASSÉ—That makes \$10,000 discounted before the elections. That is the point I wanted to make.

Mr. LANGELIER—It does not say so.

The Hon. Mr. TASSÉ—Do you dispute my statement that it was dated the 1st of May ?

Mr. LANGELIER—There is no evidence there to show when it was discounted.

The Hon. Mr. TASSÉ—It was signed on the 28th of February.

Mr. LANGELIER—It was dated that.

After further proceedings,—

Mr. C. N. ARMSTRONG—Before the evidence is closed I would like to put in a statement with reference to Mr. Macfarlane's account with me.

After discussion, the document was allowed to be put in, and was filed as Exhibit 96.

Mr. LANGELIER—I have very little to say as to the charges against the Local Government. I have not to discuss them here; they will be investigated and discussed in another place. I understood that I was to come here to discuss a charge I made the other day against the old company, as we call it, to distinguish it from the re-organized company. I am very much surprised that I do not see one word in the official minutes about that charge. I have seen the counsel for the Ontario Bank harping on the words I used, and quoting what I thought to be the official record of the proceedings, and yet I do not find one word in the official report about that charge. It does not appear to have been made, so that you have been losing a great deal of time in discussing what does not appear in the record. I have read it again and again, and there is no record whatsoever of such a charge having been made. It should be in the official records of the proceedings, and yet I do not find a word about it. I am surprised, therefore, to find the counsel representing the Ontario Bank has been harping upon a word which I have used.

THE CHAIRMAN. The charge has been duly entered upon the corrected minutes.

MR. LANGELIER—I may remark in passing that the translation made here bears out what I contend. After all the discussions we have had with dictionaries, the official translation of Mr. Chrysostome Langelier's evidence bears out what I have said about the word "detourner." If the members of the Committee will take the trouble, instead of look at dictionaries, to look at page 130 of the Minutes of Evidence, they will see to what I refer. It will be remembered that Mr. Chrysostome Langelier gave his evidence in French.

THE HON. MR. TASSÉ—Partly in French and partly in English.

MR. LANGELIER—At the page of the Evidence I refer to you will find this question and answer:—

"Q. Do you know what induced the Local Government to pay the workmen out of a local subsidy the first time?—A. It was because the Government thought if they paid the money to the company or the contractor the money might have been misapplied from its proper purpose as it was before." My brother, the witness, used the word "detourner," and it was translated "misapplied." I think that disposes of all the dictionary discussions we had the other day. I had nothing to do with this translation, but it exactly agrees with my contention. The word has two different meanings; it may mean criminal "detournement" or only illegal "detournement." It has been alleged that "detournement" could not have any but a criminal meaning. I have proved that that is not correct. Now, I come to the charge. I must say first I would like to know whether the statement just filed by Mr. Armstrong will be taken as evidence.

THE CHAIRMAN—No.

MR. LANGELIER—Because if it were, the whole of this investigation will be for nothing. The only *locus standi* of the Ontario Bank is as a creditor of Mr. Macfarlane, because Mr. Macfarlane is supposed to be a creditor of the Baie des Chaleurs Railway Company. Only that I brought out that evidence myself the other day, there was not a particle of evidence in the record to prove that there was a claim either of the Ontario Bank or Mr. Macfarlane, and if this statement was to be admitted the whole case would go for nothing. The only testimony we have is the testimony of Mr. Macfarlane himself. I take it for granted that this evidence, which is uncontradicted, is to be accepted, and my argument will be based upon that. I cannot presume that the Committee will fail to admit it, because it is the basis of their assumed jurisdiction. They would have no jurisdiction, real or pretended, if there was no claim of Mr. Macfarlane, and the whole matter would fall to the ground on that. I will content myself with referring the Committee to a few facts which appear in the evidence. According to the testimony of Mr. J. J. McDonald, page 84 of the printed evidence, the 60 miles of railway built have cost at most an average of \$13,000 per mile. He says from \$12,000 to \$13,000 per mile. I take the outside figure. Mr. Light in his evidence, at page 111 of the same printed evidence, says the work executed on the whole 60 miles is worth \$14,000 a mile. Let us take the middle figure between the \$14,000 a mile stated by Mr. Light and the \$12,000 a mile which is the least figure given by Mr. McDonald, and put the whole value of the work at \$13,000 a mile. That would make \$780,000 of work which is there. We have value for that amount. Upon that it is in evidence that there remains to be paid when the work was executed \$298,000 due to Mr. Armstrong. I do not presume the old Company will dispute that amount. It is founded on their own admission, in writing, which we have here. It is three times before us in writing, signed by the managing director and by the secretary, and certified to by Mr. Light, the engineer of the company. With these things I do not presume the Company will dispute the genuineness of the claim of \$298,000. Some other parties may dispute it, but the Company can have no right to appear before the court like this and say: We dispute the claim which we have already admitted in writing. There remains, then, that much to be paid. I have proved by Mr. Macfarlane that he has a claim of about \$200,000. That makes a total of liabilities of \$498,000. That is to say, out of that total amount of \$780,000 of work which we have, \$498,000 remained unpaid when the work was completed, or completed to the state in which it now is. So that what that company

has put into that work is the difference between \$780,000 and \$498,000, that difference being \$282,000. That is all that the company, according to the evidence that we have here, is proved to have expended on the road. The rest remains unpaid. Let us see what the company has got to pay this \$282,000. It has received from the Federal Government (I quote from the Public Accounts, and we have it here also in two places in the Official Record) the following sum : In 1887, page 10 (Roman figures), \$250,000 ; in 1888, at page 8 (Roman figures), \$50,300 ; 1889, page 8 (Roman figures), \$75,200 ; in 1890, page 7 (Roman figures), \$148,675, making a total amount of \$524,175 which they have received in hard cash from the Dominion Government. Let us see what they have received from the local Government of Quebec. I again take my information from the Public Accounts of the Province of Quebec, an official document which is here in the library. In 1887 (page 137 of the Public Accounts of Quebec for that year) they received \$66,000 ; in 1888 (page 150 of the Public Accounts), they received \$74,000 ; in 1889 (page 180 of the Public Accounts), they received \$180,984, making a total of \$320,054, which they have received from the Local Government. If we add these two amounts together we get a total of \$845,129, and that is the amount of cash which the old company has received from the Government of the Dominion and the Government of Quebec. Deducting from this the amount which they have paid, \$282,000, we see that they have to account for \$563,129 of Dominion and local subsidies which was misapplied. They must explain what they have done with that money. It is not for me to go into the details.

The Hon. Mr. McCALLUM—Is Pacaud's \$100,000 included in that ?

Mr. LANGELIER—I am speaking of the old company.

The Hon. Mr. McCALLUM—Did they not get that from the old company ?

Mr. LANGELIER—It has nothing to do with the matter of which I am speaking.

The CHAIRMAN—I think we had better allow Mr. Langelier to proceed without interruption.

Mr. LANGELIER—I do not complain at all at the demand for explanations. But that has nothing to do with the case I am making. I speak of the company before its re-organization. I have proved by the documents in possession of the Committee the amount of money received, and also the amount of work that was done.

The Hon. Mr. McCALLUM—But that money came out of a subsidy.

Mr. LANGELIER—The amount of money they have received, is proved by the Public Accounts, and what they have given is proved by the testimony of Mr. McDonald and Mr. Light. And the amount remaining unpaid is proved in the records before the Committee. The evidence contradicts all their statements, and they cannot show work for the amount they have received. How has it gone ; has it gone in boodle ? Or something else. I do not know. But there is no work for it. We have an explanation of some of the items. No contradiction has been adduced of the evidence I have brought out, that \$10,000 was paid by the first contractors, Messrs. McDonald and O'Brien to Mr. Riopel and Mr. Armstrong. This \$10,000 was repaid to the contractors, was recouped to them out of the subsidies which they got. They never got the \$10,000 from Mr. Riopel, therefore the \$10,000 paid out of subsidies remains in the hands of Mr. Riopel according to the evidence. Let us take the \$40,000 paid to McGreevy. That also has been taken out of the subsidy. Mr. Armstrong stated that he paid it out of his own money. What does it matter whether he paid that amount out of his own money or out of other peoples money ; he had so much less to do the work on the road when he had taken this \$40,000 to buy out Mr. McGreevy. What has been done with this \$40,000 ? It has not gone into the work but into Mr. McGreevy's pocket. Therefore I say the company has to account for \$563,129 of money which they have got more than the work which is proved to have been executed by them.

The Hon. Mr. TASSÉ—Will you repeat those figures, please ?

Mr. LANGELIER—The full amount of work executed was \$730,000. There was unpaid on that work \$298,000 to Mr. Armstrong (I take the round figure, it is nearly \$299,000) and \$200,000 to Mr. Macfarlane according to his testimony before this

Committee, making a total unpaid of \$498,000. So that we have to deduct that amount from the work which is in existence, leaving paid on the work \$282,000. If we deduct the amount of work paid from the total amount of the subsidies which is \$845,129 we find an amount unaccounted for of \$563,120.

The Hon. Mr. READ—To whom have they paid \$282,000?

Mr. LANGELIER—I do not know.

The Hon. Mr. READ—We have it in evidence that \$252,000 was paid to McDonald, O'Brien & Co., and that a large amount was paid to Mr. Macfarlane.

Mr. LANGELIER—We have it in evidence that they gave back \$10,000 of that money. I do not say the money was directly taken. I do not say the company went direct to the Government and took the money.

The Hon. Mr. McMILLAN—But \$250,000 was paid to O'Brien and McDonald, and then there is Macfarlane's claim of \$200,000; what amount of work did he do?

Mr. LANGELIER—I do not know.

The Hon. Mr. McMILLAN—It is in evidence here.

Mr. LANGELIER—No; there is no evidence of the amount paid to him. There is evidence this morning of the amount paid to Mr. Armstrong; there is evidence of the amount due to Mr. Macfarlane, but not of the amount paid.

The Hon. Mr. McMILLAN—Did not he swear to the amount of work done?

The Hon. Mr. McCALLUM—You say there is so much money to account for; to whom will they account?

Mr. LANGELIER—That money should have gone on the road, but we do not find it did.

The Hon. Mr. McCALLUM—Who is responsible? Who got that money?

The CHAIRMAN—I think it would be better to let Mr. Langelier proceed without interrupting him.

HON. MR. READ (Quinté)—I would like to have an answer to one question.

HON. MR. ALMON—If Mr. Langelier is to answer questions, I move that he be put on oath.

HON. MR. READ—Mr. Langelier says they have done work for \$780,000, and received money from the Dominion and Quebec Governments of \$845,129. Now, that is all the work done on the road?

Mr. LANGELIER—According to the evidence.

HON. MR. READ—How do we understand that the company and the road is indebted to Mr. Armstrong for \$298,000?

Mr. LANGELIER—I do not understand it; I take the admission of the company itself. I am speaking against the company here. How can the company gainsay their own written statement? They admitted that they were indebted to the amount of \$298,000. It is not for me to discuss it; we have got it here, and in a court of law they would be taken on their own written admission. They owed Mr. Armstrong \$298,000, and it is in evidence here (they do not admit it, they deny it I must say it at once, but this Committee cannot deny it because they would have no jurisdiction if they did) that Macfarlane's claim is about \$200,000. Therefore we have it in evidence incontrovertable that \$498,000 remains unpaid by the old company out of a total amount of work proved of \$780,000. These are not my witnesses. I beg the Committee to remember that. I did not bring up one of these witnesses. Mr. John J. Macdonald was not brought up as a witness by me. Mr. Light, the engineer, was not brought up by me. These gentlemen were brought up as witnesses by the Ontario Bank, and the whole case has been rested by the counsel upon their evidence. I say this, gentlemen, whatever may be said elsewhere, it is proven that there is no work now for more than \$780,000, and I say that makes out as clearly as I ever saw a case that they must account for \$563,189. What have they done with it? It is not my business to enquire. I take the case as we have it now, with the evidence we have in the record.

Mr. BARWICK—Mr. Chairman, I appear for the Hon. Senator Robitaille, not because it would have been necessary for him under ordinary circumstances to employ counsel, but because owing to his physical infirmities he is unable to exercise

his voice in answer to charges when they are made against him here, and I desire to be so understood as speaking this morning. Before I take up the facts of the case with regard to this charge, I only desire to say one or two words with regard to the figures quoted by the counsel for the Quebec Government. He says the evidence produced makes it perfectly plain that the company have disbursed only \$282,000. He surely does not forget the exhibit we put in yesterday (Exhibit 93) in which they showed an expenditure of \$360,000 in one sum. The Ontario Bank alone has received \$278,254, Mr. Taylor got \$262,000. And yet the counsel for the Quebec Government says to this Committee that the documents put in proved that they have disbursed only \$282,000. The counsel for the Quebec Government says that the company had disbursed only \$282,000.

The Hon. Mr. POWER—I understood the counsel for the Quebec Government to say that only so much money had gone into the road. I don't think he spoke of the amount disbursed.

Mr. BARWICK—I mean that. And yet Exhibit 93 shows that \$370,000, with the exception of a balance of \$972.75, as actually gone into the road. That small balance being in the hands of Mr. Murray Smith or of the Government. In addition it must be remembered that the Ontario Bank have received \$278,254, according to this Exhibit 93, Mr. Taylor's firm received \$262,000, and in addition the Ontario Bank advanced to Macfarlane moneys which went into the road, \$278,254. Take another set of his figures. He says that he has proved that \$10,000 went into the hands of Mr. Riopel and it has never been got back. I leave it to the Committee if we did not prove by his own witness whom he called to prove misappropriation that that \$10,000 was placed in the hands of the company as security by the contractors that they would carry out the contract, and every dollar of that was returned honestly and honourably. Yet the counsel says that Mr. Riopel holds \$10,000 to-day. I say that charge is not true and there is not a bit of evidence to support it. There is not a bit of evidence to prove in the record that Mr. Riopel got a dollar. There is proof that \$10,000 went into the hands of the company simply as a marked cheque, as a deposit, and it was returned. Then he says \$40,000 was paid to Mr. McGreevy. Certainly. We had the explanation yesterday. Mr. Armstrong would not go into the company unless Mr. McGreevy went out, and he agreed to pay \$40,000 for Mr. McGreevy's rights under the contract, for his plant and stock, and Mr. Armstrong paid him \$40,000 out of the money which he was honestly entitled to receive under his contract, and he paid him with the exception of the last sum of \$8,000 which he is to pay him under his contract when that money is drawn from the Government, and then Mr. McGreevy is to assign his him stock. Is there any boodle in that?

Mr. LANGELIER—That is exactly my contention.

Mr. BARWICK—Exactly. His contention was that the \$40,000 was boodled, stolen, and I say the proof is clear that that contention is not a true one. Now, the counsel for the Quebec Government says the record does not contain a charge of embezzlement or misapplication of funds. But the record does, and I read the record, Exhibit 84. It is part of the official shorthand written notes. I will read it.

Mr. LANGELIER—Where is that printed? It is not in the official record.

Mr. BARWICK—It is yet to be printed. You will find it if you inquire up stairs.

“HON FRANÇOIS LANGELIER—I assert, and my assertion is not a mere idle one, but it is borne out by a statutory declaration which can be made good on oath by the witness, that \$118,000 granted directly to the company was embezzled.

“Hon. Mr. ROBITAILLE—By the company?

“HON. FRANÇOIS LANGELIER—I go further. Criminal proceedings were threatened against the company, and they had to pay up under a threat of criminal proceedings.

“Hon. Mr. ROBITAILLE denied the allegations and expressed the hope that the matter be fully investigated.

“After further discussion,

"The Hon. Mr. TASSÉ—If I understand the case, Mr. Langelier takes the responsibility of making a charge against the company to the extent of \$118,000.

"Hon. Mr. LANGELIER—My statement is in the statutory declaration which is filed.

"Hon. Mr. ROBITAILLE—That is your statement and you are responsible for it.

"Hon. Mr. LANGELIER—I say my statement is borne out by the statement that \$118,000 was embezzled or misapplied—call it what you like.

"On the proposal of the Hon. Mr. Tassé the statement was read to the Committee.

"The Hon. Mr. ROBITAILLE—I heard in that document nothing about criminal proceedings. I suppose that Mr. Langelier would have no objection to withdrawing his statement.

"Hon. Mr. LANGELIER—I did not say that the threat, of criminal proceedings was made in the documents. I say that criminal proceedings were threatened against the old proprietors.

"After further discussion.

"AN HONOURABLE MEMBER—Do you make the charge.

"The Hon. Mr. LANGELIER—I make the charge from the information that I have that if you bring here Mr. Taylor and the other gentlemen",

Who is not named but who, the Committee will remember, was Mr. Burland.

"—it will be proved that \$118,000 of Federal subsidy were misapplied or embezzled—call it what you like.

"The Hon. Mr. OGILVIE—The hon. gentleman made the statement that they had embezzled \$118,000, and he was prepared to prove that by statutory declaration. I ask the Chairman to say that he said that.

"The Hon. Mr. LANGELIER—I said that I made such a statement, and my statement is borne out by statutory evidence."

Now, I say that the charge, as Senator Robitaille understood it, was a charge levelled at him of misappropriating \$118,000 and there was a charge coupled with it that he had restored \$40,000 under threat of criminal proceedings. Now, on the 27th of August appears on page 147 of the evidence printed, Senator Robitaille answered the charge in these words:

"At the last meeting of this Committee, the Honourable Francois Langelier, a gentleman of high standing, who occupies a high position of Professor in Law in Laval University, and who has the honour to occupy a seat in the House of Commons of Canada, who was a member of the Government of Quebec when I was Lieutenant-Governor, has felt it his duty to prefer a charge of embezzlement against me and my associates, acting as directors of the Baie des Chaleurs Railway Company. I asked you to institute a searching investigation into the charge, and I am here today to repeat the request that you shall investigate the matter and probe it to the very bottom, nay, I desire that you should extend your investigation into all the doings of the company since its inception, and that every facility should be afforded and extended to the accuser. Should you, in the course of your investigations, find out any wrong-doing on the part of the railway company I am prepared to stand by the consequences, but if not, and should the investigation prove that everything is right, as I know it is, I would ask that I should be reinstated in the position I occupied before the public before the charge was made, namely, a position of trust and honour, esteem, respect and good-will among my fellow-men."

Now the Honourable Senator Robitaille accepted that charge as meaning that he stole \$118,000, there is no use quibbling about words, but the Honourable Mr. Masson knows as a Frenchman and every Frenchman knows that the meaning of the word "detournement de fonds" means that the man stole, I do not care whether it is called embezzlement or not. I am told by the Honourable Mr. Masson and other prominent Quebec lawyers, members of this House, that embezzlement is understood, by every student at law exactly in the way we understood it. On the 28th August the Honourable Francois Langelier appeared here. He was afforded every facility to prove his charge. He was asked to name his witnesses. He named his witnesses,

he was allowed to put in his statutory declaration and he brought his witnesses here and began with his proof, first taking up the charge of the \$118,000. He called Mr. Taylor and he put in Senator Robitaille's letters and Senator Robitaille's telegrams, to do what? To show that Senator Robitaille was one of those who misappropriated the \$118,000. He even objected to the attempt to prove that Senator Robitaille had consulted an eminent counsel in Quebec and had acted under his advice. He protested against putting in the written advice of that eminent counsel to show why he acted, and how he acted, and that opinion was put in against his protest because it was considered that this evidence proved whether or not Senator Robitaille had been guilty of embezzlement. Mr. Taylor gave his evidence, I do not know whether the Committee thought so, but Mr. Taylor gave his evidence apparently not clearly until he came to be cross-examined, and then it was perfectly plain that if ever there was an honest man it was Mr. Taylor, and he gave his evidence as clearly as a man could give it, and he showed that he came here under a sense of injury, and it became clear that he felt injured, that his declaration, made for an honest purpose, had been twisted and contorted and distorted with a view to ruining a man of the eminence of Senator Robitaille. Mr. J. Chrysostome Langelier sat there, the Deputy Registrar of the Province of Quebec, here without leave, remaining here day after day. Why was he the only official of the Province of Quebec that was here? Because he came with the papers in his pocket, to place them in the hands of his brother, the Hon. Mr. François Langelier, to ruin Senator Robitaille if he could. Now, the Hon. François Langelier made another charge. He charged on the 28th of August that criminal proceedings were threatened and that threat having been made the \$40,000 was restored. His first charge was made on the 25th of August and on the 28th of August he repeated the charge. Three days after he had made his first charge, having had ample time to consider and weigh the meaning of English words we find him saying this: I said "You spoke of criminal proceedings."

"MR. LANGELIER.—That is another statement, and I will prove that statement also." That was a statement that he would prove, that he undertook the responsibility of proving, that the Hon. Senator Robitaille and his co-directors had restored money under a threat of criminal proceedings. What proof did he offer? He never asked one question. He has never to this day dared to ask a witness a question as to whether criminal proceedings had been taken or not, and he has allowed Mr. Taylor to complete his evidence and allowed me to draw from him, on cross-examination, the statement he has never made a threat of criminal proceedings and would never have dared to do so, and that there was no necessity for it. And yet the Hon. François Langelier, though he made that charge on that day, leaves it unwithdrawn now. Now, the Hon. François Langelier has an organ in the Province of Quebec, called the *L'Electeur*—

MR. LANGELIER.—Is that in evidence?

MR. BARWICK.—I read it to show how the public have understood his charge, and how his friends understand the charge. In *L'Electeur* of the 28th August I find an article, as follows:—

"Now, here is an enquiry which turns against their friends and spreads terror in their camp. You remember the other day Hon. François Langelier accused the Robitaille-Riopel Company of having taken \$118,000 of subsidy voted to aid in the construction of the railway. He made his proof this morning—

Several Hon. MEMBERS.—Oh, oh.

MR. LANGELIER.—That is a matter of opinion.

MR. BARWICK.—Hon. François Langelier says that is a matter of opinion here. Is his opinion in his organ.

"He made his proof this morning."

That was the day Mr. Taylor was examined.

"Not only has he proved that the money was taken, but he produced writings which showed how it had been divided. Hon. Mr. Langelier has proved more than he had promised. He had promised to prove that \$118,000 of the subsidies, in place of being

used in the construction of the road, had been absorbed in boodle. Not only has he proved that, but he has proved where the money (detourner), diverted from its destination, went.

Mr. LANGELIER—Why do you not say embezzled?

Mr. BARWICK—Because *détournement* (diverted) is the meaning there. It is not *détournement de fond*. If a man diverts a river, you do not say he embezzles a river. "And he established that nearly the whole went into the pockets of a Senator and two deputies in the House. This is Hon. François Langelier's organ.

Mr. LANGELIER—I would call the Committee's attention to the fact that the counsel is allowed to read from papers on the one side, and if so, I should be allowed to read from papers on the other side.

Mr. BARWICK—With pleasure.

Mr. LANGELIER—It will take up a great deal of the time of this Committee. He says it is my organ. It is not so. It is a paper belonging to my party, I admit, but its statements can have nothing to do with this case.

Hon. Mr. OGILVIE—All the statements we have had from your side have had very little to do with the case.

Mr. BARWICK—"But Mr. Langelier."

That is Hon. François Langelier did not stop at that. He has proof which throws a light upon certain past events. He has shown that \$40,000 has been taken directly from the public chest to use in the elections of 1887.

That is what he proved by Mr. Taylor I suppose.

"So then, as I have shown above, under the terms of the document of 9th June, 1886, no one other than Mr. Burlan² has the right to touch a sou of that \$370,000 of subsidy which the company by that same document had committed to his trusteeship. Yet in January, 1887, it is shown all of a sudden that the Federal Government paid \$40,000 to the company, than which they had no more right to receive than a man in the moon."

Then there is a clause devoted to the abuse of me.

The Hon. Mr. TASSÉ—Please read the extract of the day previous.

Mr. BARWICK—From the *L'Electeur* of the 28th August.

"The simple minded men of the Senate pretend that they have full jurisdiction in the affair of the \$100,000, but as soon as they are referred to the \$75,000 of Riopel and Robitaille, to the \$52,000 of Federal subsidy obtained under false pretences by the Ontario Bank, or the \$118,000 pocketed by Riopel and Robitaille in connection with the contract Macdonald and Taylor, they do not want to inquire into anything. What does the public think of these old comedians?"

The CHAIRMAN—Do you know who is the Ottawa correspondent of that paper?

Mr. BARWICK—Now, I quote that sentence, not with a view of bringing anybody into contempt, but with a view of showing how the public have understood the charge levelled at a man occupying so high a position, by one occupying a position almost as high. Now, the Government of the Province of Quebec disputes the jurisdiction of the Committee, almost defies its power, refusing to permit any official to come here except Mr. J. Chrysostome Langelier, but when the Government of the Province of Quebec wanted to ruin a man like the Hon. Senator Robitaille did they dispute the jurisdiction of this Committee? Did they not come here and use every facility this Committee could afford to try to ruin that man. This is not a charge made by an isolated individual it is a charge made by the Government of the Province of Quebec through its counsel, Hon. François Langelier, and it sets aside its objections to the jurisdiction of the Committee to ruin an honourable man. Now, the Hon. Senator Robitaille met that charge, for he was prepared to stand by the consequences, and he knew that the consequences were, if Hon. François Langelier, counsel for the Government of the Province of Quebec, proved his charge that he would have to retire by resignation from this House or face a vote of expulsion. He knew that if Hon. François Langelier proved that charge, or even half of it, he who had always thought himself an honourable man and was deemed an honourable man by his fellow citizens would be handed down in Canadian history branded as a thief. Who

made that charge? One of Her Majesty's counsel learned in the law, a Professor of law in a distinguished University, a Member of Governments, a Member of the House of Commons. He took the responsibility of making the charges which the Hon. Senator met as solemnly as they were made. He asks the Committee to find that the two charges were made: first, that the charge was made of embezzlement, of misappropriation of public funds; second, and by the same person, that criminal proceedings were threatened against him and his associates, and that under threat of criminal proceedings they restored \$40,000 which they had attempted to misappropriate. He asks the Committee to find that Hon. François Langelier, a Member of the House of Commons of Canada, stated his ability to prove his charges by documents which he would lay before the Committee, and by witnesses whom he desired to have summoned. The Hon. Senator Robitaille asks this Committee to find that on the production of such documents and upon the hearing of such witnesses it appears that the charge of misappropriation was false, and he asks the Committee to find that Hon. François Langelier, a member of the House of Commons of Canada offered no proof in support of his charge that criminal proceedings had been threatened under which the \$40,000 had been restored, and that such charge is false. As Hon. Senator Robitaille was prepared to stand by the consequences of the charge and of the inquiry, he now asks in the words of his answer that this Committee reinstate him by their finding in the position which he occupied among his fellow men before these.false.....charges were made.

Hon. Mr. MACDONALD (British Columbia)—I desire to ask an explanation. The counsel for the Province of Quebec charged that \$118,000 was misapplied, but now he speaks only of a sum of \$500,000. I wish him to explain as to the difference.

Mr. LANGELIER—The \$118,000 is included in the larger amount which I have proved was misapplied. I may say a word as to the question of jurisdiction, which has been mentioned by Mr. Barwick. On this point there seems to be a misapprehension. I do not know the practice in Ontario, but in Quebec in all our courts—as Mr. Creighton, who is very well acquainted with our law can say—every day you see defendants objecting to the jurisdiction of the court, yet when the court decides that it has jurisdiction the defendant remains and defends himself. It is a matter of daily occurrence.

Hon. Mr. MASSON—Do the witnesses refuse to come?

Mr. LANGELIER—If they refuse to come the court will compel them to come, and I understand this Committee will take proceedings to compel the attendance of these witnesses whom they have called or punish them for their refusal. I desire to say a few words as to some of the arguments of the learned counsel. As to Mr. Chrysostôme Langelier, his statement is entirely unwarranted. He says that Mr. Langelier was here without leave; that he was here against the rule of the Civil Service, and that he was spending here several days. Mr. Langelier has been on leave at the Baie des Chaleurs for a month, and he came here in obedience to the summons. He states that he consulted nobody. If he had, he would never have come. Does the Committee blame him for obeying its summons when others did not do so? If the learned counsel's statement means anything, it means to blame Mr. Langelier for coming.

Mr. BARWICK—No.

Mr. LANGELIER—If it does not mean that it does not mean anything.

Hon. Mr. BOULTON—It was on your recommendation he came.

Mr. LANGELIER.—He wanted to be here; he telegraphed me before, there was a summons wanting him to come and contradict some statements. I said that I had no control, but I was anxious that he should come to clear his character which had been belied in his absence. As to the misapplication of the money, let us come to the \$40,000. The learned counsel says I did not prove my statement. Let us take the facts in evidence. The Baie de Chaleurs Railway Company had no more right to touch this \$40,000 than the man in the moon; every member of the Committee knows that we have it on record that the whole of the subsidies were transferred to Mr. Burland. Nobody else had any right to receive this \$40,000. The President of

the Committee signed that transfer. Yet what do we see. The company which has made the transfer of the subsidy goes to the Government and gets the money. Somebody must have gone to the Railway Department to get that money.

Mr. BARWICK—No.

Mr. LANGELIER—At all events, the Company received the money; it could only be got by false pretences.

Mr. BARWICK.—No.

Mr. LANGELIER—Then it must be a charge against the Railway Department; if the Company did not deceive the Dominion Government then the Dominion Government committed a criminal act in paying money to one party which should have been paid to another. But I do not say that the Dominion Government knew anything. If they had known that there was a transfer to Mr. Burland they would not have paid the \$40,000. A great deal of stress is put upon the fact concerning criminal proceedings. If criminal proceedings were not taken they might have been taken; they should have been taken against the parties who received the money. Whoever received the money did an act for which he might be sued criminally. They consulted a lawyer in Quebec, according to Mr. Taylor's evidence, Mr. Taylor wanted to resort to legal proceedings. What could he do? Any lawyer would have told him that the person who received that money was no more entitled to it than the man in the moon, and that the way to proceed was to take a criminal action. Had he come to me, that is what I would have advised him.

Hon. Mr. OGILVIE—That is too thin.

Mr. LANGELIER—I do not think the public will think that it is too thin; we have all a judge of final resort in this matter, and though I have great respect for this Committee, I know that we are to be judged by a higher court than either of our Houses and by the electors of this country, and I am ready to abide by their decision. Now, as to the use of the money, the counsel for the old company wishes to make it appear that I have charged Senator Robitaille in particular. He harps on the name of Senator Robitaille. I charged the old company then and I charge it now. I do not withdraw one word of my charge.

Hon. Mr. OGILVIE.—You have not proved it.

Mr. LANGELIER.—That is the Hon. Gentleman's opinion. I am sure it will not be the opinion of the public if such a long investigation had been gone into on other points as was made into the misapplication of this \$100,000, some very interesting facts would have been elicited. It is a fact that Mr. Armstrong has spent all this money, the money has gone into somebody's pocket, because it has gone out of the public treasury. But has it gone into the work? that is the point. I have Mr. Light's and Mr. McDonald's testimony to show that it did not go into the work. Where did it go? It is for this Committee to answer.

Mr. BARWICK.—It was perfectly and plainly proved that the \$40,000 was paid by mistake and was returned before the demand was made. Before Mr. Taylor went to Quebec to see Senator Robitaille he had a telegram in his hand that it would be paid as soon as Mr. Riopel came back to sign the cheque.

Hon. Mr. TASSÉ.—I would like, Mr. Langelier, to put you a question now that the case is over: Has this Committee given you every chance to bring your witnesses and to make good your charges?

Mr. LANGELIER.—Yes; I have never complained that they did not. As I stated, I did not conduct an investigation, I only watched the proceedings most of the time, but every witness that I have asked to be summoned has been summoned.

Hon. Mr. TASSÉ.—Then you are perfectly satisfied.

Mr. LANGELIER.—Certainly; I have never complained, neither here nor elsewhere.

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THE SENATE OF CANADA.

SELECT COMMITTEE

ON

RAILWAYS, TELEGRAPHS AND HARBOURS

IN RE

The Bill intituled "An Act respecting the Baie des Chaleurs Railway Company."

LIST OF EXHIBITS.

1891.



OTTAWA:
PRINTED BY BROWN CHAMBERLIN, PRINTER TO THE QUEEN'S MOST
EXCELLENT MAJESTY.

1891.

THE SENATE OF CANADA

SELECT COMMITTEE

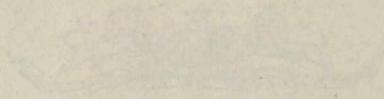
RAILWAYS, TELEGRAPHS AND HARBOURS

1872

For the purpose of the report on the railways, telegraphs and harbours

OF THE SENATE

1872



PRINTED BY HENRY BRADY, STATIONER AND PRINTER, 100, QUEEN STREET, WEST, TORONTO.

1872

1891.

THE SENATE OF CANADA.

SELECT COMMITTEE

ON

RAILWAYS, TELEGRAPHS AND HARBOURS.

IN RE

The Bill intituled "An Act respecting the Baie des Chaleurs Railway Company."

LIST OF EXHIBITS PRODUCED BEFORE THE COMMITTEE.

No.	Produced by.	Date when Produced.	Date of Document.	Subject.
1	Counsel for Opposants...	Aug. 7, 1891	June —, 1891	Memo. for Hon. Mr. Abbott as to the Baie des Chaleurs Railway Company and its financial position.
2	do ..	do 7, 1891	Aug. 6, 1891	Letter from Law Clerk of Senate to Charles N. Armstrong, by order of Committee, requesting him to appear before them on Friday, 7th August, 1891.
3	C. N. Armstrong.....	do 12, 1891	June 9, 1886	Contract between Charles Newhouse Armstrong and the Baie des Chaleurs Railway Company, for the construction and equipment of the railway from Metapedia to Paspebiac.
4	do	do 12, 1891	do 8, 1888	Contract between Charles Newhouse Armstrong, contractor, and Henry Macfarlane, sub-contractor, for construction, &c., of certain portions of the Baie des Chaleurs Railway, and ratification thereof by Théodore Robitaille, President of the Company, with joint and several obligation of the Company with the contractor to the sub-contractor, and
			do 16, 1888	Extract from Minutes of a meeting of Board of Directors of the Baie des Chaleurs Railway Company, at Quebec, 28th May, 1888, authorizing the President to execute a contract, on the terms of the draft of agreement annexed, for construction of the railway from Metapedia to Paspebiac.
5	C. N. Armstrong	Aug. 12, 1891	Apr. 22, 1891	Statement of Account between the Baie des Chaleurs Railway Company and C. N. Armstrong with certificate of balance due C. N. Armstrong, \$298,943.6

LIST OF EXHIBITS PRODUCED BEFORE THE COMMITTEE—Continued.

No.	Produced by	Date when Produced.	Date of Document.	Subject.
			Apr. 28, 1891	Endorsed on face with receipt from J. C. Langelier, Deputy Provincial Registrar, of \$175,000 by C. N. Armstrong in full settlement of this account.
6	Counsel for Opposants...	Aug. 12, 1891	Aug. 10, 1891	Copy of telegram from Hon. A. Vidal, Chairman Senate Railway Committee, to C. N. Armstrong, Inch Arran House, Dalhousie, N.B., requiring his presence to testify on Wednesday, 12th August, 1891.
7	A. P. Bradley, Secretary of Dept. of Railways and Canals.	do 13, 1891	Nov. 7, 1885	Certified copy of agreement between the Queen and the Baie des Chaleurs Railway Company, for payment of a subsidy (Dominion) of \$300,000 for 20 miles of railway from Metapediac eastwards. No. 7,879.
	do	.... Aug. 13, 1891	Nov. 7, 1885	Certified copy of agreement between the Baie des Chaleurs Railway Co. and The Queen for payment of a subsidy (Dominion) of \$3,200 a mile for 80 miles from a point 20 miles east of Metapediac to Paspebiac, and further agreement to request authority from Parliament to pay the \$3,200 a mile, voted in 1883, for the first 20 miles east of Metapediac, upon the first 20 miles of said 80 miles, so as to make \$64,000 a mile on that section of the 80 miles.
9	d	.... do 13, 1891	June 2, 1888	Certified copy of provisional agreement between The Queen and the Baie des Chaleurs Railway Company, for application of \$96,000 subsidy (Dominion) under 46 V., c. 25 (1883), to the section between the 40th and 70th miles between Metapediac and Paspebiac in lieu of the last 30 miles.
10		.... do 13, 1891	Aug. 12, 1891	Brief history of the Baie des Chaleurs Railway.
11	do	.... do 13, 1891	....	Statement of payments made to Baie des Chaleurs Railway Company on account subsidy (Dominion) September 28th, 1886, to October 21st, 1889. Amount, \$524,175.
1	do	.... do 13, 1891	....	Statement of amounts of subsidies (Dominion) unearned and unpaid.
1	Auguste Gaboury, President of La Banque Nationale, Quebec.	do 13, 1891	Report Apl. 21, 1891 Approved Apl. 23, 1891 Apl. 17, 1891	Certified copy of Order in Council (No. 237), Province of Quebec, respecting the Baie des Chaleurs Railway Company, setting forth and approving:— Letter from A. M. Thom to Hon. P. Garneau, Commissioner of Public Works and Premier <i>ad interim</i> , as to reorganization of company and proposition for payment of subsidies, completion of railway, and payment of claims.
14	do	.... do 13, 1891	Report Apl. 21, 1891 Approved Apl. 23, 1891	Certified copy of Order in Council, Province of Quebec, appointing J. C. Langelier, Deputy Registrar of the Province of Quebec, Commissioner for the payment of claims against the Baie des Chaleurs Railway Company.
15	do	.... do 13, 1891	Aug. 11, 1891	Certified copy of account of J. C. Langelier, Commissioner, with La Banque Nationale from April 28th to July 13th, 1891.
15a	do	.... do 13, 1891	Apl. 28, 1891	Cheque on La Banque Nationale signed by J. C. Langelier, Commissioner, payable to C. N. Armstrong or order, for \$31,750.
15b	do	.... do 13, 1891	do 28, 1891	Cheque do do \$24,000.
15c	do	.... do 13, 1891	do 28, 1891	Cheque do do \$16,000.
15d	do	.... do 13, 1891	do 29, 1891	Cheque do do \$111.64.
15e	do	.... do 13, 1891	Jul. 13, 1891	Cheque on La Banque Nationale payable to James Cooper, Esq., or order, for \$2,200.

LIST OF EXHIBITS PRODUCED BEFORE THE COMMITTEE—Continued.

No.	Produced by	Date when Produced.	Date of Document.	Subject.
16	Auguste Gaboury, President of La Banque Nationale.	Aug. 13, 1891	.....	Memo. as to proceeds of letter of credit, 28th April, 1891, for \$75,000 to J. C. Langelier. Discounted at 8 per cent., \$74,111.64.
17	do	do 13, 1891	Apl. 30, 1891	Letter from H. V. Machin, Assistant Treasurer, P. Q., to the cashier of La Banque Nationale, Québec, enclosing copies of Orders in Council referred to in letter of Acting Premier authorizing advance of \$75,000 to J. C. Langelier, Commissioner.
18	do	do 13, 1891	Aug. 12, 1891	Extract from minutes of meeting of Directors of La Banque Nationale on 30th April, 1891, authorizing loan of \$75,000 to J. C. Langelier, on security of letter of credit.
19	do	do 13, 1891	do 11, 1891	Certified copy of account of Ernest Pacaud with La Banque Nationale, from 15th May to 6th July, 1891, \$19,732.60.
20	do	do 13, 1891	do 7, 1891	Letter from Ernest Pacaud to the Cashier of La Banque Nationale, requesting that all his cheques up to date be delivered to the bearer Mr. Auguste Edge. Receipt for 24 cheques by Auguste Edge. And memo. signed "A. E." that these cheques were drawn by Mr. Pacaud on La Banque Nationale.
21	do	do 13, 1891	do 11, 1891	Certified memo. of proceeds of discount of note of Ernest Pacaud in favour of P. Vallière, 15th July, 1891, for \$20,000. Discounted at 8 per cent., \$19,732.60.
22	P. B. Dumoulin, Manager of La Banque du Peuple, Quebec.	do 14, 1891	do 6, 1891	Certified copy of acknowledgment by Ernest Pacaud that the balance to his credit this day is \$1,237.13 and that the cheques have been returned to him this day.
23	do	do 14, 1891	.....	Certified copy of account of Mr. Ernest Pacaud with La Banque du Peuple, Québec, from 6th May to 3rd June, 1891, \$25,555.34. Balance at credit of Pacaud, \$360.58.
24	do	do 14, 1891	.....	Certified extract from Discount Book of La Banque du Peuple, on 6th May, 1891, showing proceeds of note for \$20,000, made by Ernest Pacaud, endorsed by P. Vallière and Ernest Pacaud, due 18th July, 1891, \$19,720.
25	do	do 14, 1891	.....	Certified extract from register of Bills Receivable, La Banque du Peuple, 6th May to 3rd June, 1891, showing notes made by A. F. Carrier, Jas. Carrel, J. G. M. Deschène and J. I. Tarte, and endorsed by Ernest Pacaud. Tarte's note also endorsed by Frs. Langelier.
26	do	do 14, 1891	May 6, 1891	Certified extract from letter from P. B. Dumoulin, Manager of La Banque du Peuple, Quebec, to J. S. Bousquet, Cashier, respecting Mr. Phillippe Vallière's note for \$20,000 to the order of Ernest Pacaud, discounted this day; the Government security which Mr. Vallière has deposited; and the application of proceeds by Mr. Pacaud to meet various liabilities.
27	do	Aug. 14, 1891	May 6, 1891	Certified copy of letter from which Exhibit No. 26 is an extract. Giving in addition the reasons why Mr. Dumoulin at first refused the discount, but was promised by Hon. Charles Langelier, who accompanied Mr. Vallière, a deposit of \$50,000.
28a	E. E. Webb, Cashier of The Union Bank of Canada, Quebec.	do	Apr. 29, 1891	Cheque on Union Bank of Canada drawn by J. C. Langelier, Commissioner, in favour of C. N. Armstrong or order for \$20,000. Endorsed by C. N. Armstrong and P. Vallière.

LIST OF EXHIBITS PRODUCED BEFORE THE COMMITTEE— *Continued.*

No.	Produced by	Date when Produced.	Date of Document.	Subject.
28b	E. E. Webb, Cashier of The Union Bank of Canada.	Aug. 14, 1891	Apr. 29, 1891	Cheque on Union Bank of Canada drawn by J. C. Langelier, Commissioner, in favour of C. N. Armstrong or order for \$20,000. Endorsed by C. N. Armstrong, P. Vallière and La Banque Nationale, Quebec.
28c	do	do	do	do do do for \$20,000. Endorsed by C. N. Armstrong only.
28d	do	do	do	do do do for \$20,000. Endorsed by C. N. Armstrong only.
28e	do	do	do	do do do for \$20,000. Endorsed by C. N. Armstrong only.
29	do	do	do	Copy of letter from E. Webb, Cashier Union Bank of Canada, to H. T. Machin, Esq., Assistant Treasurer of Quebec, asking for copy of Order in Council authorizing advance of \$100,000 to J. C. Langelier, Commissioner.
30	do	do	Apr. 30, 1891	Copy of letter of H. T. Machin, in reply to foregoing, enclosing Orders in Council asked for.
31	do	do	May 6, 1891	Copy of letter from E. E. Webb to P. Vallière, Quebec, advising him that the Union Bank of Canada will pay the cheque of J. C. Langelier, Commissioner, for \$20,000, in favour of C. N. Armstrong, endorsed by Vallière, when the amount mentioned in letter of 28th April of Honourable Mr. Garneau, Acting Provincial Treasurer and Acting Prime Minister is paid and placed to Langelier's credit at the bank.
32	do	do	May 16, 1891	Copy of letter from E. E. Webb to J. S. Bousquet, to the same effect as respects cheque No. 5 (Exhibit No. 28c.)
33	do	do	do	Copy of letter from E. E. Webb to J. C. Langelier, advising him that the Union Bank of Canada holds the letter of 28th April of Hon. Mr. Garneau on collection on Langelier's account.
34	do	do	July 9, 1891	Copy of account of J. C. Langelier, Commissioner, with Union Bank of Canada, 9th July, 1891. Showing letter of credit deposited \$100,000 and five cheques of \$20,000 each drawn.
35	do	do	do	Copy of account of Ernest Pacaud with Union Bank from 6th July, 1891, to 12th August, 1891, \$61,594. Balance to debit of Pacaud \$35.
36	do	Aug. 19, 1891	do	Copy of confirmation of statement of account in Union Bank of Canada to last day of July, 1891, and receipt for 93 cheques by Ernest Pacaud.
37	do	do	do	Copy of account of Ernest Pacaud in Savings Department of Union Bank of Canada, 18th June to 10th August, 1891, \$25,000.20.
38	do	do	Aug. 17, 1891	Copy of account of Ernest Pacaud with Union Bank of Canada, from 30th April to 13th August, 1891, \$76,922.95, showing balance at credit of Pacaud, \$465.
39	P. B. Dumoulin, Manager of La Banque du Peuple.	do	May 8, 1891	Certified copy of deposit slip La Banque du Peuple, showing deposit by La Banque Nationale of \$14,607.34.
40	P. G. LaFrance, Cashier of La Banque Nationale	do	do	Credit Slip, La Banque Nationale, showing past due note E. Pacaud, \$5,000.
41	do	do	May 1, 1891	Notarial copy of protest by Cy. Tessier, N.P., of note at two months for \$5,000, dated Quebec, 28th February, 1891, made by Ernest Pacaud and payable to the order of the Hon. Honoré Mercier. Endorsed by Honoré Mercier, F. Langelier, Chas. Langelier, C. A. P. Pelletier and Ernest Pacaud.

LIST OF EXHIBITS PRODUCED BEFORE THE COMMITTEE—Continued.

No.	Produced by	Date when Produced.	Date of Document.	Subject.
42	P. B. Dumoulin, Manager of La Banque du Peuple.	Aug. 19, 1891	July 11, 1891	Deposit slip La Banque du Peuple, showing deposit \$3,000 to credit of Chas. Langelier.
43	E. E. Webb, Manager of Union Bank of Canada	do ..	July 13, 1891	Copy of deposit slip Union Bank of Canada, showing deposit \$2,690.
44	P. G. Lafrance, Cashier of La Banque Nationale	do ..	May 15, 1891	Requisition on La Banque Nationale for a Bill of Exchange on Paris in favour of the Hon. Honoré Mercier for \$5,000 = 25,500 francs, drawn by "E. Pacaud per P. L."
45	Louis Cyrille Marcoux, Secretary-Treasurer of La Caisse d'Économie, Québec.	Aug. 20, 1891	Aug. 19, 1891	Certified extract from cash book of La Caisse d'Économie de Notre Dame de Québec, showing account of L. P. Sirois, 16th May to 30th May, 1891, \$8,000; also extract from ledger No. 24, same dates, same amount.
46	do	do ..	do ..	Certified copy of deposit slip La Caisse d'Économie de Notre Dame de Québec, 16th May, 1891, \$8,000 to credit of L. P. Sirois.
47	do	do ..	do ..	Certified copy of deposit slip La Banque Nationale, 16th May, 1891, \$9,300, to credit of La Caisse d'Économie de Notre Dame de Québec.
48	do	do ..	do ..	Certified copy of deposit slip La Banque du Peuple, 18th May, 1891, showing deposit of cheque for \$7,000 to credit of La Banque Nationale.
49	do	do ..	May 26, 1891	Certified copy of cheque on La Caisse d'Économie de Notre Dame de Québec, drawn by L. P. Sirois in favour of Dame Mary Jane D. Fry or her order.
50	P. G. Lafrance, Cashier of La Banque Nationale.	do ..	Aug. 12, 1891	Copy of account of A. Mc. Thom with La Banque Nationale, from 29th April to 30th May, 1891, \$31,750.
50a	do	do ..	Apl. 29, 1891	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to bearer, \$408; endorsed, "C. M. Armstrong and J. Demers."
50b	do	do ..	do ..	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to bearer, \$4,275; endorsed, "paid to L. A. Robitaille."
50c	do	do ..	do ..	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to bearer, \$250; endorsed, "paid to Mr. L. A. Robitaille."
50d	do	do ..	do ..	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to bearer, \$350; no endorsement.
50e	do	do ..	do ..	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to bearer, \$1,000; stamped on back, "the property of the Bank of British North America."
50f	do	do ..	May 1, 1891	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to C. N. Armstrong, Esq., or order, \$600; endorsed by "C. N. Armstrong," and stamped "for collection on account of the Bank of Toronto, Montreal, J. Murray Smith, Manager."
50g	do	do ..	do ..	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to Jas. Cooper or bearer, \$1,000; endorsed "James Cooper," and stamped "for collection on account of the Bank of Toronto, Montreal, J. Murray Smith, Manager."
50h	do	do ..	May 4, 1891	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to James Cooper or order, \$1,500; endorsed and stamped same as 50g.
50i	do	do ..	May 1, 1891	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to C. N. Armstrong, Esq., or order, \$2,280; endorsed and stamped same as 50f.

LIST OF EXHIBITS PRODUCED BEFORE THE COMMITTEE—Continued.

No.	Produced by	Date when Produced.	Date of Document.	Subject.
50j	P. G. Lafrance, Cashier of La Banque Nationale.	Aug. 20, 1891	May 7, 1891	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to C. N. Armstrong or order, \$6,500; endorsed, "C. N. Armstrong, James Cooper," and stamped "for collection on account of the Bank of Toronto, Montreal, J. Murray Smith, Manager."
50k	do	do	May 9, 1891	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to C. N. Armstrong, Esq., or order, \$500; endorsed, "C. N. Armstrong," and stamped same as 50j.
50l	do	do	May 12, 1891	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to Bank of Toronto or bearer, \$400.77; and stamped on back "for collection on account of the Bank of Toronto, Montreal, J. Murray Smith, Manager."
50m	do	do	May 14, 1891	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to James Cooper or bearer, \$3,000; endorsed "pay to the order of L. J. Riopel," and stamped "for deposit to credit of Bank of Montreal, Quebec, J. Macara Manager."
50n	do	do	do	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to James Cooper or order, \$300; endorsed "pay C. N. Armstrong or order, James Cooper, C. N. Armstrong," and stamped "for collection on account of the Bank of Toronto, Montreal, J. Murray Smith, Manager."
50o	do	do	May 12, 1891	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to Count de Louvières or order, \$30; endorsed, "Louvières, F. Lagacé," and stamped "For credit of Union Bank of Canada, Savings Bank Branch, Quebec, for deposit to credit of Union Bank of Canada, Quebec, No. 2, J. G. Billett, Manager."
50p	do	do	May 14, 1891	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to James Cooper or order, \$200, account note Baie des Chaleurs Railway Co.; endorsed, "Pay to the order of C. N. Armstrong, James Cooper, C. N. Armstrong, Arch. Campbell," and stamped "Pay Merchants' Bank of Canada or order, for the credit of Merchants' Bank of Canada, Quebec, J. C. More, Manager."
50q	do	do	May 15, 1891	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to James Cooper or order, \$91.10; endorsed, "Pay to order of the Union Mutual Life Insurance Co., James Cooper, Union Mutual Life Insurance Co., per J. C. de Salaberry, Cashier," and stamped "For deposit in Bank of Montreal, of Montreal, Canada, to credit of Union Mutual Life Insurance Co., Portland, Maine; for collection and credit of Bank of Montreal, H. V. Meredith, Manager; for deposit to credit of Bank of Montreal, Quebec, J. Macara, Manager."
50r	Counsel for Opposants...	do	May, 27 1891	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to bearer, \$600. No endorsement.
50s	do	do	May 26, 1891	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to James Cooper or order, \$751; endorsed, "James Cooper;" stamped "For collection on account of the Bank of Toronto, Montreal, J. Murray Smith, Manager."

LIST OF EXHIBITS PRODUCED BEFORE THE COMMITTEE—Continued

No.	Produced by	Date when Produced.	Date of Document.	Subject.
50t	Counsel for Opposants. . .	Aug. 20, 1891	May 29, 1891	Cheque drawn by A. Mc. Thom on La Banque Nationale, payable to James Cooper or order, \$7,714; endorsed, "James Cooper," and stamped "For collection on account of the Bank of Toronto, Montreal, J. Murray Smith, Manager."
51	do	do	Aug. 9, 1891	Cheque drawn by Ernest Pacaud on the Union Bank of Canada, payable to Henry Harris, Esq., or order, \$280; certified and paid, 12th Aug., 1891; endorsed, "Henry Harris," "R. M. Stocking per Henry Harris," and stamped "For deposit to credit of Bank of Montreal, Quebec, J. Macara, Manager."
52	do	Aug. 21, 1891	Aug. 20, 1891	Certified statement from the books of the Union Bank of Canada as to details of promissory notes referred to in evidence of E. Webb Cashier of the Union Bank of Canada.
53	do	do	Aug. 7, 1889	Copy of letter from A. P. Bradley, Secretary of Department of Railways and Canals, Ottawa, to J. M. Courtney, Minister of Finance, enclosing 83 bonds of the Baie des Chaleurs Railway Co. for £500 stg. each, received as security for completion of the railway from 70th to 100th mile.
54	do	do	June 14, 1888	Notarial copy of transfer by the Baie des Chaleurs Railway Co. to the Manager of the Ontario Bank, Montreal, in trust of \$70,000 payable by the Province of Quebec on completion of railway from 40th to 60th mile, in lieu or conversion of the land subsidy granted by 45 Vict., chap. 23, Quebec Statutes; and intervention and consent of C. N. Armstrong Contractor.
55	do	do	do	Notarial copy of signification of preceding to the Treasurer of the Province of Quebec.
56	do	do	Dec. 13, 1889	Copy of letter from H. V. Machin, Assistant Treasurer of the Province of Quebec, to the Manager of the Ontario Bank, Montreal, acknowledging the latter's letter of 3rd Dec., 1889, protesting against subsidies transferred to the bank being applied by the Government to payment of claims for work done &c., and replying thereto.
57	do	do	do	Extracts from general Report of the Commissioner of Public Works of the Province of Quebec, 1889.
58	do	do	do	Extracts from general Report of the Commissioner of Public Works of the Province of Quebec, 1890.
59	do	do	do	Extracts from Return (No. 90a) to an Address of the Legislative Assembly, dated 30th Jan., 1890, for the special report of Mr. Charles Langelier, Commissioner, dated this day, respecting Section K of the Baie des Chaleurs Railway Co.; and the list of workmen, with the amounts due to each of them.
60	do	do	do	Memorandum of legislation of Legislature of the Province of Quebec affecting the Baie des Chaleurs Railway Co.
	do	do	do	Extracts from speeches in the Legislative Assembly, Quebec, by the Honourable Honoré Mercier, on the subject of the Baie des Chaleurs Railway Co.

LIST OF EXHIBITS PRODUCED BEFORE THE COMMITTEE—Continued.

No.	Produced by	Date when Produced.	Date of Document.	Subject.
62	Counsel for Opposants...	Aug. 25, 1891	June 27, 1890	Letters from J. C. Langelier to Manager of the Ontario Bank, Toronto, informing latter that the former was appointed to pay privileged claims on the 60 miles of the Baie des Chaleurs Railway, covered by sub-contract of Henry Macfarlane, out of \$28,546 of subsidy remaining due; that he has paid all privileged claims proved and acknowledged; and that all proved claims for wages have been paid, except \$2,150.07, which will be paid on fulfilment of formalities.
63	J. C. Langelier	do ..	April 28, 1891	Statement of account Baie des Chaleurs Railway Company and C. N. Armstrong, with certificate of balance due C. N. Armstrong, \$298,943.62; and receipt by C. N. Armstrong from J. C. Langelier of \$175,000 (similar to Exhibit No. 5).
63a	do	do ..	do ..	Discharge and quittance by C. N. Armstrong of Baie des Chaleurs Railway Co. of all claims, and cancellation of contract of 9th June, 1886, for construction of railway; authorization to Company to take possession of works, materials and rolling stock, and transfer of all claims against Henry Macfarlane or the insolvent estate of Henry Macfarlane & Son.
64	Counsel for Opposants...	do ..	Oct. 12, 1889	Letter from A. Simpson, Manager of the Ontario Bank, Ottawa, to the Minister of Railways and Canals, Ottawa, saying that if \$54,000 of Dominion subsidy due the Baie des Chaleurs Railway Company is paid to the bank, the bank undertakes to see that \$13,000 due for wages to Macfarlane's men are paid.
	do	do ..	do ..	Statement showing proceeds of discount of letter of credit for \$75,000 in favour of J. C. Langelier, and the disposal thereof according to the evidence produced.
65b	do	do ..	do ..	Statement showing proceeds of note for \$20,000, endorsed by P. Vallière, and the disposal thereof according to the evidence produced.
65c	do	do ..	.....	Statement showing proceeds of E. Pacaud's note for \$20,000, endorsed by P. Vallière, and the disposal thereof according to the evidence.
65d	do	do ..	.....	Statement showing payments by E. Pacaud from proceeds of three cheques for \$20,000 each, drawn by J. C. Langelier, Commissioner, on the Union Bank, payable to C. N. Armstrong.
65e	do	do ..	.....	Recapitulation of foregoing statements, Exhibits 65a, 65b, 65c, 65d.
66	J. C. Langelier	Aug. 27, 1891	Aug. 27, 1891	Statement of disbursements <i>re</i> balance of Quebec subsidy applicable to miles 40 to 60 of the Baie des Chaleurs Railway from 28th November, 1889, to 31st October, 1890, \$28,545.
	.....	do ..	Apr. 24, 1891	Letter from A. McThom to J. C. Langelier stating that the former refuses to certify the account of C. N. Armstrong against the Baie des Chaleurs Railway Company for more than \$175,000, and only on express condition of Armstrong's cancellation of contract and discharge of all claims against the railway.

LIST OF EXHIBITS PRODUCED BEFORE THE COMMITTEE—*Continued.*

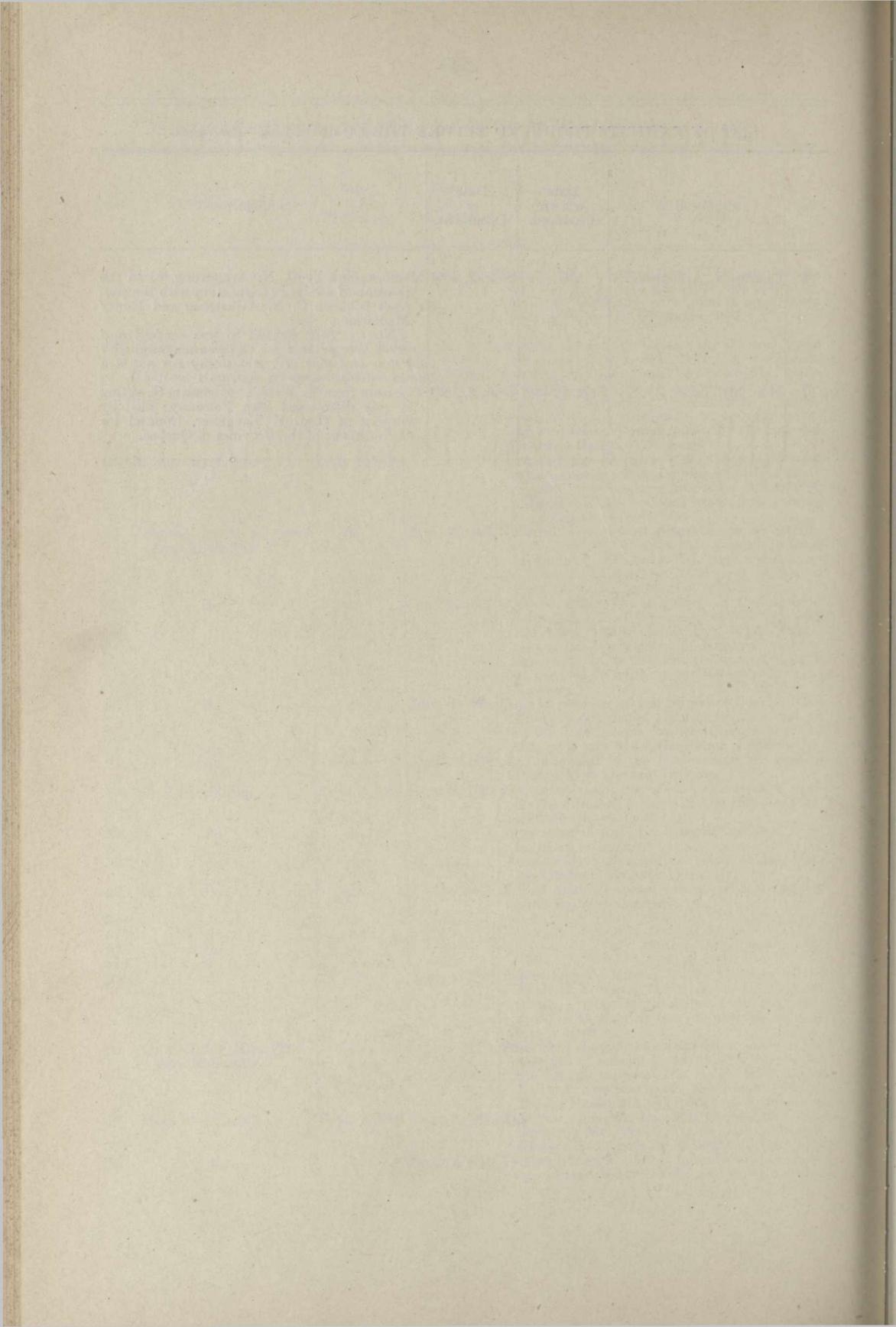
No.	Produced by	Date when Produced.	Date of Document.	Subject.
68	Counsel for the Government of the Province of Quebec.	Aug. 25, 1891 and again Aug. 28, 1891.	Jan. 27, 1891	Document purporting to be an affidavit by George A. Taylor, before J. C. Langelier, J. P., as to transfer by C. N. Armstrong and the Baie des Chaleurs Railway Co. to McDonald, O'Brien & Company, of \$300,000 Dominion subsidies and \$70,000 Quebec subsidies as security payment of \$252,000 to said firm for building 20 miles of railway, and re-transfer of the balance of said subsidies to the railway company. Also as to deposit of \$10,000 by said firm as guarantee.
69	do	Aug. 28, 1891	June 30, 1891	Notarial copy of Indenture between the Baie des Chaleurs Railway Company, C. N. Armstrong, McDonald, O'Brien & Co., Roderick L. McDonald and George B. Burland, constituting George B. Burland trustee to receive subsidies and make payments out of subsidies.
70	do	do	June 9, 1886	Notarial copy of agreement between C. N. Armstrong and McDonald, O'Brien & Co., as to \$10,000 deposited by the latter as security for their sub-contract.
71	do	do	Feb. 10, 1887	Telegram from Hon. Théodore Robitaille to McDonald, O'Brien & Co., Ottawa, <i>re</i> payment of trustee.
72	Counsel for Hon. Théodore Robitaille.	do	Dec. 16, 1886	Letter from Hon. Théodore Robitaille, President Baie des Chaleurs Railway Company, to McDonald, O'Brien & Co., Metapedia, notifying them to comply with agreement and request G. B. Burland to re-transfer remaining portion of the subsidies in his hands.
73	do	do	Dec. 2, 1886	Notarial copy of protest by W. de M. Marler, N.P., at the instance of the Baie des Chaleurs Railway Company, against McDonald, O'Brien & Co., requiring them to consent to re-transfer by George B. Burland of subsidies, after deducting \$331,395.62 therefrom.
74	do	do	Feb. 12, 1887	Certificate of A. L. Light, Chief Engineer Baie des Chaleurs Railway Company, as to non-completion of the works contracted for by McDonald, O'Brien & Co.
75	do	do	Dec. 21, 1886	Copy of protest by McDonald, O'Brien & Co. against the Baie des Chaleurs Railway Company <i>re</i> A. L. Light's estimate, &c.
76	do	do	Dec. 24, 1886	Notarial copy of protest by the Baie des Chaleurs Railway Company against George B. Burland, requiring him to re-transfer balance of subsidies.
77	do	do	Feb. 7, 1887	Legal opinion of Jos. G. Bosse, Esquire, Q. C., as to re-transfer of subsidies and \$40,000 cheque deposited in the Quebec Bank.
78	do	do	Feb. 12, 1887	Telegram from Hon. Théodore Robitaille to C. N. Armstrong, saying amount in bank will be placed to credit of trustee.
79	do	do	Feb. 14, 1887	Notarial copy of protest by C. N. Armstrong against George B. Burland, requiring him not to part with \$38,604.38 out of moneys received from the Baie des Chaleurs Railway Company, that amount being due to Armstrong.
80	do	do	Mar. 26, 1887	Notarial copy of submission to arbitration, by C. N. Armstrong and McDonald, O'Brien & Co., of the settlement of the value of the work done by the latter on the Baie des Chaleurs Railway.
81	do	do	April 4, 1887	Award of arbitrators under foregoing deed of arbitration. Amount of work done by McDonald, O'Brien & Co., \$251,510.

LIST OF EXHIBITS PRODUCED BEFORE THE COMMITTEE—*Continued.*

No.	Produced by	Date when Produced.	Date of Document.	Subject.
82	G. B. Burland.....	do ..	.....	Extract from ledger of Geo. B. Burland, showing the account of the Baie des Chaleurs Railway Company with him, in trust, from July, 1886, to 31st December, 1887.
83	George A. Taylor	Aug. 31, 1891 .....	.....	Original memo. by George A. Taylor, upon which his affidavit, Exhibit No. 68, was based.
84	Counsel for the Hon. Théodore Robitaille.	do ..	Aug. 25, 1891	Shorthand writer's notes of statements made by Counsel for the Government of the Province of Quebec, on Tuesday, 25th August, 1891, as to the embezzlement or misapplication of certain sums of money by the Baie des Chaleurs Railway Company.
85	Henry Macfarlane	Sept. 1, 1891 .....	.....	Memorandum of Henry Macfarlane, showing subsidies assigned and applicable to payment of work performed by him upon the first 60 miles of the Baie des Chaleurs Railway, which he contracted to complete.
86	Counsel for Hon. Théodore Robitaille.	do ..	April 12, 1887	Notarial copy of deed of agreement and settlement between Charles N. Armstrong and McDonald, O'Brien & Co., and transfer by George B. Burland to J. Murray Smith, in trust, of certain portions of subsidies, &c.
87	do	do ..	Jan. 28, 1887	Copy of letter No. 42307, from Collingwood Schreiber, Chief Engineer of Government Railways, Ottawa, to A. P. Bradley, Secretary of the Department of Railways and Canals, Ottawa, as to estimates of cost of work on the first 20 miles of the Baie des Chaleurs Railway.
88	do	do ..	June 4, 1891	Copy of petition of the Superior Court of the Province of Quebec, District of Montreal, <i>in re</i> Baie des Chaleurs Railway Company, plaintiff, <i>vs.</i> Henry Macfarlane <i>et al.</i> , defendants;
89	do	do ..	June 27, 1891	And judgment of the Honourable Mr. Justice Pagnuelo on the said petition.
89a	C. N. Armstrong.....	Sept. 2, 1891	Sept. 2, 1891	Estimated quantities of various classes of work on the different sections of the Baie des Chaleurs Railway.
89b	do	do ..	do ..	Percentage of cost of each section of line. Preliminary estimates.
89c	do	do ..	do ..	Memorandum of subsidies voted to the Baie des Chaleurs Railway Company.
90	do	do ..	do ..	Bill of quantities and prices. Baie des Chaleurs Railway Company.
91a	do	do ..	do ..	do do 60th to 70th mile.
91b	do	do ..	do ..	do do 70th to 80th do
91c	do	do ..	do ..	do do 80th to 90th do
91d	do	do ..	do ..	do do 90th to 100th do
92	do	do ..	Sept. 1, 1891	Letter from J. Murray Smith, Manager of the Bank of Toronto, Montreal, to C. N. Armstrong, giving dates and amounts of payments made by the former out of subsidies held by him in trust.
93	Counsel for Hon. Théodore Robitaille.	do ..	.....	Statement showing the disposition made of the \$118,000 of subsidies, payable in respect of the first 20 miles of the Baie des Chaleurs Railway, over and above the amount due to Messrs. McDonald & O'Brien, sub contractors.
94	Hon. Mr. Tassé.....	Sept. 3, 1891	Sept. 3, 1891	Telegram from Mr. Barwick, Counsel for Opponents, to Mr. Webb, Union Bank, Quebec, asking date of note for \$5,000, paid 1st May.
95	do	do ..	Sept. 2, 1891	Telegram from E. Webb, in reply to above, saying note is dated 28th February, at two months.

LIST OF EXHIBITS PRODUCED BEFORE THE COMMITTEE—*Continued.*

No.	Produced by	Date when Produced.	Date of Document.	Subject.
96	Charles N. Armstrong...	do ..	Sept. 3, 1891	Memorandum by C. N. Armstrong, as to the position of affairs in connection with the contract between C. N. Armstrong and Henry Macfarlane. <i>(NOTE.—This Exhibit 96 was received and ordered to be printed for information only, with the statement that Mr. Armstrong has not been cross-examined upon its contents.)</i>
97	Hon. Mr. Tassé.....	Sept. 3, 1891	Sept. 3, 1891	Telegram from E. Webb as to same note, saying it was discounted 28th February; filed by consent of Hon. F. Langelier, Counsel for Government of the Province of Quebec.



THE SENATE OF CANADA.

SELECT COMMITTEE

ON

RAILWAYS, TELEGRAPHS AND HARBOURS.

IN RE THE BILL INTITULED

“AN ACT RESPECTING THE BAIE DES CHALEURS RAILWAY COMPANY.”

EXHIBITS.

1891.



OTTAWA:

PRINTED BY BROWN CHAMBERLIN, PRINTER TO THE QUEEN'S MOST
EXCELLENT MAJESTY.

1891.

EXHIBIT NO. 1.

BAIE DES CHALEURS RAILWAY COMPANY.

Memo. for Hon. Mr. Abbott.

Directors:—James Cooper, Prest; James P. Dawes, Vice-Prest; A. M. Thom, Sec'y-Treas; Alexander Ewan, James Williamson, Wm. Cassils and M. S. Lonergan.

The total issue of capital stock, of which 10 per cent. is paid up, is six thousand (6000) shares of \$50 each.

Of this the Directors hold five thousand three hundred and fifty (5,350) shares.

The new proprietors came into office 6th May, 1891, and they have undertaken with Quebec Government to complete 40 miles (finishing 100 miles from Metapedia to Paspebiac) by 31st December, 1892.

The sixty miles already nearly constructed must be also finished and put in first rate order. This includes serious repairs and the erection of two considerable and other smaller steel bridges.

The Company will do this at once, and are awaiting a judgment (in chambers) in the McFarlane case, to proceed.

They have also contracted with M. J. Hogan, a reputable contractor, to build 20 miles from miles 60 to 80 this summer, and expect to close all arrangements to that end this week.

To finish the first 60 miles will cost \$50,000. Against this there is balance Federal subsidy, \$31,000.

The Company has for the 40 miles from Cascapedia to Paspebiac from Quebec Government \$7,000 per mile, less \$20,000, already expended \$260,000.

From Federal Government on section "K," miles 60 to 70, \$64,000.

From Quebec Government, special subsidy on Grand Cascapedia bridge, \$50,000.

Quebec Subsidy Act of last session devotes 800,000 acres to payment of debts, labour claims, &c.

This has been converted at 35 per cent., equalling \$280,000.

At present all claims in those counties for labour, and all privileged debts of Est. McFarlane, are being paid out of this.

When judgment in suit of McFarlane is rendered, it will be paid out of this also, and should there be a balance left it will be accounted for to us at completion of 100 miles.

The bonds of the Company are yet unsold.

EXHIBIT No. 2.

(Copy.)

OTTAWA, 6th August, 1891.

SIR,—By order of the Select Committee of the Senate on Railways, Telegraphs and Harbours, I am instructed to request that you will be present at the meeting of the said Committee to be held to-morrow the seventh of August instant, in Room No. 8 of the Senate, at ten o'clock in the forenoon, to give evidence as to any knowledge you may have as to any matters relating to the said Bill, and that you will produce before them any papers or documents in your possession relating to such matters.

I have the honour to be, Sir,
Your obedient servant,

J. G. AYLWIN CREIGHTON,

Law Clerk of the Senate.

C. N. ARMSTRONG, Esq.,
Russell House, Ottawa.

EXHIBIT No. 3.

On this ninth day of the month of June, in the year eighteen hundred and eighty-six.

Before me, William B. S. Reddy, the undersigned Notary Public duly admitted and sworn, residing and practising in the City of Montreal, in the District of Montreal, and Province of Quebec.

Appeared Charles Newhouse Armstrong, of the City of Montreal, railway contractor, hereinafter called "the contractor."

And the Baie des Chaleurs Railway Company, a body politic and corporate, having its chief office and place of business at Quebec, in the Province of Quebec, and herein acting and represented by the Honourable Théodore Robitaille, of the City of Quebec, the President thereof, and hereunto for all purposes of these presents duly authorized by a resolution of the Directors of the said Baie des Chaleurs Railway Company, passed at a meeting of said directors duly called, and held at the City of Quebec, on the twenty-fifth day of May last, a duly certified copy of which resolution is hereunto annexed and signed *ne varietur* by the parties hereto and by the undersigned notary, said Baie des Chaleurs Railway Company, hereinafter called "the company" of the second part.

Now, therefore, these presents witness that the contractor has contracted and hereby contracts and undertakes all the works necessary to construct, build, equip, and in every respect complete the Baie des Chaleurs Railway from Metapedia, in the Province of Quebec, to its terminus at Paspebiac, a distance of about one hundred miles, more or less, and which said works and said contract have been undertaken by said contractor, and let to him by said company upon the following terms, conditions, considerations and stipulations, to wit:—

The works hereby undertaken by said contractor are intended to include and shall include all works of construction and materials required and necessary in the making, building, equipping, and in every respect completing of said Baie des Chaleurs Railway from Metapedia aforesaid, and shall comprise all clearing, close cutting, grubbing, fencing, excavations, embankment, draining, ditching, foundation works, bridge and culvert masonry, crib work, bridge superstructure, cattle guards, diversions of the post road, road and farm crossings, permanent way and ballasting rails and track laying, water tanks, turn-tables, wood-sheds, passenger and freight stations of a suitable size at an average distance of about seven miles apart, such stations not to be inferior to those on the North Shore Railway, with sufficient siding accommodation, also an engine house with accommodation for three engines at each end of the line, also the necessary blacksmith and repair shops with necessary tools and appliances, as the engineer may deem suitable and proper for the ordinary repairs of rolling stock, also locomotive engines and rolling stock as the same are more fully described and set forth in the specifications hereunto annexed, and a telegraph line with single wire, with posts insulators and all necessary apparatus for telegraphing, together with all other works, whether temporary or permanent, which may be necessary for the entire completion of said road or railway, and in accordance with the specifications hereunto annexed and signed by the parties hereto *ne varietur* and specially referred to as forming part of these presents, said specifications being those provided by the Government of Canada, and forming part of the contract between the said Government and the company.

The said detailed specifications for the first twenty miles shall also apply to the next eighty miles of the line to Paspebiac as regards the manners of performing the work and the quality of the materials used.

The present contract has been made and entered into by the said contractors for and in consideration of the sum of twenty thousand dollars per mile payable as follows: The sum of six thousand four hundred dollars per mile, to be paid to the said contractor, by a transfer to him of the subsidies payable to the company by the Dominion Government, and also for and in consideration of the further sum of thirteen thousand six hundred dollars per mile, to be paid to him by the transfer

and delivery to him of first mortgage bonds of the said railway company, payable in twenty-five years, bearing interest at the rate of five per centum per annum, said bonds forming a portion of a first issue of fifteen thousand dollars per mile, which said first issue shall be secured by a first lien and mortgage on the land grant of the company and on the railway of the company and all its appurtenances and belongings.

Also for and in consideration of the payment and transfer of one-half interest in the franchises, rights and titles of the company, the same to be delivered to the contractor upon the completion of the line to Paspebiac, by the assignment and delivery to the said contractor of paid up shares in the capital stock of the company to an amount equal to the total number of shares then issued and held by the shareholders of the said company, which said shares shall also be fully paid up. The total subscribed stock of the company shall not exceed seven hundred and fifty thousand dollars at the time the said transfer of shares and payment is to be made to the contractor as above stipulated.

Should the Legislature of Quebec authorize the payment of cash or Government bonds or other securities in lieu and stead of lands granted to the company, the contractor shall be paid and receive the said cash, bonds or other securities in lieu of an equivalent amount of the above-mentioned bonds of the railway company, and the amount necessary to make up the said sum of thirteen thousand six hundred dollars per mile shall be paid by the company in cash or in first mortgage bonds of the company, as the company may select.

The land grant bonds to be issued by the company in conformity with the provisions of this contract shall be as nearly as possible of the same form and tenor, and subject to the same general conditions as the land grant bonds issued by the Canadian Pacific Railroad Company. It is distinctly understood that though the said bonds appear to bear interest payable semi-annually, yet no interest shall accrue and be payable until after the completion of the line to Paspebiac.

During the construction of the first forty miles of the line, monthly estimates will be furnished by the engineer of the company, and the contractor shall receive eighty-five per cent. of said estimates in cash as soon as such amount of cash shall be received from the Government of Canada or Quebec. The whole amount of cash to be so paid on the first forty miles shall not exceed an average of twelve thousand dollars per mile on the whole distance, nor shall a sum exceeding one hundred and fifty thousand dollars be paid on any one section of ten miles.

The balance of the contract price (less fifteen per cent. to be retained by the company as a guarantee for the completion of the whole line to Paspebiac) shall be paid to the contractor upon the completion of each ten miles, in bonds of the issues above referred to, or in cash, or in Government bonds or other securities, as the company may select.

During the construction of the line from the end of the first forty miles to the terminus at Paspebiac, the contractor shall be paid in cash sixty per cent. of the monthly estimates of the company's engineer; and upon the completion of each section of ten miles, and as soon as the subsidies from the Government of Canada and Quebec shall have been received for the said ten miles section, the contractor shall receive out of the said subsidies the balance of his contract price for the said section, less fifteen per cent. to be retained as a guarantee until the completion of the line to Paspebiac. All the said payments shall be made in a proportion of cash and debentures of the company as will be necessary to establish the payment of the whole of the price of this contract in the proportion of six thousand four hundred dollars in cash, and thirteen thousand six hundred dollars in debentures of the company for each mile, the same as provided by clause three of this contract. The remaining fifteen per cent., together with the fifteen per cent. previously retained on the first forty miles, shall be paid to the contractor upon the completion of the line to Paspebiac, to the satisfaction of the engineer of the company, and in accordance with the terms of this contract; but only after delivery by the said engineer to the said contractor of a certificate of acceptance of the said railway, in working order and in every respect completed under the terms and conditions of this contract

and after deducting all sums which may then be payable by the said contractor to the said company for damages or reimbursements under some or any of the stipulations of this contract.

The Company shall have the option at all times to pay in cash or Government bonds or other Government securities any amount which by the terms of this contract is stipulated payable in bonds of the Company.

The estimates made by the Engineer of the Company shall in all cases be based upon an average price of twenty thousand dollars per mile, and upon the comparative cost of the work on each section of ten miles for which the estimates are given.

The Company hereby agrees to transfer to a trustee to be mutually agreed upon within fifteen days from the date hereof the subsidies payable by the Governments of Canada and Quebec respectively, for the purpose of securing the due payment of the money that may become due, and payable to the contractor by the terms of this contract, and the said trustee will be authorized to pay the said contractor or his order out of the said subsidies each and every amount to which the contractor shall be entitled by the terms of this contract.

The Company shall loan to the contractor all plans, profiles, books of reference, and field books now in their possession, and they, together with all plans, profiles, books of reference, and generally all maps and other work done by the engineers in connection with the carrying out of this work shall, at its completion, be returned to the Company.

The contractor shall provide the funds necessary for the purchase of the right of way and land for station purposes, but the Company binds itself to hand over to the contractor, as compensation for so much, such sums as it shall or may receive from the municipalities for right of way and for station purposes; all other disbursements in connection with obtaining said right of way and station grounds, the completion of the titles thereto, and registering same shall be borne by the contractor.

The contractor shall have the right to use the name of the Company in all proceedings in connection with the expropriation of land for right of way or station grounds.

In the present contract the words "works or work" shall, unless the context requires a different meaning, mean the whole of the work and materials, matter and things required to be done, furnished and performed by the contractor under this contract. The word "Engineer" shall mean the engineer of the company at the time the reference is made, and shall extend to and include any of the assistants acting under his instructions,—and all instructions and directions, or certificates given or decisions made by anyone acting for the said engineer, shall be subject to his approval, and may be cancelled, altered, modified and changed as to him may seem fit.

The contractor will, at his own expense, provide all and every kind of labour, machinery, plant, lands for borrow pits, ballast pits, spoil banks and other purposes, temporary or otherwise, required for the works or in the construction thereof and materials, articles and things whatsoever necessary for the due execution and completion of all and every the work required in the building and making of said railway, and in accordance with the plans and drawings already prepared and which may hereafter be prepared for the purpose of the work, and will execute and fully complete the respective portions of such works, and will begin the work of construction not later than fifteen days after the date hereof, and complete the first forty miles of the line on or before the first day of July, one thousand eight hundred and eighty-seven, and deliver the said railway to said company completed by the first day of July, eighteen hundred and eighty-eight (1888). The work to be constructed of the best materials of their several kinds, and finished in the best and most workmanlike manner, and in the manner required by and in strict conformity with this contract and specification annexed, and the plans and drawings now and hereinafter to be prepared and furnished by the contractor and approved by the Engineer of the Company, and to be executed to the complete satisfaction of the said engineer.

The Engineer shall be the sole judge of the quality and quantity of the work, and his decision and measurement shall be final and conclusive between the Railway Company and the Contractor. Upon the completion of all said works, the Contractor shall clear away all rubbish and unnecessary material.

A competent Foreman shall be kept on the ground by the Contractor during all working hours, to receive the orders of the Engineer, and should the person so appointed be deemed by the Engineer incompetent, or conduct himself improperly, he may be discharged by the Engineer and another shall at once be appointed in his place, such Foreman shall be considered as the lawful representative of the Contractor, and shall have full power to carry out all requisitions and instructions of the said Engineer. In case of any material or other things, in the opinion of the Engineer, not in accordance with the said several parts of this contract or not sufficiently sound or otherwise unsuitable for the respective works, be used for or brought to the intended work or any part thereof, or in case any work be improperly executed, the Engineer may require the Contractor to remove same and to provide proper material or other things, or properly re-execute the work as the case may be, and thereupon the Contractor shall and will immediately comply with the said requisition, and if twenty-four hours shall elapse and such requisition shall not have been complied with, the Engineer may cause such material or other things, or such work to be removed, and in any such case the Contractor shall pay said Company all such damages and expenses as shall be incurred in the removal of such work, or said Company may, in its discretion, retain or deduct such damages and expenses from any amounts payable to the Contractor.

If, at any time during the progress of the work, in the opinion of the Engineer, the force employed, or the rate of progress then being made, or the general character of the work being performed, or the material supplied or furnished are not such as to ensure the completion of the said works within the time stipulated, or in accordance with this contract, the Company shall be at liberty to take any part or the whole works out of the hands of the Contractor, and employ such means as they may see fit to complete the works at the expense of the Contractor, and the Contractor shall be liable for all extra expenditure incurred thereby; or the Company shall have power at their discretion to annul this contract. Whenever it may become necessary to take any portion or the whole work out of the hands of the Contractor or to annul the Contract, the Company shall give the Contractor seven clear day's notice in writing of their intention to do so, such notice being signed by the President of the Company, or by any other person authorized by the Company, and the Contractor shall thereupon give up quiet and peaceable possession of all the works and materials as they then exist; and without any other or further notice or process or suit at law, or other legal proceedings of any kind whatever, or without its being necessary to place the Contractor en demeure. The Company in the event of their annulling the Contract, may forthwith, in their discretion, proceed to re-let the same or any part thereof, or employ additional workmen, tools and materials, as the case may be, and complete the works at the expense of the Contractor, who shall be liable for all extra expenditure which may be incurred thereby, and the Contractor or his assigns or creditors shall forfeit all right to the percentage retained and to all money which may be due on the works, and they shall not molest or hinder the men, agent or officers of the Company from entering upon and completing the works as the Company may deem expedient. All materials and things whatsoever, and all horses, machinery and other plant provided by the Contractor for the purposes of the works shall remain and be considered as the property of the Company for the purposes hereinafter mentioned. Should the Contractor at any time fail, refuse or neglect to pay any sum due for the work done or supplies furnished or for any other matter connected with this contract the Company may pay any of such claims so far as they can be ascertained and charge the same as a payment on account of this Contract.

It is understood that the said contractor shall be at the expense of locating said line of railway where not at present located, and doing all other engineering work

required. The Contractor shall have the right to locate the line in the most advantageous manner, and to make such alterations in the present location as he may see fit, provided the line is not materially lengthened, and that such alterations are approved by the engineer of the Company, and that they are not contrary to the terms of the contract between the Company and the Government of Canada. The contractor shall deliver to the Company the plan and profile of each section of ten miles of the line for their approval before commencing the work on each said section.

The said Company shall be placed in, and shall take possession of said road, on the said first day of July, eighteen hundred and eighty-eight (1888), up to which date the Contractor shall have the right of running trains over and upon said road for his own advantage; but after the completion of the first forty miles of the line, the Contractor shall be bound to run a train twice a week, in each direction, over the said forty miles. In the event of the said forty miles not being completed on the said first day of July eighteen hundred and eighty-seven, and in the event of the whole of said road not being completed on said first day of July, eighteen hundred and eighty-eight, the Company shall have the right of taking possession of said road and all its appurtenances, with all tools, materials, horses, machinery and plant, and of completing said road and the works thereon and of running the same at the costs and charges of the Contractor.

The Contractor shall be responsible for all damages or loss done or sustained in the course of the progress of the works, either to the works themselves, or to the material provided for the same, by change of season, or by fire or flood, or by robbery, theft or otherwise, all of which shall be at the risk of the Contractor; and the Contractor shall hold the Company harmless and indemnified from all damages and trespass caused by the neglect or omission, of whatsoever nature done or committed by the Contractor or by any person in his employ or in the employ of any sub-contractor, to or upon any neighboring lands, orchards, gardens, or other premises, in the course of the progress of the works. And the Company shall be entitled to charge to the Contractor all amounts paid by the Company from or by reason of the said neglect, omission or act, and to deduct the same as payments on account of this contract.

The Contractor shall not in any way sell, transfer, let or sub-let this present contract with the Company to any person or persons without the approval of the Board of Directors of the Company expressed by a resolution passed to that effect.

Nothing contained in this agreement shall be considered or construed as being comminatory, but shall be held to be absolute without which these presents would not have been passed, nor as constituting or creating personal liability upon or by the President and directors of the Company or any of them towards the said Contractor.

The contractor shall not permit, allow or encourage the sale of any spirituous liquors, on or near the works.

Any notice, which it may become necessary or desirable to be given by the company to the contractor, under or touching these presents, shall be deemed to be well and sufficiently notified, or given if the same be left at the contractor's office, or mailed in any post office to the contractor, registered and addressed to him at Montreal, or to his last known place of business.

Done and passed, at the City of Quebec, in the Province of Quebec, on the day, month and year hereinabove firstly written under the number four hundred and ninety-nine, and after due reading the parties have signed with, and in presence of the said undersigned notary, and the seal of said Company is hereto attached.

(Signed),

THEODORE ROBITAILLE,
President of the B.C.R. Co
L. A. ROBITAILLE,
Secretary of the B.C.R. Co
CHARLES N. ARMSTRONG
WM. B. S. REDDY, N.P.

[L.S.]

A true copy of the original hereof remaining of record in my office.

EXHIBIT No. 4.

BAIE DES CHALEURS RAILWAY COMPANY.
SECRETARY AND TREASURER'S OFFICE,
QUEBEC, 16th June, 1888.

EXTRACT of the minutes of a meeting of the Board of Directors of the Baie des Chaleurs Railway Company, held at the office of the company, in the City of Quebec, on the twenty-fifth day of May, one thousand eight hundred and eighty-six.

"It is resolved that the president of this company, be and is hereby authorized to execute a contract with the said Charles N. Armstrong, on the terms and conditions of the draft of agreement hereto annexed, for the construction of this Company's Railway, from Metapedia to Paspebiac, and that the said contract be signed by the president on behalf of this company, and countersigned by the secretary, and the seal of the company be affixed thereto.

"It is further resolved, that the president be empowered to execute and sign all deeds, transfers of subsidies, bonds or debentures, and any other document required to fully carry out the terms of the said contract."

Certified true extract,

[L.S.]

Signed,

L. J. RIOPEL,
Assistant Secretary.

THIS INDENTURE made in duplicate this eighth day of June one thousand eight hundred and eighty eight by and between Charles Newhouse Armstrong hereinafter called "the Contractor" of the first part and Henry Macfarlane—hereinafter called the "sub-contractor" of the second part. WITNESSETH :—

THAT in consideration of the covenants and agreements on the part of the contractor hereinafter contained the said Sub-contractor covenants and agrees with the said contractor as follows :—

THAT the said Sub-contractor will at his own cost provide all and every kind of labor, machinery and other plant, materials, articles and things whatsoever necessary for the due execution and completion of all and every the following works on the Baie des Chaleur Railway which Railway said contractor is now under contract to build, that is to say :

1. The said Sub-contractor shall complete and finish the forty miles of said Railway now partially constructed and built, and shall provide rolling stock additional to that already on said work to the amount and extent specified in the Schedule of Rolling Stock hereunto annexed.

2. The Sub-contractor shall build twenty miles of new road in extension of said forty miles, the whole to be built and completed in accordance with said contractor's contract with said Company and under the direction of said Company's Chief Engineer, and in accordance with the plans and specifications referred to in said contract which contract and specifications are herein referred to as furnishing the criterion by which said work is to be executed and the same shall also be completed to the satisfaction of the Dominion Government Engineer.

3. The said work shall be completed by the first day of January one Thousand eight hundred and eighty nine.

IN CONSIDERATION of the foregoing undertaking on the part of said Sub-contractor, the said contractor obligates himself to pay the said Sub-contractor as follows :

1. For all expenditure necessary for the purchase of rolling stock, rails, steel bridges, right of way, and other necessary material, as well as engineering, the said contractor shall pay to the said Sub-contractor in addition to the actual costs, five per cent on the total amount, together with the interest, which said Sub-contractor may be obliged to pay to the bank advancing the necessary funds.

2. For all labor required to complete the said forty miles partially completed the said Sub-contractor shall be paid in addition to the actual cost of the same twelve and a half per cent.

3. For the twenty miles of new road in extension of said forty miles the said contractor shall pay to said sub-contractor the prices as detailed in the schedule of prices hereunto annexed, and paraphed by said parties *ne varietur*.

AND FOR SECURING the said payments to be made by said Contractor to said sub-contractor, the said contractor hereby agrees to execute a notarial transfer of the subsidies granted by the Government of Canada towards the construction of said railway and applicable to said sixty miles of railway amounting to sixty two thousand dollars upon the first forty miles also the sum of one hundred and twenty eight thousand dollars applicable to the twenty miles of new road in extension of the forty miles that is to say : forty to sixty, and also the sum of seventy thousand dollars granted by the Quebec Government on said twenty miles of new road, and furnish to said sub-contractor all necessary power and authority to obtain said subsidies, which subsidies shall be paid in trust into some Chartered bank to be named by the said sub-contractor, and paid out to him as the work progresses and as the same shall have been earned from the Government, and upon the completion of said work and of this contract, whatever balance may remain of said subsidies, after paying said sub-contractor in full shall be paid over to said Company.

THE SAID CONTRACTOR further agrees that said Company will in all things ratify and confirm these presents, and obligate themselves jointly and severally with said contractor for the payment to said sub-contractor of all sums of money to which he may become entitled in virtue of this contract and of the fulfilment of the same on his part.

THE RAILWAY now partially completed, with all rolling stock thereon as well as that portion from said forty to sixty miles to be built with all appurtenances pertaining thereto, shall remain in the possession and under the control of said sub-contractor as additional security until the final payment of all sums of money to which he may be entitled under this agreement.

THE CONTRACTORS' engineer shall be under the control of said sub-contractor in the execution of this contract.

THIS AGREEMENT shall not be executory nor have any force or effect until the following conditions are complied with, viz. :—

1. The contractor shall obtain an Order in Council from the Government of Canada extending the time for completing the said work until the first day of January, 1889.

2. The said Baie des Chaleurs Railway Company shall become a party to this agreement and in all things ratify and confirm the same, and obligate themselves jointly and severally with said contractor for the payment of all sums of money which may become due to him in virtue of this agreement.

3. The subsidies above mentioned shall be legally transferred to said sub-contractor in the manner above set forth.

THESE THREE conditions are of rigour and are to be complied with within ten days from this date, otherwise this agreement shall be null and void.

IN WITNESS WHEREOF the said parties have signed and executed these presents at the City of Montreal the day and year first above mentioned.

Signed, sealed and delivered
in the presence of
(Sgd) D. LEDUC. }

(Sgd) C. N. ARMSTRONG.
" H. MACFARLANE.

I, the undersigned Theodore Robitaille, president of the Baie des Chaleurs Railway Company hereby confirm and ratify on behalf of said Company the above written agreement and obligate the said company jointly and severally with the said contractor for the payment to said sub-contractor of all sums of money to which he may become entitled in virtue of said contract and of the fulfilment of the same on his part.

(Sgd) THEODORE ROBITALLE.

Quebec, 14th June, 1888.

SCHEDULE OF PRICES referred to in contract made on the 8th day of June between Charles Newhouse Armstrong and Henry Macfarlane:—

Clearing per acre.....	\$20.00
Close cutting per acre.....	40.00
Grubbing per acre.....	100.00
Fencing per rod.....	.90
Gates each.....	2.00
Earth excavation on Section (H) per cubic yard.....	.22
Solid rock excavation per cubic yard.....	1.25
Loose rock excavation ".....	.60
Earth excavation on section (J) per cubic yard.....	.24
Hardpan or cemented material ".....	.40
Earth excavation in foundations ".....	.50
Cross logging per sup. yard.....	.30
Timber in coffer dams per thousand feet board measure..	30.00
Rip rap per cubic yard.....	1.50
Stone drains ".....	2.00
Masonry 1st class ".....	15.00
do 2nd class ".....	9.00
do 3rd class ".....	8.00
Paving ".....	3.00
Crib work filled ".....	2.10
Cedar timber in culverts, cattle guards, per thousand } feet board measure.....	20.00
Pine shingles in work per thousand feet board measure...	30.00
Timber in trestles " ".....	35.00
Timber in foundations " ".....	15.00
Road crossings and sign boards each.....	20.00
Farm crossings, each.....	12.00
Ties, each.....	.18
Tracklaying per mile.....	225.00
Ballasting per cubic yard.....	.25
Station building.....	1,200.00
do.....	800.00
Days work at cost plus 12½ per cent.	
Iron in work per pound.....	.05

Sub-contractor to be allowed five per cent on total cost of all rails and connections, switches and Iron bridges, also on cost of right of way and engineering.

The Contractor to furnish all the necessary rolling stock free of charge.

(Signed) C. N. ARMSTRONG,
" H. MACFARLANE.

The following is the list of rolling stock required for the first sixty miles of the Baie des Chaleurs Railway:—

- 2 Engines.
- 1 First class passenger car.
- 1 second class " "
- 1 Baggage and postal car.
- 10 Box cars.
- 10 Flat cars.
- 1 Iron plow.
- 1 Flanger.

This is the Schedule of rolling stock referred to in the agreement hereto attached.

(Signed) THÉODORE ROBITAILLE,
President of the Baie des Chaleurs

(Signed) C. N. ARMSTRONG,
" H. MACFARLANE.
Railway Company.

BAIE DES CHALEURS RAILWAY.

Specification for clearing, grubbing, excavation, rip rap, stone drains, stone filling, etc.

Measurements.—1. No work shall be measured or paid for that has not been laid out by the engineer, earth and rock shall be measured in excavation as laid out by the engineer. Where the character of the excavation is such that it cannot be easily measured, the engineer may measure the embankment making such allowance for shrinkage, as he deems proper, other work will be measured as laid out by the engineer.

Price.—2. The prices quoted shall be for the different works complete in every detail.

Extra work.—3. No claim shall be made or allowed for extra work, unless such work shall have been specially ordered in writing by the Chief Engineer.

Outside work.—4. The engineer may order work to be done, outside of the right of way, and such work shall be done at contract prices when so ordered.

Clearing, grubbing and close cutting.—5. The Chief Engineer shall direct when clearing, grubbing or close cutting is to be done.

Clearing and burning.—6. Lumber fit for ties, fuel or timber shall be piled safe from fire. All waste materials shall be piled in windrows about twenty feet from the centre line and burned.

Grubbing.—7. Grubbing shall be allowed in cuts of less than two feet under such banks as the Chief Engineer may direct, no grubbing shall be allowed on ditches or borrow pits.

Excavation.—8. All materials excavated from cuts shall be deposited in the embankments, except rock suitable for masonry, rip rap or stone filling which shall be deposited where the engineer shall direct.

Excess in cuttings.—In the case of excess in materials in a cutting the Chief Engineer shall direct either that the cutting shall be merely gullested or that the materials shall be used in other works, in widening banks or be wasted.

Loose rock.—Loose rock shall mean all rock found in pieces of more than half a yard.

Structures.—The embankment around structures shall not be begun until authorized by the engineer, and shall proceed simultaneously on both sides, the earth being carefully punned in their layers.

Opposite crib work.—The embankments opposite crib work shall be formed at such a speed as will not interfere with stone filling.

Hand laid rip rap.—Hand laid rip rap shall be formed of stones not less than (3) three inches thick, nor less than one cubic foot solid contents, laid and bonded in such manner as the Chief Engineer may direct.

Random stone.—Random stone shall be formed of stones not smaller than a cube of ten inches, piled in such shape as the Chief Engineer may direct.

Stone Drains.—Stone drains shall be formed of stones not smaller than a cube of twelve inches piled in such a shape as the engineer may direct, smaller stones may be placed in the top layer.

Pipes.—Earthenware pipes shall be laid on cedar sills, five feet long and eight inches through, two feet apart.

Stone filling in culverts, crib work.—Stone used in filling culverts, crib work, etc., shall be of such size as to fill the spaces between the cedar logs, at the back smaller stones may be used.

Berms.—Where borrow ditches or pits are excavated along the sides of the embankments a berm of at least five feet must be left undisturbed outside the bottom of the slope of the embankment when finished. Should the borrowing be unslopped the berm shall be increased by one and a-half times the depth of such borrowing.

Ditches.—Ditches shall be made where ordered by the Chief Engineer.

TIMBER WORK.

Measurement.—No work shall be measured or paid for that has not been laid out by the Engineer, piling will be measured in the work. Other timber will be measured by the plans.

Prices.—Prices shall be quoted for the different works complete in every detail, all accessories being furnished by the Contractor free of charges.

Extra work.—No claim shall be made or allowed for extra work unless such work shall have been specially ordered in writing by the Chief Engineer.

Details.—All details necessary for the due completion of each piece of work shall be constructed by the Sub-contractors at their own expense, even if such details be omitted from the plans and specifications.

Excavation for foundations.—Excavations shall not be commenced till a quantity of material sufficient in the opinion of the Engineer for the prosecution of the work has been delivered on the ground.

All material excavated—shall be deposited within one hundred feet as the Engineer may direct.

Plans.—Strict conformity to the plans shall be required in all structures.

Trestles.—Pine timber shall be sound and straight, free from large knots, and waney, and built according to plans to be furnished.

Piling.—Piles shall be straight and sound, not under ten inches at small end, and not over fifteen inches at large end. They shall be driven till they sink less than half inch under a twelve hundred pounds hammer falling twenty feet.

Culverts.—Flatted cedar in walls and sills of culverts must have at least two inches face and shall form a wall twelve inches thick, all cedar shall be sound and green.

Crib work.—Crib work shall consist of round green cedar logs with the bark on of not less than ten inches diameter at small end and built according to plans to be prepared by the Chief Engineer.

MASONRY.

1st Class Masonry.—First class masonry shall be in regular courses of large well shaped stone laid in their natural beds, the beds and vertical joints shall be dressed so as to form $\frac{1}{4}$ inch joints. The vertical joints shall be dressed back square 9 inches, the beds shall be dressed perfectly parallel throughout. The work shall be left with quarry face except the outside, arises, strings, bridge seats and coping which shall be chisel dressed.

Courses.—The courses shall not be less than 12 inches, and may range up to 24 inches, the thinnest courses being invariably placed towards the top of the work.

Bridge Seats.—The bed stones for bed girders shall be of the best description of sound stones free from drys or flaws of any kind, they shall not be less than 12 inches in depth and 8 feet superficial area on the bed.

Headers and Stretchers.—Headers shall be built in every course not further apart than 6 feet. They shall have a length in line of wall of not less than 24 inches and shall run back at least three times their height unless the wall will not allow this proportion, in which case they shall pass through from front to back. Stretchers shall have a minimum length in line of wall of 30 inches, and their breadth of bed shall be at least $1\frac{1}{2}$ times their height. The vertical joints in each course shall overlap those in the course below 9 inches at least. The dimensions are for minimum courses (12 inches) the proportions shall be the same for thick courses.

Coping stones.—Coping stones, string courses and cut water shall be neatly dressed.

Backing.—The backing shall consist of flat bedded stones well shaped having an area of bed of four superficial feet or more. Except in abutments two thicknesses of backing stone but not more may be allowed in each course but the joints shall not exceed that of face work. When the Chief Engineer considers it necessary the backing shall be in one thickness. The beds shall be scabbed off to give a solid bearing, no pinning shall be admitted between the backing and the face stones and there shall be a good square joint not exceeding one inch in width, and the face stone shall be scabbed off to allow this. In walls over three feet in thickness headers shall be built in front and back alternately and great care shall be taken in the arrangements of the joints to secure perfect bond.

Second class masonry.—Second class masonry shall be laid in cement. The stones shall be large, durable and well shaped and shall not be less than 10 inches depth of courses, and shall be laid header and stretcher alternately. Headers shall be not less than three feet unless wall is less, in which case they shall be through stones. Headers in face and back shall bond. Vertical joints shall overlap not less than 8 inches, and shall be squared back 6 inches. No pinners shall be allowed. Bridge seats shall be of through stones not less than 12 inches thick. All stones shall be dressed to form good beds with half inch joints.

Dry masonry.—Dry masonry shall be built of well proportioned durable stones not less than 6 inches thick, not more than four feet area on the bed with scabbed beds forming close joints and shall be well bonded throughout. Stones shall be laid on their natural beds the top courses shall be of through stones covers shall fit close throughout their bearing.

Paving.—Paving shall be of durable flat bedded stones set on edges close fitted breaking joints, and in lengths, and widths to give strength. The stones shall be laid parallel with the walls of the structure and the top of the paving when laid shall present uniform appearance.

Cement.—Mortar of best Portland Cement shall be used on all masonry (except dry) the cement shall be fresh ground of the best brand, and shall be protected carefully until used. Proof of its hydraulic properties satisfactory to the Engineer shall be afforded before it shall be used.

Preparation of cement.—Cement shall be carefully incorporated with approved proportions of cleaned, sharp grained, fresh water sand, and may be varied by the Chief Engineer to suit the quality of cement used. Cement shall be made so as to be used fresh. Grout shall be made by adding water to properly proportioned cement.

Pointing.—All masonry shall be neatly pointed and if from any cause stone should require re-pointing before the expiration of the contract the sub-contractors shall make the same good at their own cost.

Commencing work.—Masonry shall not be started at any point until the foundations have been prepared, nor until the sub-contractors have provided a sufficient quantity of materials and plant to enable the work to be proceeded with regularly and systematically.

Autumn work.—No masonry shall be built in the autumn after the Engineer has declared the cold to be too severe. Work left unfinished in autumn shall be properly protected by the sub-contractor during the winter.

Plans.—All masonry shall be built according to plans to be prepared by the Chief Engineer and the quantity of work done shall be calculated by these presents.

Measurements.—No work shall be measured or paid for that has not been laid out by the Engineer, excavation will be measured and laid out.

Extra work.—No claim shall be made or allowed for extra work unless such work shall have been specially ordered in writing by the Chief Engineer.

Excavation, culverts and bridges.—Excavations shall not be commenced till a quantity of material sufficient in the opinion of the Engineer for the prosecution of the work has been delivered on the ground. All material excavated shall be deposited in such places within one hundred feet as the Engineer may direct. Any increased expenses caused by excavations being taken out prematurely shall be charged to the contractors. Cost of baling shall be done by the sub-contractors.

Coffer dam.—Coffer dams shall be built according to the plans to be prepared by the Chief Engineer. The price shall include charge for removal.

Timber.—Timber foundation shall be built according to plans to be prepared by the Chief Engineer. The price shall include the cost of getting into position, sinking and securing.

Piles.—Bearing piles shall be of Tamarac or spruce not less than 10 inches diameter at small end, not more than 15 inches diameter at large end, straight, free

of large knots and other imperfections and shall be banded at the head to prevent splitting. They shall be driven till they shall sink $\frac{3}{4}$ of an inch under a twelve hundred pounds hammer falling twenty feet. Price will include pointing and splicing and cutting off above water. When required by the engineer the point will be shod with an iron shoe to be furnished by the sub-contractors at cost.

Cutting of pile.—The head of bearing piles will be cut off square at the height required by the engineer. If cut off below low water mark a price per pile will be allowed.

Baling.—Unless otherwise provided the prices for all foundation work shall include the baling, pumping, (incident to the work).

Measurements.—When no provision has been made as to method of measurements the Chief Engineer shall determine the cases.

Road crossings.—Road way must be properly planked and approaches properly graded and will have suitable boxes or drains for the conveyance of water when required. Also notice boards.

Farm Crossings.—Road way to be planked and approaches properly graded into suitable or drains for the conveyance of water when required or trestle bridges from outer edge of ditch to top of embankment.

FENCING.

The posts to be of cedar four and a half feet high above the ground and 6 inches diameter at the small end, where the ground is rocky they will be dovetailed into a sill and spiked with two six inch cut spikes. The brace to be of cedar not less than $3\frac{1}{2}$ inches diameter. Where ground is not of solid rock posts to be sunk in ground four feet.

There will be a top board five inches wide and $1\frac{1}{2}$ inches thick set on edge on the top of the posts and set into the posts the thickness of the top board and secured with two four inch cut spikes into each post and each end to have two four inch spikes.

Barbed wires.—Four barbed wires of the Intercolonial Railway standard are to be stretched and properly secured with staples to each post. Straining posts are to be put in every four hundred feet.

The approaches from the fences to the cattle guards to be built of boards suitable for that purpose with top boards secured same as for wire fence.

The whole to be done in a workmanlike manner, and all the materials to be the best of their several kinds.

(Sgd.) THEODORE ROBITAILLE,
President of the Baie des Chaleurs Railway Co.

(Sgd.) C. N. ARMSTRONG.

(Sgd.) H. MACFARLANE.

EXHIBIT No. 5.

BAIE DES CHALEURS RAILWAY COMPANY, DR. TO C. N. ARMSTRONG.

Certificate of A. L. Light, 1st July, 1889, Section A E.....	\$	535,485 00
do do do do F.....		172,320 09
do do do do G.....		140,112 42
do do 1st Sept. do H.....		198,661 33
do do do do J.....		140,024 84
do do 19th Oct. do K.....		38,693 87
do do 7th Jan. do K L M H.....		10,000 00
Total.....	\$	1,235,297 55

Substitution of steel superstructure for bridges in lieu of wooden Howe Truss, \$16,786.00—say 50 per cent..... \$8,393.00

Surveys executed in excess of contract—

Section C.....	2.70	per mile.
do H.....	1.51	do
do J.....	2.90	do
	<u>7.11</u>	

Cascapedia front line, 14.77-21.88.....	\$	2,188 00
Steel girders on hand, 1.60 ft.....	\$3,277 00	
do 1.40 ft.....	1,581 00	
do 1.30 ft.....	1,207 00	
		<u>6,065 00</u>
One combination car.....		3,200 00
Timber, piles and ties on hand.....*		1,227 29
Stone at Metapedia, 155 cubic yards, at \$6.....*		930 00
do Labour, Black Cape Quarry.....*		3,334 68
		<u>\$1,260,635 52</u>

MONTREAL, 20th April, 1891.

D. LEDUC, Contractor's Chief Engineer.

By subsidies transferred at my request—

Dominion Government.....	\$556,000	
Provincial do.....	350,000	
		<u>\$ 906,000 00</u>
Balance due C. N. Armstrong	\$ 355,635 52	
LESS—Paid in bonds 21 of £500 stg.....	51,099 93	
		<u>\$ 304,535 59</u>
*LESS these amounts.....	5,591 57	
		<u>\$298,943 62</u>

*The correctness of these items not yet ascertained.

We certify that this amount, \$298,943.62, is † a correct statement of estimates of work done and remaining unpaid to C. N. Armstrong in accordance with the terms of his contract with the Company.

L. J. RIOPEL, *Managing Director.*

L. A. ROBITAILLE, *Secretary-Treasurer.*

QUEBEC, 22nd April, 1891.

QUEBEC, 28th April, 1891.

Received from J. C. Langelier, Deputy Provincial Registrar, the sum of one hundred and seventy-five thousand dollars, in full settlement of this account.

C. N. ARMSTRONG.

† *In the original the word "due" is here erased and in the margin is the note "is a correct statement of estimates of work done and remaining unpaid" intialled "L. J. R." "L. A. R."*

EXHIBIT No. 6.

(Canadian Pacific Railway Company's Telegraph.)

THE SENATE, OTTAWA, 10th August, 1891.

To CHARLES N. ARMSTRONG,
Inch Arran House, Dalhousie, N.B.

The Senate Railway Committee meet on Wednesday next, the 12th instant, at ten o'clock, a.m., when you are required to be present to testify in the matter of the Baie des Chaleurs Railway Company's Bill.

A. VIDAL.

Chairman of the Senate Railway Committee.

EXHIBIT No. 7.

"A."

THE BAIE DES CHALEURS RAILWAY.

This section of Railway extends from the Metapedia Station of the Intercolonial Railway, eastwardly, 20 miles along the north side of the Restigouche River.

Works to be covered by contract.

This specification refers to all works of construction and equipment, and materials required in making, building and equipping this section of railway, also including sleepers, rails and fastenings, spikes, frogs, switches, track-laying and ballasting, equipment, station buildings, tanks, turn-tables and everything that is necessary to put this section of railway in first-class condition, ready for operation.

It comprises clearing, close-cutting, grubbing, excavation, masonry and timber, culverts, paving and rip-rap, public and private road crossings, drains, trestling, ditching, foundations, road and stream diversions, together with all other works connected with the construction of the road, according to the following specifications, profile and drawings:—

The said works to be constructed of the best materials of their several kinds, and finished in the best and most workmanlike manner, in the manner required by and in strict conformity with the said specification, profile and drawings, now prepared, and to the complete satisfaction of the Minister of Railways and Canals.

RIGHT OF WAY.

Right of way. The company to furnish all land necessary for right of way and station grounds, the width of right of way to be not less than 100 feet.

FENCING.

Portion to be fenced. The company is to enclose all the ground with a good fence, which, if they prefer, may, in the first instance, be temporary, and shall keep the same enclosed during the progress of work so as effectively to preserve the adjoining land from trespass, and prevent any injury whatever to parties by reason of the want of sufficient fences to separate their lands from the works, and the company shall be wholly responsible for all damages to crops and all the consequences of insufficient fencing.

Temporary fence.

Permanent fence.

Before the termination of the contract the company shall construct a permanent fence, of the Intercolonial Railway standard, through all parts of the line.

The posts to be of cedar, $4\frac{1}{2}$ feet high above the ground, and 6 inches diameter small end. Where the ground is rocky they will be dovetailed into a sill, and spiked with two 6-inch cut spikes. Braces to be $3\frac{1}{2}$ feet long, and spiked to sill and post with two 5-inch cut spikes. The brace to be of cedar, not less than $3\frac{1}{2}$ inches diameter. Where ground is not of solid rock, 8-foot posts to be sunk in ground 4 feet.

There will be a top board 5 inches wide and $1\frac{1}{2}$ inches thick, set on edge on the top of the posts and set into the posts the thickness of the top board, and secured with two 4-inch cut spikes into each post, and each end to have two 4-inch spikes.

Barbed wire.

Four barbed wires, of the Intercolonial Railway standard, are to be stretched and properly secured with staples to each post. Straining posts are to be put in every 400 feet.

The approaches from the fences to the cattle guards to be built of boards suitable for that purpose, with top board secured same as for wire fence.

The whole to be done in a workmanlike manner, and all materials to be the best of their several kinds.

CLEARING, &c.

Where the railway passes through wooded sections the land must be cleared to the width of 50 feet on each side of the centre line, and, also the entire area of station grounds. Width of clearing.

The clearing is to be done so that all the brush, logs and other loose materials, within the above limits, shall be burned or removed. In no case shall any of the brush or logs be cast back upon the adjacent timber lands; they must invariably be made into piles near the centre of the space to be cleared, when, if not removed for fuel or otherwise used, they must be entirely consumed. All brush or trees accidentally or otherwise thrown into the adjacent woods must be dragged out and burned or removed. When completed, the land must be left in a clean condition within the railway limits.

Where embankments are to be formed less than 4 feet and more than 2 feet in height, all the standing timber and stumps must be chopped close to the ground within the limits of the embankment and burned. Close-cutting will also be required 10 feet inwards from the toe of all embankments over 4 feet in height. Close cutting.

When excavations will not exceed 3 feet in depth or embankments 2 feet in height, all stumps and large roots must be grubbed out, and, if possible, burned. Those that will not burn must be carried beyond the limits of the cuttings and embankments. Grubbing.

GRADING.

Under this head is included all excavations and embankments and surface-forming, whatever may be the materials, and whether the same be required for the line of railway, or for the diversion or forming of water-courses, roads, approaches to public or private crossings, draining or off-take ditches, station grounds, foundations, and all other works contingent upon or relating to excavations and embankments, as required by the nature of the contract, described in this specification or shown in the profile and drawings. Items included under grading.

In wooded sections the grading will not be commenced until the clearing, close-cutting and grubbing required shall be completed. Time of commencement.

In places where the natural surface of the ground is covered with muck or vegetable matter, such as would impair the work, the same must be removed. The natural surface of the ground shall be deeply plowed over the base of side bill-embankments. Material in embankments.

On the completion of the cuttings, ditches for the removal of the surface water shall be formed along each side, at the bottom of the slopes. Catch-water drains shall be constructed, as well as all other drains and ditches, for the proper drainage of the railway and works. Side ditches.

The width of formation level will be 16 feet for railway embankments and 20 feet for cuttings. Width of road-bed.

The slopes will be one-and-a-half horizontal to one vertical for earth excavation, and one horizontal to four vertical for solid rock excavation. In all cases of rock cuttings a berm of 5 feet shall be left between the edge of the rock and the earth slope, if any. Berms.

In cases where the line cuttings are insufficient to form the embankment, the deficiency shall be supplied by widening the cuttings, or from borrow-pits. Widening cuttings.

Where borrow ditches or pits are excavated along the sides of the embankments, a berm of at least 5 feet must be left undisturbed outside the bottom of the slope of the embankment when finished. Should the Borrow ditches.

borrowing be unsloped, the berm shall be increased by one-and-a-half times the depth of such borrowing.

Should the company borrow outside the railway limits, they shall themselves be responsible for all damages to outside parties.

Filling over structures.

Great care must be exercised in filling round and over structures, and all tendency to side thrust must be strictly avoided, by filling on both sides simultaneously and ramming the earth carefully along and above the structure, to the depth of 3 feet, before allowing the embankment to proceed. No vegetable matter of any kind, ice or snow, will be allowed to enter an embankment.

Service roads.

Roads constructed to and from any point on the line of railway for the convenience of the company must be at their own risk and cost.

Public roads to be unobstructed.

Wherever the line is intersected by any public or private roads the company must keep open, at their own cost, convenient passing places, and they shall be held responsible for keeping all crossings, during the progress of the work, in such condition as will enable the public to use them with safety, and such as will give rise to no just ground of complaint.

Cattle guards.

At all public roads crossed on the level the company will be required to put in two cedar cattle guards of the Intercolonial standard; also notice boards; and roadway to be properly planked and graded. Farm crossings will be established where required. They will be graded and planked and will have suitable boxes or drains for the conveyance of water where required. The company will also provide and put in place two gates at each farm crossing, of approved design.

Farm crossings.

Finishing up work.

The company shall, at their own cost, before the work is finally accepted, finish up cuttings and embankments, drain borrowing-pits, dress slopes to the required angles, repair all damages from any cause, and complete everything connected with the grading of the roadbed, bridging, ballasting and track-laying, in a creditable and workmanlike manner.

Foundations.

Foundation pits must be sunk to such depths as may be necessary for the safety and permanency of the structure to be erected. They will in all cases be sunk to such depths as will prevent the masonry being acted upon by the frost. Foundation timbers, when required, will be of such lengths and sizes and laid in such manner as the nature of the bottom may necessitate.

RIP-RAP.

Wherever the slopes of embankments are liable to be washed by the streams or tides, they will require to be protected by a rip-rap wall of durable stone of fair size, carefully hand laid, for such distance and to such heights as may be necessary.

CULVERTS.

Standard for stone culverts.

Where stone culverts are required, they must be built in a substantial and permanent manner, and of durable and suitable materials, and be equal in character to similar sized structures on the I. C. R. Where

Wooden culverts.

wooden culverts are required, they will be open, and constructed in strict accordance with the standard. The timber used to be sound merchantable cedar. Care must be taken, in bedding the sills, to give a fair and uniform bearing throughout. All framing to be in a thorough and workmanlike manner.

Cedar for wooden culverts.

MASONRY.

Bridge masonry and arch culverts shall generally be in regular courses of large, well-shaped stone, laid on their natural beds; the beds and vertical joints will be dressed, so as to form $\frac{1}{4}$ -inch joints. The vertical joints will be dressed back square 9 inches; the beds will be dressed perfectly parallel throughout. The work will be left with the

"quarry face," except the outside arrises strings and coping, which will be chisel-dressed.

The courses shall not be less than 12 inches, and may range up to 24 inches, the thinnest courses being invariably placed towards the top of the work. The bed stones for girders shall be the best description of sound stone, free from dries or flaws of any kind; they must be not less than 12 inches in depth and 8 feet superficial area on the bed. Thickness of courses.

Headers will be built in every course not further apart than 6 feet; they will have a length in line of wall of not less than 24 inches, and they must run back at least three times their height, unless where the wall will not allow this proportion, in which case they will pass through from front to back. Stretchers will have a minimum length in line of wall of 30 inches, and their breadth of bed will at least be $1\frac{1}{2}$ times their height. The vertical joints in each course must be arranged so as to overlap those in the course below 10 inches at least. The above dimensions are for minimum courses of 12 inches; the proportions will be the same for thicker courses.

Coping stones, string courses and cut-waters shall be neatly dressed.

The backing will consist of flat bedded stone, well shaped, having an area of bed equal to 4 superficial feet or more, except in abutments, two thicknesses of backing stone, but not more, will be allowed in each course, and their joints must not exceed that of the face work. In special cases, where necessary, the backing shall be in one thickness; the beds must, if necessary, be scabbled off so as to give a solid bearing; no pinning will be admitted. Between the backing and face stones there must be a good square joint, not exceeding 1 inch in width, and the face stones must be scabbled off to allow this. In walls over 3 feet in thickness headers will be built in front and back alternately, and great care must be taken in the arrangement of the joints, so as to give perfect bond. All masonry must be neatly and skillfully pointed, but if done out of season or from any other cause, it may require re-pointing before the expiration of the contract, and the company must make good and complete the same at their own cost. Work left unfinished in the autumn must be properly protected during the winter by the company at their risk and cost. Backing.
Pointing.
Unfinished work.

Masonry shall not be started at any point before the foundation has been properly prepared, nor until the company has provided a sufficient quantity of proper materials and plant to enable the work to be proceeded with regularly and systematically. Foundation for masonry.

Open culvert masonry shall be laid in line and lipped with Portland cement, 4 inches. The two upper courses shall be laid in cement. Stones to be large, durable and well shaped, and are to be laid on their natural beds. Stones to be not less than 10 inches depth of courses, and are to be laid header and stretcher alternately. Headers to be not less than 3 feet, unless wall is less, in which case headers to be through stones. Headers in face and back to bond. Vertical joints to overlap not less than 8 inches and to be squared back 6 inches. No pinner will be allowed. Bridge-seat to be through stones not less than 12 inches thick. All stones to be dressed, to form good bed, with $\frac{1}{2}$ -inch joints. Lime to be of best quality, and clean, sharp fresh-water sand to be used throughout. Lime.

Box culvert masonry shall be laid dry and is to be built of well proportioned durable stone not less than 6 inches thick, nor more than 4 feet area on the bed, with scabbled beds, forming close joints, and shall be thoroughly well bonded throughout. All stone to be laid on their natural beds, $\frac{1}{3}$ to be through stones; top course to be entirely through Box culverts.

stones; covers to fit close throughout their bearing. All culvert masonry to be built in a neat and workmanlike manner.

MORTAR OF THE BEST PORTLAND CEMENT

Cement. will be used, in building all masonry, from the foundations up to a line 2 feet above the ordinary level of the stream. It will be used, also, in turning arches, in laying girder beds; coping, covering of walls generally, in lipping and in pointing. The cement must be fresh ground, of the best brand, and it must be delivered on the ground, and kept till used in good order.

Before being used, satisfactory proof must be afforded of its hydraulic properties, as no inferior cement will be allowed.

Common lime. Common lime mortar must be made of the best common lime, and will be employed in all masonry (except dry) where cement is not directed to be used.

Mortar, how made. Both cement and lime must be thoroughly incorporated with approved proportions of clean large-grained sand. The general proportions may be one part of lime to two parts of sand, but this may be varied according to the quality of the lime or cement. Mortar will be only made as required by the company's men. Grout shall be formed by adding a sufficient quantity of water to well tempered and well-proportioned mortar.

Grouting. When mortar is used, every stone must be set in a full bed and beaten solid; the vertical joints must be flushed up solid, and every course must be perfectly level and thoroughly grouted.

Lipping. In all walls built in common lime the exposed face will have a 4 inch lipping of cement.

Punning and filling. After the masonry of the structure has been completed for a period of four or five weeks, the formation of the embankment around it may be proceeded with. The earth must be carefully punned in thin layers around the walls, and in this manner the filling must be carried up simultaneously on both sides. The company must be extremely careful in forming the embankments around culverts and bridges, as they will be held liable for any damages to the structures that may arise. The punning must be carefully attended to, and the whole filling must invariably be done in uniform courses, from the bottom to the top of the embankments, without loading one side of masonry more than another.

WOODEN BRIDGES.

Length of spans. There will be one Howe truss span of 60 feet, two of 50 feet and one of 40 feet; upper chords and diagonals to be of white pine, and Kind of work. lower chords of pitch pine. Iron to be best refined. The whole to be Workmanship constructed in the best manner.

ROAD DIVERSIONS.

Width of Public Road, &c. Diversions of the Post Road shall be made at the places indicated on plan. The road must not be left less than 25 feet wide, properly graded and side-ditched, gravelled, and made satisfactory to the Road Commissioner or Supervisor.

CRIB WORK.

Side hill to be benched. Between stations 43 and 91-239 and 248-267 and 277-439 and 444-461 and 469 there is very steep side hill ground; the slope is about one to one. The side hill will require to be benched out, and the line carried on crib work.

The crib work will be built of round, green cedar logs, with bark on, straight and sound, and not less than 10 inches diameter. The cribs to be filled with stone.

PAVING.

To be of durable flat-bedded stone set on edge, close fitted breaking joint and in lengths and widths, to give strength ; to have a depth of 12 in., and to be well bedded on the underlying broken stone or other foundation ; all to be laid parallel with the side walls of the culvert, and to extend outside the end walls such distance as may be necessary. The top of the paving when laid to present a uniform surface.

SLEEPERS.

The sleepers to be 8 feet long, 8 inches wide, and 6 inches thick, 2600 to the mile.

The sleepers must be hewed ; they are to be squared, not merely flatted to dimensions, and they must all be butted off square to the exact length. Sawed sleepers will not be accepted.

All the sleepers are to be sound, green wood, free from waness, shakes and rotten knots ; they may be of Prince's pine, tamarac or cedar.

TRACK-LAYING AND BALLASTING.

The track-laying and ballasting will embrace all labour, and tools required for unloading and distributing all rails, joint-fastenings, spikes, switches and sleepers ; laying, lifting, centreing, lining and surfacing the track ; also, for making roads to ballast pits and laying all service tracks ; for getting, loading and unloading the ballast, placing the same in the roadbed and trimming it up.

The rails to be of approved steel, 56 lbs. per yard, joints connected with angle fish-plates. Rails, fastenings and spikes, frogs and switches, to be equal in character to those used by the Intercolonial Railway.

TRACK-LAYING.

The sleepers shall be placed in the track 2 feet between centres, and the rails shall be laid to a gauge of 4 feet 8½ inches clear between the rails ; they shall be well and carefully fastened at the joints, kept tight, fully spiked, and on curves the outer rail shall be elevated according to the degree of curvature as follows ; that is to say, ⅜ of an inch for each degree of curvature up to a maximum of 5 inches elevation. The rails shall be handled with great care, and before being run over by either engine or cars, they must be full tied and surfaced. Every precaution shall be taken to prevent them getting bent during the progress of the ballasting.

BALLASTING.

The land for ballast pits and approaches thereto, will be furnished by the Company. In selecting land for the purpose a preference must always be given to those points where the best material can be procured. During the working of any pit, should the material be found unfit for ballasting, the company to close such pit and open others. The surface of ballast pits shall be stripped of soil, where such exists, and no material whatever shall be placed on the roadbed but good, clean gravel, free from earth, clay, loam, or loomy sand ; no large stones shall be allowed. The maximum size of gravel must not be greater than 3 inches, and such only shall be allowed in the lower lift, the second lift and dressings being composed of gravel of a finer character. The track must be raised to a proper level in two "lifts, and after each lift the ballast must be well beaten and packed round and under the ties. The end of each lift shall extend over not less than three rail lengths, and before trains are allowed to pass over the inclined portion of the track it must be made sufficiently solid to prevent bending the rails, twisting the rail-joints, or injuring the rolling stock. After the last lift the track shall

be centred, lined, topped, surfaced and trimmed off. The quantity of ballast to be 2,000 cubic yards per mile.

The Company shall keep all public and private road crossings in a safe and serviceable condition during the progress of the work, leaving them well and properly planked inside and outside of the rails, as may be directed by the engineer, and gravelled to a depth of at least 10 inches for a distance of 50 feet on both sides of the track.

The track shall be left by the Company with everything complete, and in first class surface. The ballast shall be dressed off to a slope of 1 to 1, and the whole work shall be executed and completed in every respect to the satisfaction of the Minister of Railways and Canals.

The Company will be required to furnish the following equipment, which must be in accordance with the following patterns:

- 2 Engines, similar to engine No. 37 I. C. Railway.
- 1 First class car similar to car No. 65 do
- 1 Second-class car do car No. 468 do
- 1 Baggage and Express car similar to car No. 728 I. C. Railway.
- 6 Box cars similar to car No. 2370 I. C. Railway.
- 6 Flat cars do car No. 5166 do
- 1 Flanger do flanger No. 8 do
- 1 Snow plough do snow plough No. 24 I. C. Railway.
- 2 Station buildings in accordance with drawing and specification No. 18.
- 2 Water services in accordance with drawing and specification No. 17.
- 1 Engine house in accordance with drawing and specification No. 19.
- 2 Turntables (iron) in accordance with drawing and specification No. 20.
- 2 Hand cars similar to standard hand car used on Intercolonial Railway.

Also sufficient siding accommodation.

All bridges, culverts and other structures must be of ample size and strength for the purpose intended; piers and abutments of truss bridges must be of massive masonry, and culverts under embankments over twelve feet in height must be of well-built, strong, second class masonry, or iron, made of durable and suitable materials, thoroughly permanent in character, and equal in every essential particular to the best description of like work employed in similar railway work in the Dominion. Culverts under embankments less than twelve feet in height may be of cedar timber, except the track stringers of beam culverts, which shall be of white pine. Superstructure of truss bridges may be of wood.

Specification, marked A, referred to in the annexed Agreement, No. 7,879, signed this 7th day of November, A.D. 1885.

Signed in presence of:		}	Sgd	THÉODORE ROBITAILLE,
Sgd	L. J. RIOPEL,			President, B. C. R. Co.
"	ELZÉAR AUBÉ.		"	L. A. ROBITAILLE,
				Secretary, B. C. R. Co.
Ahd in presence of:		}	"	J. H. POPE,
Sgd	H. A. FISSIAULT,			Minister of Railways & Canals,
"	M. DESJARDINS.		"	A. P. BRADLEY,
				Secretary.

ARTICLES OF AGREEMENT made in duplicate this Seventh day of November, in the year of Our Lord one thousand eight hundred and eighty-five,

BETWEEN:—HER MAJESTY QUEEN VICTORIA, acting in respect of the Dominion of Canada, and herein represented by the Honourable the Minister of Railways and Canals, of the first part, and

THE BAIE DES CHALEURS RAILWAY COMPANY, of the second part.

WHEREAS by an Act passed in the forty-seventh year of Her Majesty's reign, chapter eight, the necessary authority was given by the Parliament of Canada for the expenditure of the sum of Three hundred thousand dollars for the construction of a Branch of the Intercolonial Railway, from Metapedia Eastwards, towards Paspébiac, twenty miles, in the Province of Quebec.

And whereas the tenders called for this work were in excess of the amount authorized, and under date the first of May, A.D. 1884, the Baie des Chaleurs Railway Company (holders of a Provincial charter for the construction of a line from Metapedia to Paspébiac and beyond to Gaspé Basin, which company, further, is subsidized by the Local Government of Quebec and by the Dominion Government,) submitted a proposition to construct the said twenty miles of road from Metapedia Eastwards, towards Paspébiac, as a part of their own line, under the supervision of the Government Engineer of the Dominion, and subject to such conditions as the Governor in Council may see fit to impose, the said Company receiving therefor the said sum of \$300,000 voted for said road in the Session of the year 1884, and revoked in 1885.

And whereas by two Orders of His Excellency the Governor General in Council, bearing date the eighteenth day of September and twenty-eighth day of October, A.D. 1885, the said Minister has been duly authorized to enter into contract with the said Company and to place in their hands the work of building and equipping the said twenty miles of road from Metapedia Eastwards, towards Paspébiac, under Government supervision and certain conditions hereinafter mentioned.

Now, therefore, the Baie des Chaleurs Railway Company do covenant and agree with Her Majesty the Queen, in consideration of the subsidies granted as hereinbefore and hereinafter mentioned.

1st. That the said Company shall and will well and truly and faithfully make, build, construct, complete and equip a line of Railway from Metapedia Eastwards, towards Paspébiac, twenty miles, the points and route and course being shewn on the map, marked F, and profile marked G, duly signed by the parties and remaining of record in the Department of Railways and Canals, where reference thereto may be had, and all the works and equipment appurtenant to said line of railway, according to the description and specification hereunto annexed, marked A, and to the plans respectively marked B, C, D and E, duly signed by the parties hereto and remaining of record in the Department of Railways and Canals, where reference thereto may be had; and that the said Company will build, construct, complete and equip the said line of railway, and shall perform all Engineering services, whether in the field, or in preparing plans or doing other office works, to the entire satisfaction of the Governor in Council.

2nd. That the gradients and alignment shall be in conformity with the plan of location, marked F, and profile, marked G, aforementioned.

3rd. That the Company shall and will furnish bills of quantities of the whole line of Railway in sections of four miles, and that before the work is commenced on any section, such bills of quantities shall be approved by the Governor in Council, and before any payments are made, the Company shall furnish such further returns as may be required to satisfy the Minister as to the relative value of the works executed with that of the works remaining to be done.

4th. That the Company have already commenced the works embraced in this agreement, and will carry on the same with all reasonable despatch, and so that the whole line of Railway from Metapedia Eastwards, towards Paspebiac, 20 miles in length, shall be completed by the first day of July, A.D. one thousand eight hundred and eighty-eight.

5th. That the Company will, upon and after the completion of the said line of railway and works appertaining thereto, (if the said line of railway be or become the property of the Company as hereinafter provided,) truly and faithfully keep the same, and the rolling stock required therefor, in good, sufficient and proper working and running order, and shall continuously and faithfully operate the same.

6th. That the said line of railway and works appertaining thereto, shall be built, equipped and completed in all respects in accordance with the said annexed specification.

7th. And that (in the event of Parliament not disapproving of the present arrangement,) the said line of railway and works appertaining thereto, together with all the franchises, rights, privileges, property personal and real, of every character, shall, upon the completion of the said line of railway and works appertaining thereto, be the property of the Company.

8th. It is hereby clearly understood that Her Majesty's Government of Canada, provisionally accept the offer of the said Company above cited, to make this section a part of their line, the said Company undertaking to maintain and operate it as such, and that this arrangement is made with a view to this issue, conditionally as aforesaid.

9th. In consideration of the premises and upon the terms and conditions hereinbefore and hereinafter mentioned, Her Majesty agrees to grant, and does hereby grant, to the Baie des Chaleurs Railway Company the said sum of Three hundred thousand dollars for the twenty miles of railway so to be constructed as aforesaid, payable out of the Consolidated Revenue Fund of Canada in five payments, that is to say, for each portion of the said work as shall be equal in value to one-fifth of the whole work undertaken, such proportion to be established by the report of the Minister of Railways and Canals, and payment to be made upon the certificate of the Chief Engineer of Government Railways after its approval by the Governor in Council.

10th. That the payment hereinbefore mentioned of the said sum of Three hundred thousand dollars voted for the building of the said road, which is now proposed to be made to the Company, shall cover the price and costs of constructing and equipping the road, the buildings and other works, the price and cost of all the land and property necessary for the right of way, station grounds and other property, including rolling stock, and all costs of Engineering, and everything necessary to complete and equip the railway.

11th. It is hereby further specially provided that if Parliament should disapprove of the present arrangement during the next session thereof, then the said section of twenty miles shall not be the property of the said Company, but shall belong absolutely to the Government of Canada, in the condition it may then be in: the works shall then be stopped and this contract shall be thereby absolutely null and void, and no further moneys in such case shall be payable therefor by Her said Majesty, or on claims arising therefrom, over and above moneys which may then have already been paid or which may be payable under the then current certificate of the Chief Engineer.

In witness whereof the Baie des Chaleurs Railway Company have caused their corporate seal to be affixed hereto, and these presents to be signed by the President and by the Secretary of the said Company, and the Minister of Railways and Canals

hath hereunto set his hand and caused these presents to be sealed and countersigned by the Secretary of the Department of Railways and Canals.

Signed by the President and by the Secretary of the said Company, the corporate seal of the Company having been hereto affixed, in the presence of	}	(Signed,) THÉODORE ROBITAILLE, <i>President B. C. R. Co.</i>	
		“ L. A. ROBITAILLE, <i>Secretary B. C. R. Co.</i>	
L. J. RIOPEL.			{ Seal. }
ELZÉAR AUBÉ.			

Signed and sealed by the Minister and by the Secretary of the Department of Railways and Canals, in the presence of	}	(Signed,) J. H. POPE, <i>Minister of Railways and Canals.</i>	
		“ A. P. BRADLEY, <i>Secretary.</i>	
H. A. FISSIAULT.			{ Seal. }
M. DESJARDINS.			

EXHIBIT No. 8.

A.

SPECIFICATION AND DESCRIPTION.

1st. The railway shall be a single track line with gauge four feet eight and one half inches, with necessary sidings.

2nd. The alignments, gradient and curvature shall be the best the physical features of the country will admit of, the maximum grade not to exceed sixty-seven feet to the mile, and the minimum curvature not to be of less radius than seven hundred and sixteen feet.

3rd. In all wooded sections the land must be cleared to the width of not less than fifty feet on each side of the centre line; all brush and logs must be completely burnt and none thrown on the adjacent land.

4th. All stumps must be grubbed out within the limits of cuttings under three feet in depth, or embankments less than two feet in height.

5th. All stumps must be close cut where embankments are less than four feet and more than two feet in height.

6th. Through settlements the railway must be enclosed with substantially-built legal fences, of wire or wood, with the necessary gates and crossings to accommodate the farmers.

7th. Road crossings with cattle guards and sign boards shall be provided at all public highways crossing the railway on a level with the rails.

8th. The width of cuttings at formation level shall be twenty feet, embankments sixteen feet.

9th. Efficient drainage must be provided by open ditches and under drains.

10th. All bridges, culverts and other structures must be of ample size and strength for the purpose intended; piers and abutments of truss bridges must be of massive masonry, and culverts under embankments over twelve feet in height must be of well built, strong second class masonry, or iron, made of durable and suitable materials, thoroughly permanent in character, and equal in every essential particular to the

best description of like work employed in similar railway work in the Dominion. Culverts under embankments less than twelve feet in height may be of cedar timber 12 inches by 12 inches, except the track stringers of beam culverts, which shall be of white pine. Superstructure of truss bridges may be of wood.

11th. The rails shall be of steel, weighing not less than fifty-six pounds per lineal yard, of approved section, and with the most approved fish plate.

12th. The railway must be well ballasted with either gravel or other suitable material in accordance with the diagram hereto annexed. The sleepers to be 8 inches face by 6 inches thick and 8 feet long—2,600 to the mile.

13th. Sufficient siding accommodation, stations, tanks, turntables or Y's, and such other structures and buildings as may be necessary to meet the requirements of the traffic, shall be provided by the company.

14 h. Sufficient rolling stock necessary to accommodate and to conduct promptly and efficiently the traffic and business of the line shall be provided by the company.

Signed in presence of	}	Signed,	THEODORE ROBITAILLE,
L. J. RIOPEL,		"	L. A. ROBITAILLE,
ELZÉAR AUBÉ.	}		<i>President B. C. R. Co.</i>
			<i>Secretary B. C. R. Co.</i>

And in presence of	}	Signed,	J. H. POPE,
H. A. FISSIAULT,		"	A. P. BRADLEY,
M. DESJARDINS.	}		<i>Secretary.</i>
			<i>Minister of Railways and Canals,</i>

ARTICLES OF AGREEMENT made and entered into this seventh day of November, in the year of Our Lord one thousand eight hundred and eighty-five,

BETWEEN "The Baie des Chaleurs Railway Company," of the first part, and Her Majesty Queen Victoria, represented herein by the Minister of Railways and Canals, of the second part.

WITNESSETH, that whereas it is, in and by an Act passed in the session of the Parliament of Canada, held in the forty-sixth year of Her Majesty's reign, chapter twenty-five and intituled, "An Act for authorising subsidies for the construction of the lines of Railways therein mentioned," amongst other things in effect enacted that "it shall be lawful for the Governor in Council to grant to the Baie des Chaleurs Railway Company for 100 miles of their Railway from Metapedia, on the Intercolonial Railway, to Paspebiac, in the Province of Quebec, a subsidy not exceeding Three thousand two hundred dollars per mile, nor exceeding in the whole Three hundred and twenty thousand dollars, the said subsidy to be granted to such company, it being provided therein that the line of Railway shall be commenced within two years from the first day of July, 1883, and completed within a reasonable time, not to exceed four years from and after the passing of this Act (25th May, 1883), to be fixed by Order in Council, and according to descriptions and specifications to be approved by the Governor in Council on the report of the Minister of Railways and Canals, and specified in an agreement to be made by the company with the Government; such subsidy to be payable out of the Consolidated Revenue Fund of Canada by instalments in the completion of each section of not less than ten miles of Railway, proportionate to the value of the portion so completed in comparison with the whole work undertaken, to be established by the report of the said Minister.

Provided always, that the granting of such subsidy shall be subject to such conditions for securing such running powers or traffic arrangements, and other rights, as will afford all reasonable facilities and equal mileage rates to all railways connecting with that so subsidized, as the Governor in Council may determine.

And whereas provision has already been made, in and by another agreement of even date herewith, for the construction and maintenance thereafter as a part of their own line of the first twenty mile section of the company's proposed railway, that is to say, from the Metapedia station of the Intercolonial Railway to a point twenty miles eastwardly therefrom towards Paspebiac, and for the payment thereof out of

a sum of Three hundred thousand dollars voted in the session of Parliament of the year 1884, and revoked in 1885, as a branch of the Intercolonial Railway, it has been agreed, and it is hereby agreed, that so much of the subsidy of three thousand two hundred dollars per mile voted in 1883, for the whole line from Metapedia to Paspebiac, as had reference to the said first twenty mile section of said Railway, shall cease to apply to the said first twenty mile section, and that the present agreement shall apply only to the further eighty miles of the said line of railway.

AND WHEREAS the Governor in Council has duly approved of the descriptions and specifications hereto annexed, marked "A," as the descriptions and specifications for the construction of the Railway from a point where the first 20 mile section mentioned in the other agreement of even date herewith, may terminate eastwardly from Metapedia station of the Intercolonial Railway, and extending therefrom to Paspebiac, a distance of about eighty miles.

NOW THIS AGREEMENT WITNESSETH, that in consideration of the said subsidy to be paid in the manner aforesaid, "The Baie des Chaleurs Railway Company," covenants and agrees to, and with Her Majesty, Her Heirs and successors, in manner following, that is to say :—

1. That the Company shall and will well, truly and faithfully make, build, construct and complete a line of railway from a point where the first 20 mile section mentioned in another agreement of this day may terminate eastwardly from Metapedia station of the Intercolonial Railway, and extending therefrom to Paspebiac, a distance of about 80 miles, the points and approximate route and course being shown on the map hereunto annexed, marked "B;" and all bridges, culverts and works appurtenant thereto, and will build, construct and complete the said line of railway, bridges, culverts and all engineering services, whether in the field, or in preparing plans or doing other office works, to the entire satisfaction of the Governor in Council.

2. That the company shall and will locate and construct the said line of railway on as straight a course as practicable, between the points above mentioned, with only such deviations as may seem absolutely indispensable to avoid serious engineering obstacles, and as shall be allowed by the Governor in Council.

3. That the gradients and alignment shall be the best that the physical features of the country will admit of in conformity with the aforesaid specification hereto annexed, marked "A."

4. That the Company shall and will furnish profiles, plans and bills of quantities of the whole line of railway in ten mile sections, and that before the work is commenced on any ten mile sections, such profiles, plans and bills of quantities shall be approved by the Governor in Council, and before any payments are made, the Company will furnish such further returns as may be required to satisfy the Minister of Railways and Canals as to the relative value of the works executed with that remaining to be done.

5. That the said Company have commenced the works embraced in this agreement and shall complete the same on or before the twenty-fifth day of May, A.D. eighteen hundred and eighty-seven, time being declared to be material and of the essence of this contract, and in default of such completion as aforesaid, on or before the said date, the Company shall forfeit all right, claim or demand to any and every part of the subsidy remaining unpaid, as also to any moneys whatever which may be at the time of the failure of the completion as aforesaid due and owing to the company.

6. That the company will upon and after the completion of the said line of railway and works appertaining thereto, truly and faithfully keep the same and the rolling stock required therefor in good sufficient working and running order, and shall continuously and faithfully operate the same.

It is hereby further agreed that Her Majesty's Government of Canada shall undertake to request authority from Parliament at its now next Session to pay over to the Company for the section comprised between the 20th and the 40th mile, including said 40th mile, eastwards, from Metapedia (which now shall constitute the

first 20 mile section of the 80 miles now to be built), the sum of \$3,200 per mile voted in 1883 for the first 20 mile section, eastwards from Metapedia, so that the total amount payable for the first 20 mile section of the said 80 miles, shall be \$6,400 a mile in place of \$3,200; and that the said Company, however, shall not be entitled to such additional subsidy unless and until the Parliament of Canada shall have duly authorized such additional payment.

7. That the Company will build, construct and complete the said line of railway and works appertaining thereto in all respects in accordance with the specification hereto annexed, marked "A"; and upon a line of location to be approved of by the Governor in Council.

8. That the granting of the said subsidy shall be subject to such conditions for securing such running powers or traffic arrangements and other rights as will afford all reasonable facilities and equal mileage rates to all railways connected with the said line of railway so subsidized as the Governor in Council may determine.

9. And that the said line of railway and works appertaining thereto, together with all the franchises, rights, privileges, property, personal and real of every character, shall, upon completion of the said line of railway and works appertaining thereto, be the property of the Company.

IN WITNESS WHEREOF, "The Baie des Chaleurs Railway Company" have caused their corporate seal to be affixed hereto and these presents to be signed by the President and by the Secretary of the said Company, and the Acting Minister of Railways and Canals hath hereunto set his hand and caused the same to be sealed and counter-signed by the Secretary of the Department of Railways and Canals.

Signed by the President and by the Secretary of the said Company, the corporate seal of the Company having been hereunto affixed, in the presence of

(Signed) L. J. RIOPEL.
" ELZÉAR AUBÉ.

(Signed) THEODORE ROBITAILLE,
President B. C. R. Co.

" L. A. ROBITAILLE,
Secretary B. C. R. Co.



Signed and sealed by the Minister and by the Secretary of the Department of Railways and Canals, in the presence of

(Signed) H. A. FISSIAULT.
" M. DESJARDINS.

(Signed) J. H. POPE,
Minister of Railways and Canals.

" A. P. BRADLEY,
Secretary.



EXHIBIT No. 9.

ARTICLES OF AGREEMENT made in duplicate, entered into this second day of June, A.D. 1888.

BETWEEN Her Majesty QUEEN VICTORIA, represented herein by the Honourable JOHN HENRY POPE, Minister of Railways and Canals, of the first part, and the BAIE DES CHALEURS RAILWAY COMPANY of the second part, hereinafter called "The Company;"—

WHEREAS by the Act forty-sixth Victoria, chapter twenty-five, the Governor in Council was authorized to grant to the Baie des Chaleurs Railway Company, incor-

porated by Act of the Legislature of the Province of Quebec, a subsidy not exceeding three thousand two hundred dollars per mile, nor exceeding in the whole three hundred and twenty thousand dollars, for one hundred miles of their railway from Metapedia on the Intercolonial Railway to Paspebiac in the Province of Quebec, and by the Act forty-seventh Victoria, chapter eight, further authority was given to the Governor in Council to grant a subsidy not exceeding in the whole three hundred thousand dollars, for a branch of the Intercolonial Railway from Metapedia eastward towards Paspebiac, twenty miles in the Province of Quebec, subject in both cases to certain conditions mentioned in the said Acts respectively; and whereas the said Company by two separate instruments, designated as articles of agreement, made in duplicate, between Her Majesty Queen Victoria and the Company, both bearing date the seventh day of November, one thousand eight hundred and eighty-five, have undertaken to construct, in the manner and subject to the conditions set forth in the said instruments respectively, as well the said twenty miles as the remaining eighty miles of the railway from Metapedia to Paspebiac.

AND whereas by the Act 49 Vic., ch. 17, the two instruments of agreement hereinbefore referred to were approved and confirmed, and whereas considerable portion of work has been executed by the Company under the said agreements and in pursuance of the said last mentioned Act upon the first forty miles of the said line of railway from Metapedia eastward, the said forty miles being now nearly completed, and whereas the Company have applied for assistance from the Government of Canada towards the completion of the remaining sixty miles of the said Railway, and it has been agreed by and between the Government of Canada and the Company, subject to the approval of Parliament, that the subsidy of \$3,200 per mile, applicable for the last thirty miles of the said Railway ending at Paspebiac shall be made applicable to the thirty miles of railway immediately to the westward thereof, being the section commencing with the forty-first mile of the said Railway running eastward from Metapedia and the seventieth mile, to the intent that there may be applicable to the said thirty miles of railway as a Government subsidy the full sum of \$6,400 per mile; and it has been further agreed, subject to the approval aforesaid, that as a security for the due completion of the last thirty miles of the said Railway in pursuance of the agreements and statutes in that behalf, the said last thirty miles to be constructed without subsidy from the Government of Canada, the Company should transfer to the Government bonds to the amount of \$200,000 of the character described in sections 13 and 14 of the Company's charter (ch. 53 of the Acts of 1882, Quebec). Now this agreement witnesseth that in consideration of the premises and of the sum of \$1, lawful money of Canada now paid by each of the said parties to the other, the receipt whereof is hereby by each of them respectively acknowledged, Her Majesty the Queen, subject to the approval of the Parliament of Canada, doth hereby agree to and with the Company that the Government of Canada shall pay to the Company as a subsidy for the completion of that section of the said Railway, beginning with the 41st mile and going eastward and ending with the 70th mile, at the rate of \$3,200 per mile in addition to the subsidy already applicable to the said section in pursuance of the agreements and statutes in that behalf, such subsidy to be payable at the times and in the manner, and subject to the same conditions as the said subsidy already provided for is applicable thereto.

It is further agreed between the parties that the Company hereby waives and gives up all right to be paid any subsidy or receive any sum of money under any contract heretofore existing between the parties or any statute in that behalf in respect to the said last thirty miles of the said 100 miles of railway, the Company hereby undertaking and agreeing to construct and complete the same in pursuance of the said contract and statutes without a further subsidy from the Government of Canada; and it is hereby further agreed between the parties that before any money shall become payable to the Company under this contract the Company shall deposit with the Government as security for the completion of the last 30 miles of the said railway the Company's first mortgage bonds to the amount of \$200,000, issued under and in pursuance of sections 13 and 14 of their said charter, it being hereby under

stood that the issue of which such bonds are to form a part, shall not exceed in amount the sum of \$20,000 per mile on the said 100 miles of railway, and shall extend over the whole railway.

It is hereby further agreed between the parties that except as in this agreement stated, the said two agreements hereinbefore referred to shall continue valid and have full force and effect. It is further agreed between the parties hereto, that the Government of Canada shall undertake to request authority from Parliament at its next session to ratify and confirm this agreement and everything herein contained.

This agreement is executed subject to and shall only operate upon such authority and ratification being obtained from Parliament as aforesaid.

In witness whereof the Honourable John Henry Pope, Minister of Railways and Canals as aforesaid, has hereunto set his hand and caused the same to be sealed and countersigned by the Secretary of the Department of Railways and Canals, and the Company have also caused their corporate seal to be affixed thereto, and the President and Secretary of the said Company having also signed these presents the day and year first above written.

Signed and sealed by the Minister and by the secretary of the Depart- ment of Railways and Canals, in the presence of	(Sgd.)	J. H. POPE,	
			<i>Minister of Railways & Canals.</i>
(Sgd.) F. A. FISSIAULT. " L. H. FILTEAU.	(Sgd.)	A. P. BRADLEY,	<i>Secretary.</i>
			(Seal.)
Signed by the President and Secretary of the Com- pany and the corporate seal of the Company hav- ing been affixed in the presence of	(Sgd.)	THEODORE ROBITAILLE,	<i>President.</i>
	(Sgd.)	L. A. ROBITAILLE,	<i>Secretary.</i>
(Sgd.) H. A. FISSIAULT. " L. H. FILTEAU.			(Seal.)

EXHIBIT No. 10.

BRIEF HISTORY OF THE BAIE DES CHALEURS RAILWAY.

In 1883, by 46 Victoria, Chapter 25, a subsidy was granted for the Section of Road from Metapedia to Paspebiac a distance of 100 miles not exceeding \$3,200 per mile nor exceeding in the whole \$320,000.

The work not having been commenced, and the prospects of it being commenced in the near future under the above Act not being considered favourable it was determined to undertake the first 20 miles out from Metapedia Station as a Government work and for this purpose a sum of \$300,000 was voted by Parliament by 47 Victoria, Chapter 8.

Tenders were invited and received, but none of them coming within the amount of the above appropriation of \$300,000 and an offer having been made by the Baie des Chaleurs Railway Company to build and operate this 20 mile Section for the above \$300,000 the offer was accepted by Order in Council, 18th September 1885, and contract was entered into on 7th November 1885, also a contract of same date was made for the construction of the balance of 80 miles subsidized at \$3,200 per mile, provided the subsidy of \$3,200 per mile on the first 20 miles be applied to the second 20 miles making the subsidy on the second 20 miles \$6,400 per mile.

By the 49 Victoria, Chapter 17, this doubling up of the subsidy was ratified and the term for completion extended to 1st December 1888.

The Road not having been completed on 1st December 1888, the balance of subsidy unpaid (\$244,500) lapsed and was revoked by the 49 Victoria, Chapter 17, by this same authority the subsidy of \$3,200 per mile on the 30 miles from the 71st to 100th mile was doubled up on the 30 miles from the 41st to the 70th mile making the subsidy on this Section \$6,400 per mile. The Company depositing with the Government Bonds of the Company to the value of £83,000 sterling as security for the fulfilment by the Company of their undertaking to build the Section from the 70th to the 100th mile without Federal subsidy.

The total subsidy granted is.....	\$ 620,000
Of which has been paid.....	524,175
	<hr/>
Leaving a balance unearned of.....	\$ 95,825

All payments are made upon the report of the Chief Engineer of Government Railways after inspection.

DEPARTMENT OF RAILWAYS & CANALS,
AUGUST 12th, 1891.

EXHIBIT No. 11.

STATEMENT of payments made to Baie des Chaleurs Railway Company on account subsidy:—

1st to 20th Mile Section.

28th September, 1886.....	\$60,000	
3rd November, 1886.....	60,000	
30th do do	60,000	
4th February, 1887.....	40,000	
17th August, 1887.....	20,000	
28th December, 1887.....	6,700	
3rd December, 1888.....	15,200	
27th February, 1889.....	17,100	
2nd August, 1889.....	18,950	
21st October, 1889.....	1,850	
	<hr/>	\$299,800

21st to 30th Mile Section.

4th February, 1887.....	\$30,000	
28th December, 1887.....	23,600	
2nd August, 1889.....	1,700	
	<hr/>	55,300

31st to 40th Mile Section.

27th February, 1889.....	\$39,000	
2nd August, 1889.....	16,500	
	<hr/>	55,500

41st to 50th Mile Section.

27th February, 1889.....	\$ 3,900	
2nd August, 1889.....	57,200	
		61,100

51st to 60th Mile Section.

21st October, 1889.....	\$52,475	
		52,475
Total		<u>\$ 524,175</u>

EXHIBIT No. 12.

BAIE DES CHALEURS RAILWAY.

1st to 20th mile.

Total subsidy.....	\$300,000	
Earned and paid.....	299,800	
		200
Unearned and unpaid.....	\$	200

21st to 70th mile.

Total subsidy.....	\$320,000	
Earned and paid.....	224,375	
		95,625
Unearned and unpaid.....	\$	95,625

EXHIBIT No. 13.

(Translation.)

“Copy of a Report of a Committee of the Honourable the Executive Council, dated 21st April, 1891, approved by the Lieutenant Governor on the 23rd April, 1891. No. 237.

Concerning the Baie des Chaleurs Railway.

The Honourable the Commissioner of Public Works, in a Report dated 20th April instant (1891), sets forth that he has received a letter from Mr. Angus N. Thom, of date the 17th April instant, reading as follows:—

QUEBEC, 17th April, 1891.

To HONOURABLE P. GARNEAU,

Commissioner of Public Works and Premier, *ad interim*.

SIR,—We are in a position to secure the transfer of the charter of the Baie des Chaleurs Railway if the following proposition is accepted by the Government, the company under the management of a new board of directors will be prepared to go on with the works, complete the road and have it ready for traffic on or before the 31st December, 1892, from Matapedia to Paspebiac, and thence to Gaspé Basin as soon as circumstances will permit.

For the carrying out of the present proposition it is understood that the Government shall pay the company:—

1. The balance of the subsidy granted by the Statutes of Quebec, 45 Vic., chap. 23, and its amendments, and 51-52 Vic., chap. 91, sec 12, amounting to \$260,000 to be payable as earned.

2. The subsidy of \$50,000 granted by the statute of last session, 54 Vic., chap. 88, sec. I, sub-sec. I, to be payable as soon as a bridge over the Grand Cascapedia is finished and accepted by the Government.

3. To comply with the intention of the law these subsidies of 800,000 acres of land granted by the Statutes of last session, 54 Vic., chap. 88, sec. I, sub-sec. J, shall be converted and the proceeds thereof shall be used by the Government to pay the legitimate and privileged claims, in accordance with the above Act, now existing against the road or against the company; and if any surplus should exist after the payment by the Government of all claims now existing against the said road as aforesaid, such surplus, if any, shall go to the new company on final settlement.

The said debts and claims after they shall have been approved and certified by Mr. Thom, representing the company, shall be paid by a person appointed by the Government for that purpose, and failing such approbation and such certificate by Mr. Thom, they shall be paid upon a judgment or arbitrators' report in favour of any payment. When the commissioner appointed by the Government shall accept a claim and Mr. Thom refuses his certificates and approbation, then and in each case the claimant has an absolute right to an arbitration, and the decision of the arbitrators shall then state that the costs incurred shall be paid by the party against whom the decision is given. If Mr. Thom fails to appoint an arbitrator after fifteen days' notice to do so, the commissioner may then pay the claim, and his action shall be binding on all parties.

As a guarantee that they will go on with the works, build, complete and run the road, the company will deposit with the Government bonds of the actual commission to the amount of five hundred thousand dollars (\$500,000) which shall be exchanged for an equal amount of bonds of another issue of same amount and value in case the company would deem proper to cancel the present issue and replace with others or other satisfactory security in lieu thereof, it being distinctly understood that the company will be handed back the bonds or other security so deposited on the completion and equipment of the road to Paspébiac.

The board of directors of the company under the new organization shall be composed as follows:—James Cooper, of Montreal; J. P. Dawes, of Lachine; Alexander Ewing, of Montreal; James Williamson, of Montreal; Angus M. Thom, of Montreal, and two other persons to be named by the Government.

On the sixty miles of the said road comprised between Metapedia and the big river Cascapedia, the company will resume the works as soon as they can take possession of that section, and on the forty miles ending at Paspébiac, surveys will be commenced as soon as the present proposition is accepted and the works will proceed with the utmost diligence.

The whole respectfully submitted.

(Signed) A. M. THOM.

“And upon the said A. M. Thom, and the persons in the name of whom he acts and whom he represents obtaining a transfer of the charter of the Baie de Chaleurs Railway, and seeing that persons mentioned in the propositions above cited have the necessary means to carry out the enterprise, as required by the Statute of last session, 54 Vic. chap. 88, section I, sub-section J, and seeing that it is in the interests of the province to accept it, the Honourable Commissioner of Public Works recommends that the said proposition be accepted as follows, that is to say:—

1. To re-organize the Baie des Chaleurs Railway Company.
2. To construct and put in operation on or before the 31st December, 1892, the one hundred miles of the said railway comprised between Metapedia and Paspébiac, and the remainder as far as Gaspé Basin as soon as circumstances will permit.
3. To continue the works on the sixty miles comprised between Metapedia and the river Grand Cascapedia, as soon as the company shall be able to take possession of this part of the road, that is to say as soon as the claims which are not contested shall have been paid; which shall be done at the diligence of the Government, between now and the 10th May next, at the latest, but without recourse against the

Government in default of such diligence, to commence the explorations upon the forty miles between the river Grand Cascapedia and Paspebiac, as soon as the proposition shall be accepted, and push them on with the utmost dispatch.

4. That the first Board of Directors of the said company shall be composed of the following persons: James Cooper, of Montreal; J. P. Dawes, of Lachine; Alexander Ewing, of Montreal; Angus M. Thom, of Montreal; James Williamson, of Montreal, and of two persons named by the Government.

5. To deposit as a guarantee in the hands of the Government five hundred thousand dollars of debentures or bonds of the company of the present issue or any other satisfactory guarantee with the privilege of exchanging the said debentures or bonds for an equal amount of debentures or bonds of any other issue, not to exceed, however the actual issue and of the same value in case it shall be judged expedient to withdraw the present issue; which debentures or bonds or other guarantees shall be returned by the Government to the company as soon as the road shall have been finished to Paspebiac.

On condition.

1. That the balance, to wit, \$260,000 of the subsidies granted to the said railway by 45 Vic., chap. 23 and its amendments and 51-52 Vic., ch. 91, sec. 12, shall be paid to the company in proportion as the same shall have been earned according to law.

2. That the subsidy \$50,000 (fifty thousand dollars) granted by the statute 54 Vic. chap. 88, sec. I, sub-section I, shall be paid to the company as soon as the bridge over the river Grand Cascapedia shall have been constructed and accepted by the Lieutenant Governor in Council, upon a report of the Government Engineer.

3. That the Government binds itself to pay the company with the subsidy of 800,000 acres of land granted by the statute 54 vic., chap. 88, section I, sub-section J, converted into money, which subsidy shall be kept by the Government and employed by it to pay the actual debts of the Baie des Chaleurs Railway; and the surplus, if any, shall be, after the payment of all claims actually existing against the company, kept by the Government, which shall render an account thereof to the company in final settlement.

That the said debts and claims after they shall have been approved of and certified by Mr. A. M. Thom, representing the company, shall be paid by a person named for that purpose by the Government; and in default of such approbation and such certificates they shall be paid upon a judgment or report of arbitrators in favour of any claimant. In the case of the Commissioner named by the Government accepting a claim and of the said Mr. Thom refusing his certificate, then and in each case the claimant shall have an absolute right to an arbitration and the award of the arbitrators shall then declare that the costs shall be at the charge of the party who shall fail; and in default of the said Thom to name an arbitrator after fifteen days' notice so to do, the Commissioner may pay the claim for all purposes whatever of law, and his action shall bind all the parties."

Certified,

(Signed)

GUSTAVE GRENIER.

Clerk of the Executive Council.

EXHIBIT No. 14.

(Translation.)

COPY of a Report of a Committee of the Honourable the Executive Council, dated the 21st April, 1891, approved by the Lieutenant-Governor 23rd April, 1891.

As to the nomination of a Commissioner to pay the claims against the Baie des Chaleurs Railway Company.

The Honourable the Commissioner of Public Works in a memorandum dated twenty-first April instant (1891), recommends that Mr. J. C. Langelier, Assistant-Registrar of the Province, be named a Commissioner to pay the claims against the Baie des Chaleurs Railway Company, in conformity with the dispositions of the Order in Council number 237 of the 23rd April, 1891.

Certified,

(Signed) GUSTAVE GRENIER,
Clerk of the Executive Council.

(Translation.)

EXHIBIT No. 15.

Folio 396 C. C.

J. C. LANGELIER, Commissioner.

DR. In account with La Banque Nationale, Quebec. CR

April 28	Cheque	.....	\$31,750 00	April 29	.....Discount	.....	\$74,111 64
do	do	.....	24,000 00				
do	do	.....	16,000 00				
May 1	do	.....	111 64				
July 13	do	.....	2,250 00				
			<u>\$74,111 64</u>				<u>\$74,111 64</u>

Certified Copy of the Account of

J. C. Langelier, "Commissioner."

Quebec, 11th August 1891,

P. LAFRANCE,
Cashier.

EXHIBIT No. 15a.

CHEQUE.

(Translation.)

No.....

QUEBEC, 28th April, 1891.

LA BANQUE NATIONALE.

Pay to C. N. Armstrong.....or order, thirty-one thousand seven hundred and fifty Dollars, \$31,750.

(Sgd) J. C. LANGELIER,
Commissioner.

Marked on face:— Accepted payable the first of May, 1891.
P. L.

Payable 18th May, 1891.

J. E. P.

396

LA BANQUE NATIONALE
Paid
May 1st., 1891.
QUEBEC.

(Stamped)

Endorsed on back :—

Pay to A. Mc Thom or order
C. N. ARMSTRONG.

A. Mc Thom.

For the credit of
La Banque Nationale,
Quebec.

No. 2. P. LAFRANCE,
Cashier.

EXHIBIT No. 15b.

CHEQUE.

(Translation.)

QUEBEC, 28th April, 1891.

No.—

LA BANQUE NATIONALE.

Pay to C. N. Armstrong.....or order
Twenty-four thousanddollars
\$24,000.

J. C. LANGELIER,
Commissioner.

Marked on face :—Accepted payable the first of May, 1891.

P. L.

Payable the 1st May, 1891.
J. E. P.

La Banque Nationale.
Paid
May 1, 1891.
Quebec.

(Stamped)

Endorsed on back :—

C. N. ARMSTRONG.
TH. ROBITAILLE, M.D.

(Stamped)

To be deposited at
La Banque Nationale
To the credit of
La Caisse d'Economie de Notre-Dame
of Quebec.
Upper Town Office.
FRS. COTÉ.
Accountant.

EXHIBIT No. 15c.

CHEQUE.

(Translation.)

QUEBEC, 28th April, 1891.

No—

LA BANQUE NATIONALE.

Pay to C. N. Armstrongor order
Sixteen Thousanddollars
(\$16,000.)

J. C. LANGELIER,
Commissioner.

Marked on face :—Accepted, payable the 1st day of May, 1891.

P. L.

396

Payable the 1st May, 1891.

J. E. P.

(Stamped)

La Banque Nationale.
Paid
May 2, 1891.
Quebec.

Endorsed on back :—

Pay to bearer,
C. N. ARMSTRONG.

(Stamped)

For deposit to credit of
Bank of Montreal, Quebec.
J. Macara, Manager.

EXHIBIT No. 15d.

CHEQUE.

(Translation.)

QUEBEC, 29th April, 1891.

No. —

LA BANQUE NATIONALE.

Pay to C. N. Armstrong, Esq.,.....or order
one hundred and eleven.....⁶⁴/₁₀₀ Dollars.
\$111.64.

J. C. LANGELIER,
Commissioner.

Marked on face :—

396

C.L.

La Banque Nationale.
Paid
May 1, 1891.
Quebec.

(Stamped)

Endorsed on back:—

C. N. ARMSTRONG.

Pay to order of La Banque Nationale, Quebec,
for the account of
La Banque Nationale, Montreal.
ALF. BEUNET,
Manager.

(Stamped)

And written in lead pencil on back in French:—

To pay note of Mr. C. N. A.
Re Duquet.
Paid D. \$55.00.

EXHIBIT No. 15e.

CHEQUE.

(Translation.)

QUEBEC, 13th July, 1891.

No.—

LA BANQUE NATIONALE.

Pay to James Cooper, Esq..... or order,
two thousand two hundred and fifty..... Dollars,
\$2,250.00.

(Sgd.) J. C. LANGELIER,
Commissioner.

Marked on face:—

G 94

396

L. B.

La Banque Nationale.
Paid
July 17, 1891,
Quebec.

(Stamped)

Bank of Toronto.
4200
Montreal.

(Stamped)

Endorsed on back:—

JAMES COOPER.
For collection on account of
the Bank of Toronto,
Montreal.
J. MURRAY SMITH,
Manager.

(Stamped)

EXHIBIT No. 16.

*Memo.**(Translation.)*

Letter of Credit signed by the Honourable P. Garneau, in his capacity as representative of the Prime Minister and as Treasurer of the Province of Quebec, authorizing La Banque Nationale to advance the sum of \$75,000 to J. C. Langelier, Dated 28th April, 1891.....	\$75,000 00
Bearing 5 per cent interest commencing from the 1st June to the 10th July, due date of the letter of credit, 39 days at 5 per cent.....	400 68
	<u>\$70,400 68</u>
Discount—	
78 days at 8 per cent.....	1,289 04
Proceeds.....	<u>\$74,111 64</u>

TREASURY DEPARTMENT
ARMS,
QUEBEC.

EXHIBIT No. 17.

QUEBEC, 30th April, 1891.

The Cashier La Banque Nationale,
Quebec.

SIR,—I beg to inclose herewith copies of the Orders in Council referred to in the letter of the Honourable the Acting Premier, authorizing the Bank to advance \$75.00 to J. C. Langelier, Esq., Commissioner.

I have the honour to be, Sir,
Your obedient servant,

H. J. MACHIN,
Assist. Treasurer, P. Q.

EXHIBIT No. 18.

(Translation.)

LA BANQUE NATIONALE.

QUEBEC, 12 August, 1891.

Extract from the minutes of a meeting of directors of La Banque Nationale held 30th April, 1891.

“Loan of \$75,000 made to J. C. Langelier, Commissioner, upon guarantee of a Letter of Credit from the Provincial Government is approved.”

Certified copy.

(Signed)

P. LAFRANCE.

Seal.

EXHIBIT No. 19.

(Translation.)

(Folio 403, C.C.)

ERNEST PACAUD, in account with La Banque Nationale, Quebec.

DR.

CR.

		\$	cts.			cts.
1891.						
May 15.....	Cheque.....	5,000	00	May 15.....	Disct.....	60
	do	5,000	00			
	do	250	00			
16.....	do	1,000	00			
19.....	3	1,500	00			
20.....	2	20	00			
21.....	5	50	00			
22.....	4	315	00			
23.....	Cheque.....	75	00			
26.....	do	50	00			
27.....	7	1,000	00			
	6	1,000	00			
	Cheque.....	500	00			
29.....	do	25	00			
	8	400	00			
June 2.....	10	500	00			
3.....	9	555	40			
9.....	11	260	00			
11.....	Cheque.....	500	00			
16.....	do	1,000	00			
26.....	do	500	00			
27.....	do	100	00			
July 3.....	do	30	00			
6.....	do	102	20			
		19,732	60			19,732 60

Certified copy of the account of Ernest Pacaud, in current accounts.

Quebec, 11th August 1891.

(Sgd)

P. LAFRANCE,

Cashier.

EXHIBIT No. 20.

(Translation.)

The cashier of La Banque Nationale will please deliver all my cheques up to this day to the bearer, Mr. Auguste Edge.

7th August, 1891.

ERNEST PACAUD.

Received from La Banque Nationale 24 cheques.

AUGUSTE EDGE.

QUEBEC, 7th August, 1891.

These cheques are drawn by Mr. Pacaud on La Banque Nationale.

A. E.

EXHIBIT No. 21.

(Translation.)

MEMO. of discount of ERNEST PACAUD, Esquire.

No. 19,872. Note Ernest Pacaud in favour P. Vallière of	
15th July 1891	\$20,000 00
Discount, 61 days at 8 per cent.....	267 40
	<hr/>
Proceeds to the credit of E. Pacaud..... ..	\$19,732 60

Certified.

QUEBEC, 11th August, 1891.

P. LAFRANCE,
Cashier.

Memo.

A cheque for \$20,000 drawn by J. C. Langelier, "Commissioner," on La Banque Nationale in favour of P. Vallière, accompanied by a letter from the cashier of the same Bank, addressed to P. Vallière, saying that the said Union Bank will pay these cheques as soon as the letter of credit in favour of J. C. Langelier, signed by the Honourable P. Garneau, of date 28th April, shall be paid to the said Bank. I believe that the cheque of \$20,000 was to the order of C. N. Armstrong, endorsed by him and P. Vallière.

P. L.

EXHIBIT No. 22.

(Translation.)

LA BANQUE DU PEUPLE,
QUEBEC, 6th August, 1891.

Mr. P. B. DUMOULIN, agent.

I acknowledge by these presents, that the balance this day, to the credit of my account with La Banque du Peuple, Quebec, is \$1,237.13, and that the cheques have been returned to me up to this date, 6th August, 1891.

E. PACAUD.

To the Cashier of La Banque du Peuple,
Quebec.

True copy.

P. AUG. LABADIE,
Accountant, Banque du Peuple, Québec.

EXHIBIT No. 23.

(Translation.)

MR. ERNEST PACAUD in account with La Banque du Peuple, Quebec.

DR.

CR.

		\$	cts.			\$	cts.
May 6	Cheque	5,000	00	May 6	Balance, 5th May, 1891	219	69
	"	1,000	00	14	D	19,720	00
	"	2,150	00	15	E	1,000	00
8	"	100	00	16	E	1,419	80
	"	400	00	16	E	195	85
	"	918	23	18	D	1,500	00
9	"	200	00	21	D	1,000	00
	"	75	00	June 1	D	500	00
	"	1,000	00				
	"	25	00				
	"	40	00				
11	"	1,000	00				
	"	150	00				
	"	115	00				
	"	250	00				
	"	20	00				
	"	50	00				
12	"	10	00				
	"	400	00				
	"	1,000	00				
13	"	150	00				
	"	45	54				
14	"	19	00				
	"	100	00				
	"	25	00				
15	"	12	50				
	"	150	00				
	"	22	50				
	"	14	25				
	"	600	00				
16	"	39	00				
	"	7,000	00				
	"	15	40				
	"	30	00				
	"	51	12				
	"	100	00				
	"	200	00				
18	"	25	35				
	"	1,000	00				
19	"	130	00				
	"	50	00				
	"	10	00				
20	"	425	00				
21	"	50	00				
26	"	15	35				
	"	550	00				
29	"	43	92				
30	"	17	60				
June 1	"	300	00				
3	"	100	00				
	Balance	360	58				
		25,555	34			25,555	34

True copy

P. AUG. LABADIE,
Accountant, Banque du Peuple, Quebec.

EXHIBIT No. 24.

(Translation.)

EXTRACT from the Discount Ledger of La Banque du Peuple, Quebec, on
6th May, 1891.

Date of Note.	Promissor.	Endorsers.	When Due.	Number of Days.	Face of Note.	Discount.	Proceeds.
1891.					\$ cts.	\$ cts.	\$ cts.
May 6...	Ernest Pacaud..	{ P. Vallière.. E. Pacaud.. }	July 18...	73	20,000 00	280 00	19,720 00

True copy.

P. AUG. LABADIE,
Accountant, Banque du Peuple, Quebec.

EXHIBIT No. 25.

(Translation.)

EXTRACT from the Register of Bills Receivable of La Banque de Peuple, Quebec,
from the 6th of May to the 3rd of June, 1891.

Promissor.	Endorsers.	Face of Note.	Due.	Paid.
		\$ cts.		
A. F. Carrier.....	Ernest Pacaud..	400 00	May 6.....	May 6.
Jas. Carrel	do	150 00	do 8.....	do 6.
Jon. G. M. Deschène	do	150 00	do 31.	do 11.
J. I. Tarte	{ do and Frs. Lan- gelier	1,000 00	June 3.....	do 11.

True copy.

P. AUG. LABADIE,
Accountant, Banque du Peuple, Quebec.

EXHIBIT No. 26.

(Translation.)

LA BANQUE DU PEUPLE,
QUEBEC, 6th May, 1891.

J. S. BOUSQUET, Esq.,

DEAR SIR,—Mr. Philippe Vallière, one of our wealthy clients, has discounted here to-day, his note for \$20,000, to the order of Ernest Pacaud. Mr. Vallière has a guarantee from the Government which he has sent to me, and which I will collect myself on the 10th of July. The proceeds of this discount are to be applied by Mr.

Pacaud to meet various liabilities spread out from now to the 3rd of June, amongst which there is \$5,000 payable to ourselves, so that we shall disburse \$15,000 only.

Yours truly

P. B. DUMOULIN,
Agent.

A true extract from the original.

P. AUGUSTE LABADIE,
Accountant, La Banque du Peuple, Québec.

EXHIBIT No. 27.

(Translation.)

LA BANQUE DU PEUPLE, QUEBEC, 6th May, 1891.

J. S. BOUSQUET, Esq.

DEAR SIR,—Mr. Phillippe Vallière, one of our wealthy clients, has discounted here to-day, his note for \$20,000, to the order of Ernest Pacaud. Mr. Vallière has a guarantee from the Government which he has sent to me and which I will collect myself on the 10th of July. The proceeds of this discount are to be applied by Mr. Pacaud to meet various liabilities spread out from now to the 3rd of June, amongst which there is \$5,000 payable to ourselves so that we shall disburse \$15,000 only. The only inconvenience that I saw in this transaction was the want of funds in which I am. I at first refused for that reason, but the Honourable Charles Langelier, who accompanied Mr. Vallière, has promised me a deposit of \$50,000 upon the proceeds of the loan, and this over and above the amount which you expect to have yourself. Under these circumstances, I believed I ought to make the transaction.

Yours very truly,

P. B. DUMOULIN.

True copy.

(Signed) P. AUG. LABADIE,
*Accountant, Banque du Peuple,
Québec.*

EXHIBIT No. 28a.

CHEQUE.

QUEBEC, 29th April, 1891.

No.....

TO THE CASHIER
OF THE UNION BANK OF CANADA.

Pay C. N. Armstrong..... or order
Twenty thousand..... Dollars

\$20,000.00

J. C. LANGELIER,
Commissaire.

Marked on face:—

185

10th July.

C. E. D.

(Stamped)

Union Bank of Canada. July 10, 1891. Certified Quebec.

(Stamped)

Union Bank of Canada.
July 11, 1891.
Paid
Quebec.

Endorsed on back :—

C. N. ARMSTRONG.
P. VALLIERE.

B. du P.
Jul. 10, 1891.
Quebec.

EXHIBIT No. 28b.

CHEQUE.

QUEBEC, 29th April, 1891.

No.....

TO THE CASHIER OF THE UNION BANK OF CANADA.

Pay C. N. Armstrong.....or order
Twenty thousand.....dollars.
\$20,000.

J. C. LANGELIER,
Commissaire.

Marked on face :—

185

C.E.D.

(Stamped)

Union Bank of Canada
Jul. 10, 1891.
Certified
Quebec.

(Stamped)

Union Bank of Canada
Jul. 11, 1891.
Paid
Quebec.

Endorsed on back :—

(Stamped)

C. M. ARMSTRONG.
P. VALLIERE.
For the credit of
La Banque Nationale,
Quebec.
P. LAFRANCE
Cashier.

No. 3.

EXHIBIT No. 28c.

CHEQUE.

No. 5.

QUEBEC, 29th April, 1891.

TO THE CASHIER OF THE UNION BANK OF CANADA.

Pay C. N. Armstrong, Esq.....or order

Twenty thousand.....Dollars

\$20,000.00.

J. C. LANGELIER.

Commissaire.

Marked on face:—

8077

185

C.E.D.

(Stamped)

Union Bank of Canada.
Jul. 10, 1891.
Certified.
Quebec.

(Stamped)

Union Bank of Canada.
Paid
Jul. 10, 1891.
Quebec.

Endorsed on back:—

C. N. ARMSTRONG.

EXHIBIT No. 28d.

CHEQUE.

No.....

QUEBEC, 29th April, 1891.

TO THE CASHIER OF THE UNION BANK OF CANADA.

Pay C. N. Armstrong.....or order

Twenty thousand... .Dollars.

\$20,000.00.

J. C. LANGELIER,

Commissaire.

Marked on face:—

7729

July 20, '91.

185

C.E.D.

(Stamped)

Union Bank
of Canada.
Jul. 10, 1891.
Certified.
Quebec.

Union Bank of Canada.
Paid
Jul. 10, 1891.
Quebec.

(Stamped)

Endorsed on back:—

C. N. ARMSTRONG.

EXHIBIT No. 28e.

CHEQUE.

No.....

TO THE CASHIER OF THE UNION BANK OF CANADA.

Pay C. N. Armstrong, Esq.....or order
Twenty thousand.....Dollars.

\$20,000.00.

J. C. LANGELIER.
Commissaire.

Marked on face:—

7730

July 10 '91.

185

C.E.D.

Union Bank of Canada
Jul. 10, 1891.
Certified.
Quebec.

(Stamped)

Union Bank of Canada
Paid
Jul. 10, 1891.
Quebec.

(Stamped)

Endorsed on back:—

C. N. Armstrong.

EXHIBIT No. 29.

(Copy.)

UNION BANK OF CANADA,
QUEBEC, 29th April, 1891.

H. J. MACHIN, Esq.,
Assistant Treas. P. of Que.

DEAR SIR,—Will you kindly furnish me with a copy of the Orders in Council referred to in your letter authorizing the Bank to advance \$100,000 to J. C. Langelier, Esq., Commissioner.

And oblige,
Yours truly,
(Signed) E. WEBB,
Cashier.

(Copy.)

EXHIBIT No. 30.

QUEBEC, 30th April, 1891.

E. WEBB,

Cashier Union Bank,
Quebec.

DEAR SIR,—I enclose herewith copies of the Orders in Council asked for in your letter of yesterday.

Yours truly,

(Signed) H. J. MACHIN,
Assistant Treasurer, P.Q.

(Copy.)

EXHIBIT No. 31.

UNION BANK OF CANADA,

QUEBEC, 6th May, 1891.

P. VALLIÈRE, Esq., Quebec.

DEAR SIR,—This is to advise you that we will pay the cheque of Jean Chrysostôme Langelier, Commissioner, for \$20,000 drawn on this Bank in favour of C. N. Armstrong, and endorsed by him and by you, when the amount mentioned by Mr. Garneau's letter as acting Provincial Treasurer, and acting Prime Minister, of 28th April, 1891, is paid by the Government and placed to the credit of the said J. C. Langelier, Commissioner, with the Bank.

Yours truly,

(Signed) E. W. WEBB,
Cashier.

(Copy.)

EXHIBIT No. 32.

UNION BANK OF CANADA,

QUEBEC, 16th May, 1891.

J. S. BOUSQUET Esq., Cashier.

DEAR SIR,—This is to advise you that we will pay the cheque of Jean Chrysostôme Langelier, Commissioner, No. 5, for \$20,000 drawn on this Bank in favour of C. N. Armstrong, if the amount mentioned in Mr. Garneau's letter, as acting Provincial Treasurer, and acting Prime Minister, of 28th April, 1891, maturing 10th July, 1891, is paid over before that date by the Government, and placed to the credit of the said J. C. Langelier, Commissioner, with this Bank.

Yours truly,

(Signed) E. WEBB,
Cashier.

EXHIBIT No. 33.

UNION BANK OF CANADA,

QUEBEC, 16th May, 1891.

J. C. LANGELIER, Esq., Commissioner.

DEAR SIR,—This is to advise you that we hold the letter from Mr. Garneau as acting Provincial Treasurer, and acting Prime Minister, dated 28th April, 1891, on collection on your account.

Yours truly,

(Signed) E. WEBB,
Cashier.

EXHIBIT No. 34.

J. C. LANGELIER, Commissioner, in account with Union Bank of Canada.

Date.	Particulars.	Dr.	Cr.	Balance.	Days.	Interest.
1891.		\$ cts.	\$ cts.			
July, 9.	Letter of Credit.....		100,000 00			
do ..	Interest on same.....		534 25			
do ..	Cheque	20,000 00				
do ..	do	20,000 00				
do ..	do	20,000 00				
do ..	do	20,000 00				
do ..	do	20,000 00				
do ..	To Balance at Credit.....	534 25				
		100,534 25	100 534 25			

EXHIBIT No. 35.

Copy Account—ERNEST PACAUD, Union Bank.

Date.	Particulars.	Dr.	Cr.	Balance.	Days.	Interest.
1891.		\$ cts.	\$ cts.			
July 6..	Balance		1,559 00			
do 10..	Deposit.....		60,000 00			
do 11..	Cheque	500 00				
do 11..	do	25,000 00				
do 11..	do	3,000 00				
do 11..	do	8,000 00				
do 11..	do	5,000 00				
do 14..	do	29 00				
do 17..	do	25 00				
do 21..	do	7,000 00				
do 22..	do	5,000 00				
do 24..	do	3,000 00				
Aug. 10..	do	15,000 00				
do 10..	do	1,000 00				
do 10..	do	50 00				
do 10..	do	500 00				
do 10..	do	500 00				
do 10..	do	1,000 00				
do 11..	do	210 00				
do 12..	do	280 00				
	By Balance at debit		35 00			
		61,594 00	61,594 00			

EXHIBIT No. 36.

We hereby confirm the statement of our account with the Union Bank of Canada to the last day of July, 1891, as contained in our pass-books, and acknowledge receipts of cheques, vouchers, to same date.

39 cheques, February, 1891, to July, 1891.

26S. Dept. cheques, February, 1890, to June, 1891.

(Signed)

ERNEST PACAUD.

EXHIBIT No. 37.

ERNEST PACAUD in account with Union Bank Savings Department, Quebec.

Date.	Particulars.	Dr.	Cr.	Balance.	Days.	Interest.
1891.		\$ cts.	\$ cts.			
June 18..	Balance		0 20			
July 11..	Deposit		25,000 00			
August 10..	Cheque	25,000 00				
	Balance at credit	0 20				
		25,000 20	25,000 20			

August 17, 1891.

EXHIBIT No. 38.

ERNEST PACAUD in Account with Union Bank of Canada.

Date.	Particulars.	Dr.	Cr.	Balance.	Days.	Interest.
1891.		\$ cts.	\$ cts.	\$ cts.		
April 30..	Balance		9,222 95			
May 1..	Cheque	4,000 00				
do 1..	Note	5,000 00				
do 2..	Cheque	100 00				
do 4..	do	110 50				
June 18..	Interest on note	153 45				
July 4..	Deposit		7,200 00			
do 6..	Cheque	5,500 00				
do 10..	Deposit		60,000 00			
do 11..	Cheque	500 00				
do 11..	do	25,000 00				
do 11..	do	3,000 00				
do 11..	do	8,000 00				
do 11..	do	5,000 00				
do 14..	do	29 00				
do 17..	do	25 00				
do 21..	do	7,000 00				
do 22..	do	5,000 00				
do 24..	do	3,000 00				
Aug. 10..	do	1,500 00				
do 10..	do	1,000 00				
do 10..	do	50 00				
do 10..	do	500 00				
do 10..	do	500 00				
do 10..	do	1,000 00				
do 11..	do	210 00				
do 12..	do	280 00				
do 13..	Deposit		500 00			
	Balance at credit	465 00				
		76,922 95	76,922 95			

17th August, 1891.

EXHIBIT No. 39.

BANQUE DU PEUPLE, CREDIT, LA BANQUE NATIONALE.

QUEBEC, 8th May, 1891.

Notes	\$ 7,920 00
Cheques	100 00
do	170 00
do	31 22
do	88 01
do	524 60
do	250 00
do	93 77
do	250 00
do	196 00
do	368 95
do	24 00
do	18 00
do	50 00
do	47 50
do	25 50
do	11 25
do	15 00
do	3 40
do	8 50
	<u>\$10,195 70</u>
	<u>4,411 64</u>
	<u>\$14,607 34</u>

True copy.

P. AUG. LABADIE,
Accountant.

BANQUE DU PEUPLE, CREDIT, LA BANQUE NATIONALE.

QUEBEC, 8th May, 1891.

Notes	\$ 2,665 00
Cheques	160 40
do	100 00
do	72 72
do	64 00
do	77 87
do	200 00
do	17 00
do	268 88
do	266 38
do	200 00
do	45 39
do	24 30
do	30 10
do	167 84
do	25 56
do	26 20
	<u>\$4,411 64</u>

True copy.

P. AUG. LABADIE,
Accountant.

EXHIBIT No. 40.

(Translation.)

c.

LA BANQUE NATIONALE.

Credit interest—

5 days at 7%, \$5,000 \$4 80

Notes past due—

15505. (Sgd.) E. PACAUD. 5,000

2nd May, 1891.

(Stamped)

La Banque Nationale. Paid. May 6th, 1891. Quebec.
--

11-4-90-10000.

Teller.

Marked on back in lead pencil:—

E. PACAUD.

End. C.L., F.L., H.M. *et al.*,
28 Feb., 2 months
from the first of May, \$5000.

(Sgd) LAFRANCE.

Figures in lead pencil in corner:—

5,004 80
3 58
<hr/>
5,008 38
<hr/> <hr/>

EXHIBIT No. 41.

(Translation.)

(Seal.)

QUEBEC, 28th February, 1891.

C. V. TESSIER, N. P., Quebec, Can.
--

\$5,000.00.

In two months from this date, for value received, I promise to pay to the order of the Honourable Honoré Mercier the sum of five thousand dollars.

(Signed) ERNEST PACAUD.

(Endorsed)

HONORÉ MERCIER,
F. LANGELIER,
CHS. LANGELIER
C. A. P. PELLETIER,
ERNEST PACAUD.

ON this first day of May in the year one thousand eight hundred and ninety-one, I, Cy. Tessier, Notary Public for the Province of Quebec, dwelling in the City of Quebec, in the said Province, at the request of La Banque Nationale, Quebec, did

exhibit the original of the note whereof a true copy is above written, to Ernest Pacaud, Esquire, the promissor, at his office or place of business, and there speaking to a clerk did demand payment thereof, unto which demand he answered: "Mr. Pacaud is away, he will only return to his office on Monday." Wherefore, I, the said notary, at the request aforesaid, have protested and by these presents do protest against the promissor and endorsers of the said note, and all other parties to the said note or therein concerned, for all costs, damages and interest, present and to come for want of payment of the said note.

All of which I attest by my signature.

Protested in duplicate, whereof one is of record in my office bearing the number three hundred and fifty-five. Eleven words erased are null.

(Signed) CY. TESSIER, N. P.

True copy of the original remaining in my office.

(Signed) CY. TESSIER, N. P.

QUEBEC, 1st May, 1891.

The Honourable HONORÉ MERCIER,
The Honourable F. LANGELIER,
The Honourable CHS. LANGELIER and
The Honourable C. A. P. PELLETIER,
Quebec.

The note of Ernest Pacaud for \$5,000.00, dated at Quebec the 28th February, 1891, payable two months after date to the order of the Honourable Honoré Mercier, and endorsed by you, has been, this day, at the requisition of La Banque Nationale, Quebec, duly protested by me for non-payment.

(Signed) CY. TESSIER, N. P.

True copy of the original remaining in my office.

(Signed) CY. TESSIER, N. P.

And afterwards, I, the aforesaid protesting notary public, did duly serve notice, in the form required by law, of the foregoing protest for non-payment of the note protested, upon the Honourable Honoré Mercier, the Honourable F. Langelier, the Honourable Chs. Langelier and the Honourable C. A. P. Pelletier, at Quebec, in Her Majesty's post office, on the second day of May, one thousand eight hundred and ninety-one, and prepaying the postage thereon.

In testimony whereof I have, on the last mentioned day and year, at Quebec aforesaid, signed these presents,

(Signed) CY. TESSIER, N. P.

True copy of the original remaining in my office.

(Signed) CY. TESSIER, N. P.

EXHIBIT No. 42.

(Translation.)

LA BANQUE DU PEUPLE,
QUEBEC, 11th July, 1891.

CHEQUES :

87

BANK NOTES :

× 1=	.....	
× 2=	.....	
× 4=	.....	
× 5=	.....	
× 6=	.....	
× 7=	.....	
× 10=	.....	
× 20=	.....	
× 50=	.....	
10×100=	.....	1,000	00
4×500=	.....	2,000	00

GOLD.....			
SILVER.....			
GREENBACK.....			
		\$ 3,000	00

Credit of Depositor. (Signed) CHS. LANGELIER.
\$3,000 Dollars.

EXHIBIT No. 43.

(Copy.)

(Stamped.)

Union Bank of Canada, Jul. 13, 1891. Paid. Quebec.
--

× 1	.....	
× 2	.....	
× 4	.....	
152 × 5	.....		760
× 6	.....	
+ 7	.....	
58 × 10	.....		580
× 20	.....	
× 25	.....	
1 × 50	.....		50
13 × 100	.....		1,300
× 500	.....	
× 1,000	.....	
			\$ 2,699

EXHIBIT No. 44.

(Translation.)

REQUISITION.

346. To be filled up by persons desiring Bills of Exchange on London, Paris, New York, &c.

QUEBEC, 15th May, 1891.

Details.

Required from LA BANQUE NATIONALE a Bill of Exchange on Paris in favour of The Honourable H. Mercier, for the sum of \$5,000.

.....(Sgd.) E. PACAUD.....Requirer.
per P.L.

Francs.....		25,500								
<table border="1"> <tr><td>La Banque Nationale</td><td>\$ 5,100 00</td></tr> <tr><td>PAID</td><td>100 00</td></tr> <tr><td>May, 15.</td><td></td></tr> <tr><td>3—Quebec—3.</td><td>5,000 00</td></tr> </table>		La Banque Nationale	\$ 5,100 00	PAID	100 00	May, 15.		3—Quebec—3.	5,000 00	
La Banque Nationale	\$ 5,100 00									
PAID	100 00									
May, 15.										
3—Quebec—3.	5,000 00									

EXHIBIT No. 45.

EXTRACT from the Cash Book of La Caisse d'Economie de Notre Dame de Québec.

DR.

Date.	Name.	Folio.	Deposit.	Amount.
May 16, 1891....	L. P. Sirois.....	14843	.....	\$ cts. 8,000 00

CR.

Date.	Name.	Folio.	Paid.	Amount.
May 30, 1891 ...	L. P. Sirois.	14843	.....	\$ cts. 8,000 00

Certified a correct extract.

L. C. MARCOUX,
Secretary Treasurer.

QUEBEC, 19th August, 1891.

EXTRACT from Ledger No. 14 of La Caisse d'Economie de Notre Dame de Québec

Date.	—	Deposits.	Cheques.	Balance.
May 16, 1891.....	D	\$ cts. 8,000 00	\$ cts.	\$ cts. 8,000 00
" 30, 1891.....	T	.....	8,000 00	.....

Extract from the account of L. P. Sirois, Esq., N.P., certified correct.

L. C. MARCOUX,
Secretary Treasurer.

QUEBEC, 19th August, 1891.

EXHIBIT No. 46.

LA CAISSE D'ECONOMIE DE NOTRE-DAME
DE QUEBEC.

Foli 14843.

QUÉBEC, 16 Mai 1891.

		\$	
+	1 =	"	
+	2 =	"	
+	4 =	"	
+	5 =	"	
+	6 =	"	
+	7 =	"	
+	10 =	"	
+	20 =	"	
+	50 =	"	
+	100 =	"	
+	500 =	"	
		\$	
Notes			7,000
Cheques.....			1,000
Fractional Paper.....			
Gold			
Silver.....			
(Signed)			
L. P. SIROIS.		\$	8,000

Certified copy.

L. C. MARCOUX,

Sec.-Treas.

19th August, 1891.

EXHIBIT No. 47.

8-4-91-50,000.

LA BANQUE NATIONALE,

QUEBEC, 16th May, 1891.

CHEQUES.

B. Montreal.....	\$	19 50
B. Nationale.....		9 00
" ".....		1,000 00
" People.....		7,000 00
" Union.....		20 00
" ".....		3 00
" Montreal.....		30 00
	\$	8,081 50

BANK NOTES.

x = 1		
x = 2		
2 x = 4		8
102 x = 5		510
68 x = 10		680
1 x = 20		20
x = 50		
x = 100		
x = 500		
Gold		
Silver	50	50
		<u>\$ 9,300 00</u>

FOR DEPOSIT IN

Credit of Depositor.	La Banque Nationale, Quebec, to the credit of La Caisse d'Economie de Notre Dame de Québec.	} Nine thousand three hundred dollars.
----------------------	--	---

Upper Town Office,

FRS. COTE, *Teller.*

A correct copy.

L. A. MARCOUX,
Sec. Treas., C.E.N.D.

August 19, 1891.

EXHIBIT No. 48.

BANQUE DU PEUPLE CREDIT LA BANQUE NATIONALE.

QUEBEC, 18th May, 1891.

Notes	\$3,235 00
Cheques	34 38
do	257 19
do	7 50
do	16 00
do	25 35
do	167 74
do	42 57
do	198 98
do	589 10
do	*7,000 00
do	101 48
do	30 00
do	103 70
do	400 00
do	134 10
do	184 20
do	100 00
do	40 00
	<u>\$12,667 29</u>
	<u>3,574 67</u>
	<u>\$16,241 96</u>

*This cheque was accepted by us the 16th May.

True copy

P. AUG. LABADIE,
Accountant.

BANQUE DU PEUPLE CREDIT LA BANQUE NATIONALE.

QUEBEC, 18th May, 1891.

Notes	\$2,380 00
Cheques	165 00
do	20 00
do	15 00
do	27 00
do	60 00
do	350 00
do	215 00
do	10 67
do	35 00
do	97 00
do	100 00
do	100 00
	\$3,574 67

True copy.

P. AUG. LABADIE,
Accountant.

EXHIBIT No. 49.

(Translation.)

LA CAISSE D'ECONOMIE DE NOTRE DAME DE QUÉBEC.

No. 1279.

UPPER TOWN,
QUEBEC, 26th May, 1891.

\$8,000.00.

You will please pay to Mrs. Mary Jane D. Fry or order the sum of eight thousand dollars, and charge the same to my account, folio 14,843.

Certified copy.

(Sgd.) L. P. SIROIS,
N. P., in trust.

Witness :

F. C. MARCOUX,
Sec.-Treas.

August 19th, '91.

Marked on face :—

(Stamped)

C. E. N. D.
Paid
Upper Town.

The Property of the
Quebec Bank, Montreal,
C. 115.

Endorsed on back :—

(Sgd.) MARY JANE D. FRY,
For collection and credit on account of the
Quebec Bank, Montreal.

THOMAS McDOUGALL, *Manager.*
Per E. L.

(Sgd.) THOS. H. JONES,
Accountant.

EXHIBIT No. 50.

QUEBEC, 12th August, 1891.

A. Mc. THOM in account with La Banque Nationale.

		Dr.	Cr.	Balance.
		\$ cts.	\$ cts.	\$ cts.
April 29	C	408 00	31,750 00	25,467 00
do 29	3C	4,275 00		
do 29	4C	250 00		
do 29	1C	350 00		
May 30	C	1,000 00		
do 2	C	600 00		
do —	C	1,000 00		
do 5		1,500 00		
do 6	C	2,280 00		
do 8	C	6,500 00		
do 11	C	500 00		
do 13	C	400 77		
do 15	* C	3,000 00		
do —	C	300 00		
do —	C	30 00		
do 16	C	200 00		
do 19	C	91 10		
do 27	C	600 00		
do —	C	751 00		
do 30	C	7,714 13		
do —	D	31,750 00		

EXHIBIT No. 50a.

No.

QUEBEC, April 29, 1891.

LA BANQUE NATIONALE.

PAY to..... or bearer, Four Hundred and Eight Dollars (\$408).

A. Mc. THOM.

Marked on face : *La Banque Nationale*, paid April 29, 1891, Quebec.

Marked on back : C. N. Armstrong, J. Demers.

EXHIBIT No. 50b.

No. 3.

QUEBEC, April 29, 1891.

LA BANQUE NATIONALE.

PAY to.... 3 or bearer, Four Thousand Two Hundred and Seventy-five Dollars (\$4,275).

A. Mc. THOM.

Marked on face : *La Banque Nationale*, Quebec, paid April 29, 1891.Marked on back in pencil : Paid to Mr. L. A. Robitaille, $42 \times 100 = 4,200 - 7 \times 10 = 70 - 1 \times 5 = 5 - 4,275$.

EXHIBIT No. 50c.

No. 4.

QUEBEC, April 29, 1891.

LA BANQUE NATIONALE.

PAY to 4 or bearer, Two Hundred and Fifty Dollars (\$250).

A. MC. THOM.

Marked on face : *La Banque Nationale*, Quebec, paid April 29, 1891.

Marked on the back in pencil : Paid to Mr. L. A. Robitaille, $27 \times 100 = 200 - 5 \times 10 = 50 = 250$.

EXHIBIT No. 50d.

No. 1.

QUEBEC, April 29, 1891.

LA BANQUE NATIONALE.

PAY to..... 1 or bearer, Three Hundred and Fifty Dollars (\$350).

A. MC. THOM.

Marked on face : *La Banque Nationale*, Quebec, paid April 29, 1891.

Marked on the back in pencil : $-2 \times 100 = 200 - 15 \times 10 = 150 - 350$.

EXHIBIT No. 50e.

No.....

QUEBEC, April 29, 1891.

LA BANQUE NATIONALE.

PAY to..... 5 or bearer, Ten Hundred Dollars (\$1,000).

A. MC. THOM.

Marked on face : *La Banque Nationale*, 1-Quebec-B, paid May 1, 1891.

Marked on back : The property of the Bank of British North America.

EXHIBIT No. 50f.

No.....

QUEBEC, May 1, 1891.

LA BANQUE NATIONALE.

PAY to C. N. Armstrong, Esq. or order, Six Hundred Dollars (\$600).

A. MC. THOM.

Marked on face : Bank of Toronto, Montreal, T 1446, for the credit of *La Banque Nationale*, Quebec. P. LaFrance, Cashier No. 3.

Marked on the back : C. N. Armstrong, for collection on account of the Bank of Toronto, Montreal. J. Murray Smith, Manager.

EXHIBIT No. 50g.

No.....

QUEBEC, May 1, 1891.

PAY to Jas. Cooper or bearer, Ten Hundred Dollars (1000).

A. Mc. THOM.

Marked on face : For the credit of *La Banque Nationale*. Quebec, P. Lafrance, Cashier No. 3.

Marked on back : James Cooper, for collection on account of the Bank of Toronto, Montreal. J. Murray Smith, Manager.

EXHIBIT No. 50h.

No.....

QUEBEC, May 4, 1891.

LA BANQUE NATIONALE.

Pay to James Cooper or order, Fifteen Hundred Dollars (\$1,500).

A. Mc. THOM.

Marked on face: Bank of Toronto, Montreal, \$1500. *La Banque Nationale*, paid May 6, 1891.

Marked on back : James Cooper: For collection on account of the Bank of Toronto, Montreal. J. Murray Smith, Manager.

EXHIBIT No. 50i.

No.....

QUEBEC, May 1, 1891.

LA BANQUE NATIONALE,

Pay to C. N. Armstrong or order, Twenty-two Hundred and Eighty dollars (\$2,280).

A. Mc. THOM.

Marked on back: C. N. Armstrong, Esq.: For collection on account of The Bank of Toronto, Montreal. J. Murray Smith, Manager.

EXHIBIT No. 50j.

No.....

QUEBEC, May 7, 1891.

LA BANQUE NATIONALE.

PAY to C. N. Armstrong or order, Six Thousand Five Hundred Dollars (\$6,500).

A. Mc. THOM.

Marked on face: *La Banque Nationale*, paid May 8, Quebec: Bank of Toronto, Montreal C., 5,939. Marked on the back, C. N. Armstrong, James Cooper: For collection on account of the Bank of Toronto, Montreal, J. Murray Smith, manager.

EXHIBIT No. 50k.

No.....

QUEBEC, May 9, 1891.

LA BANQUE NATIONALE.

PAY to C. N. Armstrong or order, Five Hundred Dollars (\$500).

A. Mc. THOM.

Marked on face: Bank of Toronto, Montreal T., 1755 *La Banque Nationale*, Quebec. Paid May 11, 1891.

Marked on the back: C. N. Armstrong, Esq., for collection on account of the Bank of Toronto, Montreal, J. Murray Smith, manager.

EXHIBIT No. 50l.

No.....

QUEBEC, May 12th, 1891.

*LA BANQUE NATIONALE.*PAY to Bank of Toronto or bearer, Four Hundred Dollars $\frac{77}{100}$ (\$400.77.)

A. Mc. THOM.

Marked on face: Bk Toronto, Montreal, T 1846: *La Banque Nationale*, Quebec. Paid May 13th, 1891.

Marked on the back: For collection on account of the Bank of Toronto, Montreal. J. Murray Smith, manager.

EXHIBIT No. 50m.

No.....

QUEBEC, MAY 14th, 1891.

LA BANQUE NATIONALE.

PAY to James Cooper or bearer, Three Thousand Dollars (\$3,000).

A. Mc. THOM.

Marked on face: *La Banque Nationale*, Quebec. Paid, May 16th, 1891.

Marked on the back: Pay to the order L. J. Riopel—James Cooper—L. J. Riopel. For deposit to credit of Bank of Montreal. J. Macara, manager.

EXHIBIT No. 50n.

No.....

QUEBEC, May 14th, 1891.

LA BANQUE NATIONALE.

PAY to James Cooper or order, Three Hundred Dollars (\$300).

A. Mc. THOM.

Marked on face: Bank of Toronto, Montreal, T 1948. *La Banque Nationale*, 3 Quebec 3. Paid, May 15th, 1891.

Marked on the back: Pay C. N. Armstrong or order. James Cooper—C. W. Armstrong. For collection on account of the Bank of Toronto, Montreal. J. Murray Smith, manager.

EXHIBIT No. 50o.

No.....

QUEBEC, May 12th, 1891.

LA BANQUE NATIONALE.

PAY to Count de Louvières, or order, Thirty Dollars (\$30.)

A. MC. THOM.

Marked on face: La Banque Nationale, 1 Quebec B. Paid. May 16th, 1891.

Marked on the back: Louvières; Fr. Lagacé. For credit of Union Bank of Canada, Savings Bank Branch, Quebec. For deposit to credit of Union Bank of Canada, Quebec; No. 2. J. G. Billet, manager.

EXHIBIT No. 50p.

No.....

QUEBEC, 14th May, 1891.

LA BANQUE NATIONALE.

PAY to James Cooper, or order, Two Hundred Dollars (\$200).

A. MC. THOM.

Marked in writing on face: Acct. note Baie des Chaleurs Ry. Co. Stamp, La Banque Nationale paid May 18th, 1891, Quebec. Montreal R. 50.

Marked on back: Pay to order of C. N. Armstrong; James Cooper. Pay Merchants Bank of Canada, or order; C. N. Armstrong; Arch. Campbell. For the credit of Merchants Bank of Canada, Quebec, J. D. Moore, Manager. J. A.

EXHIBIT No. 50q.

No.....

QUEBEC, May 15th, 1891.

LA BANQUE NATIONALE.

PAY to James Cooper, or order, Ninety-one Dollars and Ten cents (\$91.10).

A. MC. THOM.

Marked on face: La Banque Nationale, paid May 19, 1891, Quebec. Bank of Montreal, May 16, 1891. 4. 05512.

Marked on back: For deposit in Bank of Montreal, of Montreal, Canada. To credit of Union Mutual Life Ins. Co., Portland, Maine. Pay to order of Union Mutual Life Insurance Co., James Cooper.

For deposit in Bank of Montreal, of Montreal, Canada, to credit of Union Mutual Life Ins. Co., Portland, Maine. Union Mutual Life Insurance Co., per H. Desalaberry, cashier. For collection and credit of Bank of Montreal, Montreal, H. V. Meredith, manager. For deposit to credit of Bank of Montreal, Quebec, J. Macara, Manager.

EXHIBIT No. 50r.

No.....

QUEBEC, 27th May, 1891.

PAY to.....or bearer, Six Hundred Dollars (\$600).

A. MC. THOM.

Marked on face: La Banque Nationale, paid May 27, 1891. Quebec.

Marked on back in pencil: 6 x 50=300

30 x 10=300

\$600

EXHIBIT No. 50s.

No.....

QUEBEC, May 26, 1891.

LA BANQUE NATIONALE.

PAY to James Cooper or order Seven Hundred and Fifty-one Dollars.

A. MC. THOM.

\$751.00.

Marked on face: Bank of Toronto; T. 2294.—La Banque Nationale; paid May 27th, 1891; Quebec.

Marked on back:—James Cooper. For collection on account of the Bank of Toronto, Montreal; J. Murray Smith, Manager.

EXHIBIT No. 50t.

No.....

QUEBEC, May 29, 1891.

*LA BANQUE NATIONALE.*PAY to James Cooper or order, Seven Thousand Seven Hundred and Fourteen $\frac{13}{100}$ Dollars.

A. MC. THOM.

\$7,714 $\frac{13}{100}$.

Marked on face in pencil: 965. La Banque Nationale; paid; May 30, 1891. Quebec.

Marked on back: James Cooper. For collection on account of the Bank of Toronto, Montreal. J. Murray Smith, Manager.

EXHIBIT No. 51.

No.....

QUEBEC, 9th August, 1891.

THE UNION BANK OF CANADA.

PAY Henry Harris, Esq., or order, Two Hundred and Eighty Dollars.

ERNEST PACAUD.

\$280 $\frac{00}{100}$.

Marked on the face: W.L., 325. Union Bank of Canada; August 13th, 1891; paid; Quebec. To the Manager of the Union Bank of Canada; August 12, 1891; Quebec.

Marked on the back: Henry Harris; R. M. Stocking, per Henry Harris. For deposit to credit Bank of Montreal, Quebec. J. Macara, Manager.

EXHIBIT No. 52.

ERNEST PACAUD.

	Promissor.	Endorser.	Date.	Term.	Due Date.	Amount	When Paid.
6919	Elias Mailloux..	Ernest Pacaud.....	Feb. 28, '91	4 m/d	July 2, '91	\$ 500	June 18, '91
20	do	do	do 28, '91	4 m/d	do 2, '91	500	do 18, '91
7025	Ernest Pacaud	{ H. Mercier, J. I. Tarte C. A. P. Pelletier.... C. Langelier..... }	Mar. 10, '91	4 m/d	do 13, '91	5,000	July 11, '91
7177	do	H. Mercier and others..	April 1, '91	4 m/d	Aug. 4, '91	3,000	do 11, '91
7363	do	do do	do 15, '91	1	May 18, '91	5,000	May 9, '91
7400	J. I. Tarte.....	Ernest Pacaud.....	do 21, '91	20 d/d	do 14, '91	400	

UNION BANK OF CANADA,
QUEBEC, 20th August, 1891.

Union Bank of Canada.

Certified—

I certify the above to be correct, and are the notes referred to in my evidence before the Committee.

E. WEBB,
Cashier, Union Bank of Canada..

EXHIBIT No. 53.

Copy No. 35,224.
August 7th, 1889.

By Bearer.

SIR,—I am instructed to enclose to you for safe-keeping 83 Bonds, dated 2nd January last, of the Baie des Chaleurs Railway Company, Nos. 0001 to 0083, for £500 sterling, each, with 50 coupons attached, each for £12 10 0, payable on 2nd July and 2nd January in each year, from 2nd July, 1889, to 2nd January, 1914. The Bonds have been received in conformity with the provisions of the Railway Subsidy Act of last session, being equal in amount, and over the sum of \$200,000, as security for the completion of 30 miles of that Company's line, from 70th to 100th mile.

Please acknowledge receipt.

I am, Sir,
Your obedient servant,
(Sgd.) A. T. BRADLEY,
Secretary.

J. M. COURTNEY, Esq.,
Deputy Minister of Finance.

EXHIBIT No. 54.

On the fourteenth day of the month of June, in the year one thousand eight hundred and eighty-eight.

Before me the undersigned Notary Public for the Province of Quebec, practising in the City of Quebec, District of Quebec.

Appeared—The Baie des Chaleurs Railway Company, a body politic and incorporate, having its chief office and place of business in the City of Quebec, in the Province of Quebec, and herein acting and represented by the Hon. Theodore Robitaille, of the City of Quebec, the President thereof, and hereunto, and for all

purposes hereof, duly authorized by a resolution of the Directors of said Baie des Chaleurs Railway Company, passed at a meeting thereof, held at the City of Quebec, on the twenty-fifth day of May, eighteen hundred and eighty-six (1886), a duly certified copy of which resolution is annexed to the original hereof and signed for indentification by the said undersigned Notary. Which said Company, represented as aforesaid, doth hereby sell, assign, cede, transfer and make over, with legal warranty unto the Manager of the Ontario Bank, at Montreal, in trust, the sum of seventy thousand dollars (\$70,000), payable by the Province of Quebec to said Railway Company, under an order of the Lieutenant-Governor in Council on the completion of the fifth and sixth sections of ten miles each—miles forty to sixty on account and in lieu or conversion of the land subsidy granted to said Company, by and in virtue of the Act of the Legislature of the Province of Quebec, 45 Vic., chap. 23, said sum so payable as aforesaid, and hereby transferred, being equivalent to thirty-five cents per acre upon two hundred thousand acres of land, being the subsidy on the fifth and sixth sections of the line of said Company.

To have, hold, receive, recover, use or otherwise dispose of the sum of money herein above transferred as aforesaid, in trust unto and by the said transferee, his assign, and on payment thereof, good and proper receipts and discharges for the same to grant, and in default of payment, to use and take all lawful and legal ways, means or proceedings for the recovery thereof, the said transferrer hereby subrogating and substituting the said transferee, his heirs and assigns, in and to all the rights, names, actions and privileges of him, the said transferrer, under or resulting from the above recited Order in Council or otherwise in the premises.

The present transfer has been made for good and valid consideration which the said transferrer acknowledges to have received from the said transferee previous to the passing hereof.

And to these presents intervenēd Charles N. Armstrong; of the said City of Montreal, railway contractor, and also contractor for the construction of the said Baie des Chaleurs Railway Company, who having taken communication hereof, declares himself content and satisfied therewith, and doth hereby consent and agree that the foregoing transfer have its fullest force and effect, notwithstanding any previous transfer in respect to said subsidy made by said Company in his favor.

For the registration and signification hereof, the parties hereto hereby grant all necessary power and authority to that effect to the bearer of an authentic copy hereof.

Whereof Act done and passed at the said City of Quebec, on the date herein above firstly mentioned, and the remaining of record in the office of said undersigned notary under the number eighteen hundred and fifty-nine of his original minutes, and after due reading said parties have signed with said notary, and the seal of the Company has been hereto affixed.

(Signed) THEODORE ROBITAILLE,
President of the Baie des Chaleurs Railway.

C. N. ARMSTRONG,
ALEX. GAUVREAU, *N.P.*

True copy of the original remaining record in my office.

(Signed) ALEX. GAUVREAU.

EXHIBIT No. 55.

On the fourteenth day of the month of June in the year one thousand eight hundred and eighty-eight.

At the request of Charles N. Armstrong, of the City of Montreal, railway contractor and also contractor for the constructing of the Baie des Chaleurs Railway Company, I Alexander Gauvreau the undersigned notary public for the Province of

Quebec in the Dominion of Canada, residing and practicing at the City of Quebec, have gone up to the office of the Honourable Treasurer of the Province of Quebec in the House of Parliament at Quebec, where being and speaking to Henry Turner Machin, Esq., Assistant Provincial Treasurer of the Province of Quebec, I have signified, speaking as aforesaid to the said the Honourable Treasurer of the Province of Quebec, a certain transfer of a sum of seventy thousand dollars (\$70,000) payable by the said Province of Quebec to said Baie des Chaleurs Railway Company, for the causes mentioned in the said deed of transfer consented to by the said Baie des Chaleurs Railway Company, a body politic and corporate having its chief office and place of business at the City of Quebec, in the Province of Quebec, and therein acting and represented by the Honourable Theodore Robitaille, of the said City of Quebec, the President of the said Company duly authorized for all purposes thereof in favour of the Manager of the Ontario Bank at Montreal *in trust* before the undersigned notary on this fourteenth day of June, one thousand eight hundred and eighty-eight, praying him the said treasurer to take cognizance of the said transfer and to act in consequence.

And in order that the said treasurer of the Province of Quebec may not pretend ignorance of the same, I, speaking as aforesaid, have left with him a certified copy of the said deed of transfer and a certified copy of the present deed of signification.

Done and signified at the said City of Quebec under the number eighteen hundred and sixty, of the minutes of the undersigned notary, and I have signed these presents in testimony whereof.

(Signed) ALEX. GAUVREAU, *N.P.*

True copy of the original remaining of record in my office.

(Signed) ALEX. GAUVREAU, *N.P.*

EXHIBIT No. 56.

QUEBEC, 13th December, 1889.

The Manager

Ontario Bank, Montreal.

SIR,—I have the honour to acknowledge receipt of your letter of the 3rd instant, protesting against the balance of the subsidies granted by the Province of Quebec in aid of the construction of the Baie des Chaleurs Railway, by the Acts of Quebec, 45 Vic., ch. 23, sec. 1, paragraph (b), and 49-50 Vic., ch. 76, applicable to the fifth and sixth sections of ten miles each of the said railway, being applied by the Government to the payment of the claims for work done and materials furnished for the construction of the said railway, on the ground that the subsidies had been regularly transferred to the bank, which had in good faith advanced the full amount of the same upon receiving the transfer thereof, the transfer having been regularly signified on the Government.

The transfer referred to was made in the City of Quebec, on the 14th June, 1888, before A. Gauvreau, *N.P.*, by the Baie des Chaleurs Railway Company to the Manager of the Ontario Bank at Montreal, in trust, "of the sum of \$70,000, payable by the Province of Quebec to the said railway company, under an order of the Lieutenant Governor in Council, on completion of the fifth and sixth sections of ten miles each—miles forty to sixty—on account of or in lieu or conversion of the land subsidy granted to the said company by the Act of Quebec, 45 Vic., ch. 23, being equivalent to thirty-five cents per acre upon 200,000 acres of land, being the subsidy on the fifth and sixth sections of the line of said railway."

"The Transfer authorized the transferee to receive the sum transferred, and to grant receipts and discharges on payment thereof."

And to the transfer, Charles N. Armstrong, contractor, for the construction of the said railway, intervened and consented, notwithstanding any previous transfer to him of the said subsidy.

This transfer was signified on the Treasurer of the Province on the day of its execution.

And there have been paid to the Manager of the Ontario Bank, Montreal, on account of the said subsidy, with the knowledge and sanction of the said railway company, and in virtue of the transfer above mentioned, authorized by the Lieutenant Governor in Council, to be paid to the said Railway Company, sums amounting in all to \$41,454, for which the receipts and the discharges of the said manager have been given.

On the 18th October, 1889, there was signified on the Treasurer of the Province a transfer made on the 14th October, 1889, before W. B. S. Reddy, N.P., Montreal, by Henry Macfarlane, contractor for the building and finishing of the first sixty miles of the Baie des Chaleurs Railway, to William Warwick Lawrence Chipman, Manager of the Ontario Bank at Montreal, of all sums of money payable to him by the Baie des Chaleurs Railway Company, or by Charles N. Armstrong, contractor, under a certain contract between the said Armstrong and the said Macfarlane, bearing date the 8th June, 1888, together with (besides certain property and Dominion subsidies) the sum of \$70,000, granted by the Government of the Province of Quebec on the said 20 miles of new road; appointing the transferee his lawful attorney to receive all sums of money due or to become due by the Government of the Province of Quebec to the transferor.

On the 21st October, 1889, the Treasury Department wrote to E. G. Meredith, N.P., who had signified the Macfarlane transfer, calling attention to the fact that the subsidy therein referred to had already been transferred to the Manager of the Ontario Bank by the transfer of 14th June, 1888 (above cited), and that there had been paid to the Manager on account of the subsidy transferred the sum of \$41,454.

On the 25th October, 1889, the Manager of the Ontario Bank at Montreal sent to the Treasury Department a copy of the contract, dated 9th June, 1886, between the Baie des Chaleurs Railway Company and Charles N. Armstrong, contractor for the construction and equipment of the said railway from Metapedia to Paspébiac, and copy of the indenture made 8th June, 1888, between Charles N. Armstrong, contractor, and Henry Macfarlane, sub-contractor, for completing the construction and equipment of the first forty miles of the Baie des Chaleurs Railway, and for building twenty miles of new road.

By the terms of the contract between the Company and Armstrong, the contractor, he was to receive all cash authorized by the Legislature of Quebec to be paid instead of the land grant.

And it is one of the conditions of the contract that "should the contractor at any time fail, refuse or neglect to pay any sum due for work done or supplies furnished, or for any other matter connected with this contract, the Company may pay any of such claims, so far as they can be ascertained, and charge the same as a payment on account of this contract."

By the terms of the indenture between Armstrong, contractor, and Macfarlane, sub-contractor, the contractor agreed, for securing the payments to be made to the sub-contractor, to execute a notarial transfer of the \$70,000 granted by the Quebec Government on the said twenty miles of new road to the sub-contractor, with all necessary powers to obtain the same, which was to be paid into some chartered bank, to be paid out to the said sub-contractor as the work progressed and as it was earned from the Government.

No signification was made to the Government of the contract between the Company and Armstrong, nor of the indenture between Armstrong and Macfarlane.

No transfer of the subsidy as agreed in the indenture between Armstrong and Macfarlane to be made appears to have been executed. The transfer, therefore, of the 14th June, 1888, of the \$70,000 by the Company to the Manager of the Bank of Ontario, Armstrong assenting thereto, would seem to be in lieu and instead of the execution of the transfer agreed to be made to Macfarlane by Armstrong.

With reference to these subsidies and the transfer thereof, I beg leave to remark :

1. That the subsidy granted by the Act of the Legislature, 45 Vic., chap. 23, was granted "in aid of the construction of a railway from Metapedia to Gaspé Basin;" and by the Act 49-50 Vic., chap. 76, it is provided: "That no such subsidy shall become due or payable for any part of the road less than ten continuous and uninterrupted miles completed."

2. That the transfer of the 14th June, 1888, is for the sum "of \$70,000 payable to the Railway Company under an order of the Lieutenant Governor in Council, on completion of the fifth and sixth sections of ten miles each;" and all such sums so ordered to be paid to the Company, being part of the ten thousand acres per mile, converted at thirty-five cents per acre, have been paid to the Manager of the Ontario Bank, authorized by the Railway Company to receive them in virtue of the transfer.

3. That the Government has not undertaken to pay to or hold for the manager of the bank the full amount of the subsidy on the twenty (20) miles of road, but has held the transfer as an authority to pay to the bank such sums as might be from time to time earned by the company.

4. That the clause of the contract which provides that should the contractor at any time fail, refuse or neglect to pay any sum due for work done or supplies furnished, &c., the company may pay any of such claims and charge the same as a payment on account of the contract, would prevent the contractor from availing himself of the transfer of subsidy to the extent of such payments.

5. The transfer to the bank gave it only the right of the company to said subsidy and it cannot be denied that the Government could legally pay those claims with said subsidy.

On the 5th October, 1889, prior to the signification of the transfer by Macfarlane to the Manager of the Ontario Bank, the Lieutenant Governor in Council, in view of the state of affairs that had arisen on the Baie des Chaleurs Railway in consequence of the non-payment of amounts due for labour, right of way, material furnished, &c., and of the neglect and refusal of the company to comply with repeated notifications by the Government engineer, respecting certain defective and insufficient work on the line, ordered an enquiry to be made and appointed a Commissioner for that purpose.

On the 25th November, 1889, after receipt of a report by the said Commissioner, who had examined and verified by the evidence of the sub-contractor the equity of the claims, the Lieutenant Governor in Council ordered the balance of the subsidy, granted by the Legislature on the said twenty (20) miles of railway, to be placed in the hands of a Civil Service officer, in order that he might proceed to the spot and use such balance in the discharge of such claims.

I am instructed by the Honourable the Prime Minister and Acting-Treasurer to say that in the disastrous state of affairs that had occurred on the railway there was no other course open to the Government than that pursued, and in so doing he cannot admit, in view of the above record of the facts connected with the subsidy and its transfer, that the Government has acted either with hardship or injustice. At the same time, the Government recognizes the injustice done to the bank by the railway company or its contractors, and it desires, if there is any way in which it can be accomplished, to protect the bank against the loss of moneys advanced in good faith.

I have the honour to be, Sir,
Your obedient servant,

H. V. MACHIN,
Assistant-Treasurer, P.Q.

EXHIBIT No. 57.

EXTRACTS from General Report of the Commissioner of Public Works for the Province of Quebec, 1889.

(Page 3 of Report.)

The undersigned has the honour to submit the General Report of the Department of Public Works for the twelve months from 1st January to 31st December, 1889.

The work done by this Department is chiefly in connection with the different public buildings, the insurances against fire upon those buildings and their contents, the subsidies granted to railway companies, and for building iron bridges.

 RAILWAYS.

(Page 5 of Report.)

Appendix No. 3 shows the present condition of the railways in course of construction in this Province, and the work performed upon each road during the year 1889. This statement is followed by tables, giving the amounts paid to the various companies during the twelve months of 1889, on account of their respective subsidies, as well as the amounts paid on the old accounts and for the outstanding claims of the former Quebec, Ottawa and Occidental Railway.

The Government, acting upon Article 596 of the Revised Statutes of the Province of Quebec, 1888, has believed it to be its duty to employ Commissioners to establish the amount of the outstanding claims against the Hereford and the Baie des Chaleurs Railway Companies in consequence of the difficulties which have arisen in connection with these two companies on account of the non-payment of the labourers and purveyors of supplies, &c.

Mr. John P. Noyes, Advocate of Waterloo, was entrusted with the enquiry in connection with the Hereford Railway Company. His report, which forms part of Appendix No. 3, establishes that the claims for which this company is responsible to the labourers and purveyors of supplies, &c., who have built portion of its road, amount to the sum of \$36,131.49. The amount of the subsidy accruing to the Hereford Company will be applied, with as little delay as possible, to the extent of this sum in payment of these claims.

Mr. Charles Langelier, Advocate of Quebec, was entrusted with the enquiry concerning the Baie des Chaleurs Railway. His preliminary report shows that about \$29,000 is owing to the labourers, purveyors of supplies, &c., who constructed the railway, for which the company had then a right to receive a subsidy from the Government.

A portion of this amount, that is to say about \$17,000, has already been paid to those entitled to the same, and the balance will be paid forthwith.

In both cases the companies have been called upon by the commissioners to urge, in opposition to the claims filed, all the lawful pleas they can present.

The whole respectfully submitted.

(Signed)

P. GARNEAU,
Commissioner.

 BAIE DES CHALEURS RAILWAY.

(Page 61 of Report.)

Ten miles were this year added to the fifty miles already nearly completed of this line last year from its junction with the Intercolonial to within a few miles of the Grand Cascapediatic River. During the last twelve months the Company caused Messrs. MacFarlane & Son to complete the unfinished works on the section extending between Metapedia and the 50th mile. These sub-contractors took a contract

from Mr. C. N. Armstrong, the principal contractor, and bound themselves by its terms to complete all the works which had remained unfinished from the first to the 40th miles inclusively, and in addition to do and execute all the works and constructions between the 40th and 60th miles. This contract, on certain conditions therein specified, were accepted by the company, which transferred to the contractor—who in turn made a transfer and subrogation thereof to Messrs. MacFarlane & Son—the balance of the subsidy to which it was entitled under and in virtue of the Acts 45 Vict., chap. 23, clause 1, par. *b*, and 51-52 Vict., chap. 91, clause 12, for the sections which the sub-contractor undertook to thus complete.

According to Table C, the company or its contractors or sub-contractors received from the Treasury in January last a sum of \$61,485.50 for the value of the supplementary works done on the first 50 miles and on 10 miles additional of the line between Metapedia and Paspebiac.

There still remained a sum of \$29,046 coming to the Company for the balance of the subsidies due on the 60 miles nearly completed. This sum was appropriated by the Treasury in discharge of the Company, to the payment, in October and November last, of amounts considered to be legitimately due to the workmen, furnishers and sub-contractors, having claims outstanding for nearly six months against the contractors in the Company's employ, for wages, materials furnished, work done, &c. The way in which these \$29,046 were employed will be found indicated at the end of my report in the Orders in Council, Nos. 488 and 606, dated the 3rd of October and 23rd November last, and in the preliminary report submitted to His Honour the Lieutenant-Governor on the 19th November last, by Mr. Charles Langelier, advocate of this city, who was appointed Commissioner (commissaire enquêteur) to enquire into the merits of the claims in question.

Some construction work has still to be finished on the section between the 50th and 60th miles, more particularly the ballasting, certain bridges in course of erection, stations, water tanks, &c. Still, the defects pointed out to the Company by the Government engineer, as well as by the Government, do not prevent the track from being in sufficiently workable order to warrant Messrs. MacFarlane & Son, in taking upon themselves to put on regular passenger and freight trains, which run daily between the Metapedia and Patricktown stations, a distance of 57 miles, and can, even at need, push on as far as the 60th mile at a moderate rate of speed.

According to the information which has reached me, it appears that the traffic on the line in operation is pretty abundant.

During the twelve months elapsed the contractor, Mr. C. N. Armstrong, prosecuted the works of construction beyond the 60th mile on the section extending to the Grand Cascapebiac River, and had already expended a considerable sum on cutting and filling embankments, culverts, ditches, &c., when the difficulties which arose between him and the sub-contractors, Messrs. MacFarlane & Son, this fall, forced him to abandon these works and to stop the further prosecution of the enterprise.

There still remains payable to the Company, on the amount of its subsidy of 10,000 acres per mile—converted into money at the rate of 35 cents per acre—for a distance of 100 miles between Metapedia and Paspebiac and of 80 miles between Paspebiac and Gaspé, under the authority of the Acts lastly cited, a balance of \$140,000 on each of these two sections, or a total of \$280 000.

Mr. J. C. Langelier, Deputy Registrar of the Province, recently returned from a visit to the Townships of Nouvelle, Maria and Carleton, in the County of Bonaventure, whither he was deputed by the Government to pay off the claims against the Company, or its contractors or sub-contractors, which had been filed with the Commissioner, Mr. Charles Langelier. The delegate had, up to that time, effected the settlement of claims to the amount of about \$17,000 out of the \$28,546 entrusted to him for that object. The surplus of this last sum will be soon, if it has not already been, applied to the purposes of the settlement, in conformity with the Order in Council No. 606, hereunto annexed, in order that justice may be done to the injured parties within the briefest possible delay.

Among the questions which Mr. Charles Langelier was instructed by the Government to enquire into on the spot was that of the selection of the best site for the principal station of this railway at Maria, in the Township of that name. A number of petitions with other documents in support were addressed to your Department in the fall of 1888 by the great majority of the residents of that parish, protesting against the decision arrived at by the Company to erect its station on the property of Mr. Giroux to the westward, instead of building on a site claimed to be more suitable on ground to the eastward of Church road, and this, notwithstanding the numerous representations and protests made to the Company by what seems to be the majority of the ratepayers of the locality. On the other hand, the Company sent in counter petitions signed by many residents of the same place and of Irishtown, the adjoining locality, with documents in support, to justify the choice made by the Company of M. Giroux's property for the erection of its station. Messrs. L. A. Vallée and James Cadman, engineers, were instructed by you to make a personal examination on the spot in order to fit themselves to properly decide upon the merits of the arguments put forward on one side and the other in favour of the most advantageous site for the construction of this station. In the reports which they submitted to you in February last, of the result of their inspection, they both pronounced in favour of the ground to the east of the Church road, as offering the most central and favourable site in an engineering point of view, and best suited for the general interests of the locality. On his part, the Managing Director of the Company placed in your hands the written opinion of Engineers and other competent persons in favour of the site on Mr. Giroux's land chosen by the Company for the erection of its principal station, the Company further invoking the fact that it has built a station at Patricktown, at a distance of a few miles from the first, and that it has thus better subserved the general interests of the Township of Maria than if it had erected a single station on the ground to the east of the Church road as originally requested. In the supplementary report shortly to be made to the Government by Mr. Charles Langelier on the result of his investigation of all the difficulties that have arisen in connection with this railway, he will, doubtless, not fail to express his opinion on the subject of the site of this station at Maria, as well as on the other disputed points submitted for his examination.

TABLE C.

(Page 92 of Report.)

STATEMENT of payments made by the Treasury Department, on reports prepared by the Director of Railways, on account of the Subsidies in money and lands (the latter converted into money) under the authority of the Acts 45 Vic., chap. 23, and 51-52 Vic. 91, respectively, from 1st January to 31st December, 1889.

Dates of Orders in Council and payments made by the Treasury.	Nos. of Orders in Council.	Names of Railway Companies.	No. of additional miles completed between 1st January, 1889, and 31st December, 1889.	Amounts paid on account of money subsidies.	Amounts paid on account of subsidies in land converted into money (1st 35 cents.)
				\$ cts.	\$ cts.
Jan. 12, 1889	22	<i>Paid to the different following.</i> Baie des Chaleurs:—For the value of supplementary works done on the first 50 miles and the 10 miles additional between Metapedia and Paspebiac	10·00	.....	61,485 50

(Page 97 of Report)

TABLE D.

TABLE showing the mileage of Railways built or in operation or ready to be opened to traffic, in the Province of Quebec, on the 31st December, 1889.

Baie des Chaleurs Railway.

	Miles.
From the junction with the Intercolonial at Metapedia, going towards Paspebiac, to near the large river of that name	60.00

LOUIS A. VALLÉE.

Engineer.

(Page 117 of Report)

COPY of the Report of the Honourable the Executive Council, bearing date the 3rd October, 1889, and approved by the Lieutenant-Governor on the 5th October, 1889.

No. 488.

Concerning the Baie des Chaleurs Railway Company.

The Honourable the Commissioner of Public Works, *ad interim*, in a report, bearing date the 3rd October, inst. (1889) represents:—

That difficulties have arisen on the line of the Baie des Chaleurs Railway between the company of that name and its contractors and sub-contractors, or between the latter and the workmen and furnishers on the construction of the said railway, and that a strike has even taken place among the workmen in the employ of these contractors in consequence of the non-payment of their wages or salaries, and that moreover there are other outstanding claims against the company or against its contractors for the right of way, work done, materials furnished, salaries, &c.

That further, the company has neglected and refused to pay any attention to the repeated warnings of the Government engineer and his frequent notifications with respect to certain works and constructions found defective, insufficient, &c., on one section of its line, and that the said company or its contractors or sub-contractors persist in the construction of works condemned by the said engineer or otherwise disapproved by the Government.

Whereas it is to the interest of the province, which has subsidized this railway to a large amount, that the Government's orders relative to the works and constructions should be executed in conformity with the general requirement of the region traversed by the road, and that, on the other hand, it is desirable that the persons injured by the action of the company or of its contractors should be paid their legitimate claims, seeing the Government has received a number of complaints on this head, and that it is just to grant the demand of the different claimants and to give them all the protection possible under the circumstances;

The Honourable Commissioner *ad interim* recommends that, according to the terms of Articles 596 and following of the Revised Statutes of the Province of Quebec, 1888, an enquiry be instituted to ascertain (1.) The amount legitimately due on the various outstanding claims arising out of the construction of this railway; and (2.) All the complaints that have been already made, or which may be made before the Commissioner hereinafter named, against the said company or its agents or contractors by reasons of works or constructions defective, insufficient or contrary to the general interests of the region interested, and that for the purpose of this enquiry Mr. Charles Langelier, advocate of this city, be named Commissioner to conduct and direct this enquiry, with power to summon before him witnesses, and to take their evidence orally or in writing, and to require them to produce all documents and

things which he may deem necessary—the said Commissioner to report within as short a delay as possible—the fees of the said Commissioner, his travelling expenses, and all the expenses occasioned by the said enquiry, to be paid out of the subsidy granted to the said company, and he, (the Honourable Commissioner *ad interim*), being authorized to make such advances as he may deem right to the said Commissioner, for such expenses of enquiry out of the said subsidy.

The said Commissioner shall give notice to the interested parties of the day, hour and places at which he shall proceed to hold such enquiry.

Certified.

(Sgd.) GUSTAVE GRENIER,

Clerk of the Executive Council.

To His Honour the Lieutenant Governor of the Province of Quebec.

MAY IT PLEASE YOUR HONOUR:—In conformity with the instructions contained in a Commission, in date of the 3rd October last, appointing me to make an enquiry, among other things, into the difficulties that have arisen on the Baie des Chaleurs Railway between the Company and its contractors or sub-contractors, on the one part, and the workmen, furnishers of materials, and others, on the other, I have the honour to report that I have held the said enquiry and heard all the interested parties who presented themselves.

I am actually preparing a more detailed report; but as I have reason to fear a repetition of the strikes and troubles that have already broken out if the workmen and furnishers are not paid within the shortest possible delay, I deem it to be my duty to make a preliminary report, in order to recommend the Government, in the interests of public order and to prevent fresh troubles which threaten to arise, to take immediate steps to secure the payment of all the claims connected with the construction of the Baie des Chaleurs Railway, comprised between Metapedia and Caplan. I annex to the present report a list of these claims for sections H and G, as well as for the other sections to the westward. Apart from those relating to indemnities for the right of way, all the other claims have been admitted by the contractors, so that there can be no objection to their payment or no dispute with respect to the different amounts. I may add that, in all cases, I found that the pretensions of the claimants corresponded with the entries in the books of Messrs. MacFarlane & Son, sub-contractors for the part of the road situated to the west of the Cascapedia River. For this part, the claims for work, workmen's board and materials furnished, including the sub-contractor's claims, amount to the sum of nearly \$29,000, as shown by the list hereunto annexed and the pay-lists filed and duly attested.

On sections H and G, of which Messrs. MacFarlane are the contractors, there is due by the Government a balance of subsidies to the extent of \$28,546; and as the Federal Government itself has retained about \$31,000 to guarantee the completion of the works which remain to be finished, I submit that the above balance of \$28,546 should be at once paid.

That the Government should, without delay, send a person to distribute this sum to those having claims on the said two sections;

That the workmen's wages should be paid directly, taking from them a receipt in the form hereunto annexed; and if there remain a sufficient balance to pay the contractors, to do so; if not, to distribute the said balance *pro rata* between their respective claims.

It suffices to refer to the pay lists—controlled by the depositions—to which it is easy to refer with the aid of the index following them.

I repeat that I deem it urgent that immediate action should be taken in the sense indicated.

With regard to the other claims and the other sections, my general report will contain the suggestions concerning them, but you will understand on going through the record, that the report will necessitate prolonged labour, and that it would be unjust as well as imprudent to delay the part which contains this preliminary report and the lines of which are well defined.

The whole respectfully submitted.

(Signed) CHAS. LANGELIER.

Commissioner.

QUEBEC, 19th November 1889.

Form of Receipt.

\$.....

.....1889.

Received this day from the Government of the Province of Quebec, in discharge of Messrs. MacFarlane & Son, the sum of.....¹⁰⁰ dollars in full payment of all accounts or claims to the.....1889, for.....day's work of men and horses, workmen's board, materials furnished, journeys, forge work, joiner's work, in connection with the construction of the Baie des Chaleurs Railway, section.....

(Signature).....

Witness,.....

(Page 121 of Report.)

COPY of the Report of a Committee of the Honourable the Executive Council, dated the 23rd November, 1889, and approved by the Lieutenant-Governor, on the 25th November, 1889.

No. 606.

Concerning the Baie des Chaleurs Railway Company

The Honourable the Commissioner of Public Works, *ad interim*, in a report bearing date the 23rd of November instant, 1889, sets forth:—

That by an Order in Council, No. 488, of the 3rd of October last, it was decreed that an enquiry should be held to establish: 1. The amount legitimately due on various outstanding claims arising from the construction of the Baie des Chaleurs Railway; 2. All complaints made or to be made against the said company or its representatives, by reason of works of a defective character or contrary to the general interests of the region interested; and that, for the purpose of the said enquiry, Mr. Charles Langelier, advocate, of the city of Quebec, was, by the same Order in Council, named Commissioner to conduct and direct the said enquiry;

That on the 19th November last the said Commissioner, Mr. Charles Langelier, sent in a first report, showing that he has held the enquiry with which he was charged, that he has heard all the interested parties who came forward, and that he is preparing a more detailed report; but, having reason to apprehend a repetition of the strikes and troubles that had already broken out if the workmen and furnishers are not paid within the shortest possible delay, he has deemed it his duty to make a preliminary report to recommend the Government in the interests of public order and to prevent the fresh troubles that threaten to arise, to take immediate steps to secure the payment of all the claims connected with the construction of the portion of the Baie des Chaleurs Railway comprised between Metapedia and the River Cascapedia;

That to the said report is annexed a list of these claims for sections H and G, as well as the other sections to the westward; which claims, with the exception of

those for the right of way, have, as attested by the Commissioner, been all admitted by the contractors, so that there can be no objection to their payment and no dispute as to the different amounts—the pretensions of the claimants corresponding exactly to the entries in the books of Messrs. MacFarlane & Son, sub-contractors for the portion of the road situated to the west of the River Cascapedia. According to this list, as established by the Commissioner, the claims for work, workmen's board and materials furnished, including the claims of the sub-contractors, amount to the sum of \$29,000 or thereabouts ;

That on the sections of the said railway for which Messrs. MacFarlane & Son are sub-contractors there remains due by the Government of this Province a balance of subsidy to the extent of \$28,546.

That by a report of Mr. Light, the Government Engineer, dated the 26th September, 1889, it is established that on section H, that is to say, from the 40th to the 50th mile, all the works—unfinished at the date of his previous inspection—have been completed, and that that section is now in perfect order, so that the \$6,500 retained to secure its completion may be paid ;

As for section G, that is to say, from the 50th to the 60th mile, it is established, by the same report of Mr. Light, that the greater part of the works, unfinished at the time of his previous inspection, have been executed, so that the line is in good working order and that a passenger and freight train runs daily between Metapedia station and Irishtown (a distance of 57 miles), and might even go as far as the 60th mile at a satisfactory speed, notwithstanding certain defects in the track which he notes ;

That in the interest of public order and to prevent the fresh troubles which threaten to arise, if the outstanding claims connected with these works are not promptly settled, and whereas the Dominion Government has itself retained about \$31,000 of its subsidy to guarantee the completion of the works remaining to be completed, it is urgent to pay the sum of \$22,046, balance of the subsidy appertaining to this section of the Baie des Chaleurs Railway, and to apply it to the payment of the workmen, furnishers of materials and others, who have contributed to the execution of the works of this railway ;

That the two sums above mentioned, namely \$6,500 and \$22,046 form together one of \$28,546, total balance of the Provincial subsidy coming to the Baie des Chaleurs Railway Company, which should be paid immediately.

That out of this sum of \$28,546, in view of the default of the Baie des Chaleurs Railway Company or of its representatives to meet its obligations towards the workmen, furnishers and others, who have contributed to the execution of the works, it is just—deduction first made of the costs of the said enquiry, of the allowance to the Commissioner, his travelling expenses and all other legitimate expenses connected therewith—that the claims of the labourers, workmen, furnishers of materials, of board, and others privileged, should be paid in full, and then the sub-contractors and other claimants, at so much in the dollar, out of any balance of the said sum that may remain.

Wherefore the Honourable Commissioner, *ad interim*, recommends that the sum of \$28,546 be paid to Mr. J. C. Langelier, Civil Service employé, to be by him applied to the payment, in discharge of the Baie des Chaleurs Railway Company, or of its representatives—deduction first made of the expenses of the said enquiry, the allowance to the Commissioner, his travelling expenses, and all other legitimate expenses connected therewith—of the amount due to the labourers, to the workmen, to those who supplied board to the workmen and labourers, to the furnishers of building material and to other privileged parties, in full, conformably to the list annexed to Mr. Langelier's preliminary report ; and that the balance, which shall remain after settlement of the claims above enumerated, be distributed between the sub-contractors and other unprivileged claimants *pro rata* to their respective claims.

• Certified.

(Signed)

GUSTAVE GRENIER,
Clerk of the Executive Council.

EXHIBIT No. 58.

EXTRACTS :

From General Report of the Commissioner of Public Works of the Province of Quebec, 1890.

APPENDIX No. 3.

(Page 56 of Report.)

RAILWAYS.

Department of Railways of the Province of Quebec.

To the Honourable P. GARNEAU,
Commissioner of Public Works.

SIR,—The summoning of the Legislature for an autumn session necessitates my presenting, at an earlier date than usual, a general report of the administration of my department, and of the various operations that have taken place upon railways, which are being built, or are about to be so, from the 1st of January last up to the present time.

.....
.....
I have the honour to be, Sir,
Your very obedient servant,
E. MOREAU,
Superintendent of Railways.

QUEBEC, 1st October, 1890.

(P. 58 of Report).

Baie des Chaleurs Railway.

The troubles, to which I drew attention in my last year's report, between the Company and Mr. C. N. Armstrong, its contractor, and between the latter and the sub-contractors, Messrs. H. MacFarlane & Son, have not yet been settled, and judicial proceedings, resulting from the insolvency of the sub-contractors, are going on, their business being in course of liquidation.

The result of these continued difficulties was the forced suspension of the works, on the 70 miles, which were almost finished between Métapédia and the Little River Cascapédia, and on the 30 miles remaining to be completed to reach Paspébiac, the terminus of this section of 100 miles.

The daily trains which for some time were kept running over the first 60 miles, almost completed, were obliged to stop their regular trips, to the great damage and annoyance of the inhabitants.

With reference to the employment of the \$28,546.00 and of the \$20,000.00, placed at the disposal of Mr. J. C. Langelier by the Treasurer of the Province to settle, out of the grant payable to the company on sections G, H and K, of their road, all claims established during the enquiry or admitted by the sub-contractors, I would refer you to the preliminary report of Mr. C. Langelier, published in the general report of this Department for 1889; and to the subsequent reports, supported by vouchers, made by Messrs. Charles Langelier and J. C. Langelier, in answer to addresses or orders of the House, voted during the session of 1890, on the results of their respective operations with reference to the troubles existing in connection with this railway and to the unsettled claims therewith produced.

(P.P. 82 and 83 of Report.)

TABLE B.

STATEMENT: 1. Subsidies in Money and Lands granted to Railways hereinafter named; 2. The Amounts paid; 3. The Amounts remaining due on the 1st of October, 1890.
SUBSIDIES IN LAND.

Names of Railways.	Acts granting Subsidy or Subsidies.	No. of miles giving right to a Subsidy.	Number of Acres per mile.	Total area in Acres.	Date of the conversion into money, at 70 cts. an Acre.	Amount of the 1st 35 cts. per Acre, payable when the Subsidy became due	Number of miles completed.	Amounts paid.	Proportion of the Subsidy though lapse of time, or insufficient number of miles completed.	Balance to be paid when due.	Balance of the Subsidies converted (2nd payment of 35 cts. per Acre), payable when lands sold.
Bate des Chaleaux (from Me-tapedin to Paspébiac).....	45 Vic., c. 23, sec. 1, par. b. } 51-52 Vic., c. 91, sec. 12..... }	100	10,000	1,000,000	14 Aug., 1886.	\$ 350,000 00	60	\$ 230,000 00	.....	\$ 120,000 00	\$ 70,000 00
Bate des Chaleaux (from Pas-pebiac to Gaspé).....	45 Vic., c. 23, sec. 1, par. b. } 51-52 Vic., c. 91, sec. 12..... }	80	10,000	800,000	do	\$ 280,000 00	.....	\$ 140,000 00	.....	\$ 140,000 00	\$ 500,000 00

EXHIBIT No. 59.

EXTRACTS from Return (No. 90a) to an Address of the Legislative Assembly dated the 30th January, 1890, for the special report of Mr. Charles Langelier, Commissioner, dated this day, respecting Section K of the Baie des Chaleurs Railway Company, and the list of workmen with the amounts due to each of them.

I cannot yet make my final report as Commissioner appointed to enquire into the difficulties connected with the construction of the Baie des Chaleurs Railway. I have to hear Mr. L. J. Riopel, the managing director of the company, who is at present in Ottawa for the session. As soon as I have obtained his deposition, I will be in a position to make my final report, as all the rest is ready.

But I deem it my duty to make a special report with reference to Section K for the following reasons:—

* * * * *

According to a statement which I have carefully prepared from information obtained at the time of the inquiry and since then, the amount due for labour, boarding accounts and materials supplied is about \$20,000.00. Of course, this amount does not include what is due to the sub-contractors.

* * * * *

Of course, this section of the railway is not complete; the work is not finished, and the question is as to whether the Government has a right to pay now. To my mind the matter is quite clear.

* * * * *

Section 4 of the Act 49-50 Vict., chap. 76, says that no such subsidy shall become due or payable for any part of the road less than ten continuous or uninterrupted miles completed.

What interpretation should be given to this section? To my mind the Legislature meant to say that no company could avail itself of this Act before having given proof of its good faith and of its resources for the construction of the road, by completing ten miles and putting them in operation. The Baie des Chaleurs Railway Company has at present sixty miles in operation, so that this restriction cannot apply to the case now before us.

This restrictive clause was inserted in the Act to protect the Government, which may avail itself of it or renounce it, just as any private individual who renounces a condition which he has inserted in a contract for his own security and which he renounces when he no longer requires it.

Moreover, I think that the Government frequently makes advances to its ordinary contractors, and it seems to me that the two cases may perfectly be assimilated.

According to the sworn evidence of Mr. D. Leduc, the Chief Engineer of the contractor Armstrong, it appears that there is work done on this Section K for an amount of \$24,342.10. Apart from this, Mr. Leduc also tells us that there are on the spot 130,000 feet of cedar, worth \$2,600, besides the lumber for culverts, stone, &c., and worth about \$10,000, making a total of \$60,343.10 for work done and materials supplied, besides the plant on the ground and the work done since the last statement filed by Mr. Leduc on the 19th October, 1889.

I must also state that on this Section K there are the two bridges of the Cascaedia River, which are of rather considerable dimensions, but the company has subsidies for this section which allow it to perform all this work without any difficulty. In the first place, it has the subsidy of \$70,000 from the Local Government, then \$64,000 from the Federal Government, to say nothing of the right of way which is paid by municipalities crossed by the railway.

As the Federal Act passed last year (52 Vict., chap. 3, sec. 2) adds \$96,000 to the resources of the company for this section of its road, it is evident that it has ample means for the construction of the said bridges and ten miles of road.

I have also reason to believe that a considerable balance will be left to the company or its contractor out of the subsidies already paid for the sixty miles

between Métapédia and the River Cascapédia. The most competent persons tell me that these sixty miles of road have certainly not cost over \$600,000, and I see by the Public Accounts of Quebec and Ottawa that, up to the 30th June, 1889, the company received from the two Governments \$696,454. Consequently, there remains a sum of about one hundred thousand dollars to apply to the two bridges on the Cascapédia River.

For the above reasons I deem it my duty to recommend to Your Honour to pay immediately the sums mentioned in the statement which I have prepared, viz.: \$20,000.

The whole respectfully submitted.

(Signed) CHS. LANGELIER,
Commissioner.

QUEBEC, 30th January, 1890.

N.B.—Section K comprises the portion (10 miles) between the west bank of the Grand Cascapédia River, in the vicinity of Pritchard Point, two miles east of the Little Cascapédia River.

(Signed) CHS. LANGELIER,
Commissioner.

EXHIBIT No. 60.

MEMORANDUM of legislation of Legislature of the Province of Quebec affecting the Baie des Chaleurs Railway Company.

1882.—The Company was incorporated by statute passed, 45 Vic., cap. 53.
Capital, \$3,000,000.

Vested with rights to build a railway from some point on the Intercolonial, in the vicinity of Restigouche River, or connecting with Intercolonial Railway and extending to New Carlisle or Paspebiac Bay, with right of continuing line to Gaspé Basin.

Power was granted to Company to issue bonds to an amount not to exceed the amount of the capital stock of the Company.

1882.—An Act was passed, 45 Vic., cap. 23, entitled "An Act to grant subsidies for the construction of certain Railways."

1. The Lieut-Governor in Council is authorized to grant the following subsidies in aid of the construction of the railways hereinafter designated:

(b). A quantity of ten thousand acres of land per mile for a railway, starting from the Metapédia station, in the County of Bonaventure, on the Intercolonial Railway, as far as Gaspé Basin, passing by the port of Paspebiac, in the County of Bonaventure, on the Baie des Chaleurs, provided the length of such road does not exceed one hundred and eighty miles.

1886.—49-50 Viet., cap. 76. An Act better to aid the construction of Railways.

"1. It shall be lawful for the Lieutenant-Governor in Council to convert in whole or in part any subsidy in land to which any company may be entitled in virtue of the Act 45 Victoria, chapter 23, or of any Act passed during the present session of the Legislature into a money subsidy, by paying a sum not exceeding 35 cents per acre at the time the said subsidy becomes due, and another sum not exceeding 35 cents per acre when the lands allotted to the said company shall have been sold and paid for, pursuant to the rules and regulations of the Department of Crown Lands, and subject to such conditions to secure the construction of the road to which the said subsidy shall apply as the Lieutenant-Governor in Council may think proper to establish, provided that the companies entitled to any land subsidy shall declare their option, within the delay of two years after the passing of this Act, in favour of the

said conversion of the said subsidy, by a resolution of their board of directors duly communicated to the Government through the Commissioner of Agriculture and Public Works."

* * * * *

"4. The subsidy in land granted by the said Act 45 Victoria, chapter 23, or any subsidy in money, or part in money and part in land, which may be substituted therefor by this Act, will be payable to the company entitled thereto in the following manner:—

"1. No such subsidy shall become due or payable for any part of the road less than ten continuous and uninterrupted miles completed.

"2. The company interested shall give notice to the Commissioner of Agriculture and Public Works of the fact that such portion of its road is ready for inspection, by the government engineer, and request such inspection and report.

"3. Such company shall further comply with all provisions of law touching such inspection and report, and the cost thereof."

1886—49-50 Vic., chap. 80—An Act respecting the Baie des Chaleurs Railway Company.

* * * * *

"2. The directors may make or issue stock as paid-up stock, and may pay or agree to pay in such paid-up stock or in the bonds of the company such sums as they deem expedient to engineers or contractors, or for right of way, or material, plant or rolling stock, and for the services of such persons as may be employed by the directors in the furtherance of the undertaking or purchase of right of way, material, plant or rolling stock."

1888.—51-52 Vic., chap. 91—An Act respecting Railway Subsidies.

* * * * *

"12. The Lieutenant Governor in Council may apply, upon the eighty miles of the Baie des Chaleurs Railway Company, extending from the twentieth mile to the east of Metapediac as far as Paspébiac, the first thirty-five cents per acre of lands of the subsidy belonging to the company, which subsidy was converted into a subsidy in money in virtue of the Act 49-50 Victoria, chapter 76, coming to the eighty miles of the said road from Paspébiac to Gaspé.

"In such case the second thirty-five cents of the said subsidy coming to the eighty miles from twenty miles to the east of Metapediac as far as Paspébiac, shall apply *pleno jure* upon the eighty miles from Paspébiac to Gaspé.

"The thirty-five cents so applied upon the eighty miles to the east of Metapediac as far as Paspébiac shall be payable in the same manner as the first thirty-five cents coming to the said portion.

"The Lieutenant Governor in applying this section may impose upon such company the conditions he shall deem most calculated to assure the construction, within the shortest delay, of the road as far as Gaspé Basin."

The Revised Statutes of the Province of Quebec respecting Joint Stock Companies enact as follows:—

"CHAPTER THIRD.—COMPANIES.—SECTION 1.

"JOINT STOCK COMPANIES' GENERAL CLAUSES.

"1. *Declaratory and Interpretative.*

"4651. This section may be cited as the 'Joint Stock Companies' General Clauses Act.' 31 V., c. 24, s. 42.

"4652. The following expressions, both in this section and in the charter, have the meanings hereby assigned to them, unless there is something in the subject or context repugnant to such construction:

"The expression 'the charter' means any Act incorporating a company for any of the purposes contemplated by this section;

"2. The expression 'the company' means the company incorporated by the charter;

"3. The expression 'the undertaking' means the whole of the works and business of every kind which the company is authorized to carry on;

"4. The expression 'real estate' or 'land' includes all immovable property of every kind;

"5. The expression 'shareholder' or 'stockholder' means every subscriber to, or holder of stock in the company, and extends to and comprise the personal representatives of the shareholder.—31 V., c. 24, s. 1.

"4653. *When not otherwise expressly enacted, this section applies to every joint stock company incorporated by any charter, for any of the purposes within the jurisdiction of the Legislature, except for the construction and working of railways and the business of insurance.* 44-45 V., c. 12, s. 1.

"4654. For the purpose of incorporating this section, or any of its provisions, with a charter, it shall not be necessary to insert them in such charter; but, save in so far as they are expressly varied or excepted by such charter, such provisions shall be construed as if formally embodied and reproduced therein.—31 V., c. 24, s. 3.

"SECTION II.

"INCORPORATION OF JOINT STOCK COMPANIES.

"1.—*Declaratory and Interpretative.*

"4694. This section may be cited as 'the Joint Stock Companies' Incorporation Act.'—31 V., c. 25, s. 57.

"2.—*Granting of the Charter.*

"4696. The Lieutenant Governor may, by letters patent under the Great Seal, grant a charter to any number of persons, not less than five, who petition therefor.

"Such charter constitutes the petitioners and all others who may become shareholders in the company thereby created a body politic and corporate for any of the purposes within the jurisdiction of this Legislature, except for the construction and working of railways and the business of insurance.

"2. It is not necessary that an Order in Council be passed for granting any such charter, but the Lieutenant-Governor may grant any charter upon a favourable report from the Attorney General.—38 V., c. 39, s. 2; 44-45 V., c. 11, s. 1.

"4697. The applicants for such letters-patent shall previously give notice of their intention to make such application.

"Such notice shall be published during four consecutive weeks in the *Quebec Official Gazette* and contain:

"1. The corporate name of the proposed company, which shall not be that of any other company, or any name liable to be confounded therewith or, otherwise on public grounds objectionable;

"2. The object for which the corporation is sought;

"3. The place within the limits of the Province selected as its chief place of business;

"4. The proposed amount of its capital stock;

"5. The number of shares and amount of each share;

"6. The name in full and the address and calling of each of the applicants, with special mention of the names of not less than three or more than nine of their number who are to be first directors of the company;

"The major part of such directors shall be resident in Canada and be subjects of Her Majesty.—44-45 Vic., c. 11, s. 2."

Sections 4653, 4696 and 4697 of the Revised Statutes respecting Joint Stock Companies, above set forth, were amended by Statute 52 Vic., 1889, ch. 42.

(Assented to 21st March, 1889.)

"Her Majesty, by and with the advice and consent of the Legislature of Quebec, enacts as follows:—

"1. Article 4653 of the Revised Statutes of the Province of Quebec is replaced by the following:

"4653. When not otherwise expressly enacted, this section applies to every joint stock company incorporated by any charter, for any of the purposes within the jurisdiction of the Legislature.

"2. The second clause of paragraph 1 of Article 4696 of the said Revised Statutes is repealed by the following :

"Such charter constitutes the petitioners and all others who may become shareholders in the company thereby created a body politic and corporate for any of the purposes within the jurisdiction of this Legislature, except with regard to the incorporation of railway or insurance companies, in which case an Order in Council is necessary.

"3. Article 4697 of the said Revised Statutes is amended by adding thereto the following paragraph :—

"7. In the case of the incorporation of a railway company the notices shall also be inserted during four weeks in English and French in two newspapers published in the district through which the proposed line is intended to pass.

"The notices shall be published in the English and French newspapers in each district, if there be any published in those two languages ; if not, then in the newspapers in the same language published in the neighbouring districts.

"Such notices shall make known the starting point of the proposed road, the districts through which it is intended to run and the terminus.

"4. This Act shall come into force on the day of its sanction."

1890—54 Vict., chap. 37—An Act to amend the Laws respecting Railways in this Province.

(Assented to 30th December, 1890.)

Her Majesty, by and with the advice and consent of the Legislature of Quebec, enacts as follows:

1. The following articles are added after Article 5183 of the Revised Statutes of the Province of Quebec:—

"5183a. It shall be lawful for the Lieutenant-Governor in Council at any time upon the report of the Railway Committee of the Executive Council to cancel the charter of any railway company incorporated under the laws of this province when the said company has not complied with the terms of its charter as to the commencement and completion of its works within the prescribed time, or when the said company has become insolvent, or when the company does not or is not able to proceed with the work, or for any other cause which, in the opinion of the Lieutenant Governor in Council, is sufficient to justify such cancellation.

"5183b. Such cancelling takes effect, to all intents and purposes, fifteen days after the publication in the *Official Gazette* of a proclamation to that effect under the Great Seal of the Province, which at the same time fixes the day, hour and place at which the meeting of shareholders is to be held to appoint a liquidator or three liquidators, under Articles 4777 and following of these Revised Statutes.

"5183c. In default of the appointment of the said liquidators, or if a vacancy should arise amongst them, or if such appointment be not made, the whole under the circumstances or for the reasons mentioned in Articles 4778 and 4779, the Commissioner of Public Works may, like any shareholder, institute all necessary proceedings authorized in and by the said articles to attain the object above mentioned."

"5183d. The liquidation is then proceeded with in the manner set forth in Articles 4780 and following of these Revised Statutes.

"2. This Act shall come into force on the day of its sanction."

1890.—54 Vic., chap. 88—An Act respecting certain Subsidies to Railways and other Companies and undertakings.

(Assented to 30th December, 1890.)

Her Majesty, by and with the advice and consent of the Legislature of Quebec, enacts as follows:—

“1. It shall be lawful for the Lieutenant Governor in Council to grant the subsidies hereinafter mentioned to aid the construction of the railways hereinafter enumerated, or to the railway and other enterprises, to wit:—

	Total Subsidies in Money.	Total Subsidies in Lands.
	\$ cts.	Miles.
1. To contribute to the cost of constructing the bridge to be built over the Grand Cascapédiac River, on the Baie des Chaleurs Railway, a subsidy not exceeding in all.....	50,000 00	
(Upon condition that the said bridge be built at the place fixed by the Lieutenant Governor in Council, who may order that such bridge be built for the passage of vehicles and foot passengers, as well as for the passage of railway trains, if he deems it in the public interest.)		
2. To aid in completing and equipping the Baie des Chaleurs Railway, throughout its whole length, for the part not commenced and that not finished, about 80 miles, going to or near Gaspé Basin, a subsidy of ten thousand acres of land per mile, not to exceed in all.....		800,000
(Payable to any person or persons, company or companies, establishing that they are in a position to carry out the said works and to supply the rolling stock for the whole road and keep it in good working order, and also upon condition that the balance of the privileged debts due by the Baie des Chaleurs Railway Company be paid, the whole to the satisfaction of the Lieutenant Governor in Council).		

EXHIBIT No. 61.

(Translation.)

EXTRACT from the Speech of the Honourable Mr. Mercier, upon a motion for the production of papers relating to the Baie des Chaleurs Railway, made by F. A. Carrier, 21st November, 1890.

EVENING SITTING, 20th November, 1890.

Leaving the poetic side I now come to the practical side of the question. It is perfectly useless to try and have any illusions about this. That country is beautiful, that country is rich, and only asks the aid of the Province in order to develop its resources and to render its population happy.

Everybody remembers the touching accord which took place at the last session when the House unanimously authorized the Government to pay a sum of \$20,000 to those poor workmen on the railway who had not been paid.

I wish that every member had time to read the sad romance which is about to be laid before the House. One finds there a recital of the most lamentable state of affairs. Poor workmen who have nothing but their work for their means of livelihood, and who in the month of March last had not received their wages for the last two months, the only thing upon which they could count for the subsistence and nourishment of their families. This money which had been paid by the Province, counting that it would serve to pay legitimate privileged debts, had been in the fob of speculators. More than that: the farmers over whose lands the road passed had not been paid, and in vain did they demand what was due to them. They were answered by being put out of the door of the company's office. And I remember one case in particular. A poor fisherman who had only a lot of land, which was almost wholly taken by the railway, finding it impossible to make anything out of the little morsel which remained to him, came to see me, and said to me: "This is my position. I had a little bit of land from which I harvested the necessary products,

such a potatoes, etc. In addition to that I got my living by fishing. The railway has taken from me a part of my land. I cannot cultivate the rest of it, and they have not given me a cent." I had a special agent of the company come to me (I am speaking to you now of 1888, the period when I passed some time in that part of the country); I asked him why he had not paid. He said to me "I have not paid, because the company has given me no money." "Then, why have you taken possession of the land without offering the money?" "Because the company promised to send me the money at once, and to pay the amount agreed upon." "You have made claims, then?" "Why, yes; at least three times a month I write, and they do not even answer me. It is perfectly impossible for me to pay this honest man a debt which we recognize is legitimately due, and for a good reason: it is because those who are at the head of the company occupy themselves with getting the money and never sending it to me. And that is the position."

How many cases there are like that. Take those poor workmen, who, during the winter have been making sleepers, what are called ties; they worked all winter; they have brought them down the rivers with all the hardships possible; they have delivered them to the company, and up to the last moment when we intervened more than three-quarters of these people had not been paid. They had given their work, their time, they had passed the winter in the shanties in order to earn a little money, and contributed by their work to the construction of this road. Their wood had been used, and they had not been paid. They were left in misery.

Go and ask the poor people who have supported for whole months the laborers who were working on the road, and who furnished them the necessary provisions. Go and ask the poor merchants up on the hill, who were always being asked for provisions for the men. They will all tell you the same story: "We have not been paid." And at the present moment, notwithstanding that we have paid more than fifty thousand dollars, and twenty-eight thousand dollars which remained from the money due to the company, and twenty thousand dollars which the House authorized us to pay, there yet remain due about fifty thousand dollars of privileged debts. The thing has been explained to you. There are sixty miles of road partly constructed out of one hundred; forty miles from Cascapedia to Gaspé Basin, where there is not an inch of road built. From the Cascapedia, coming up this way, you have nearly sixty miles of road partly constructed, and there is not one bridge. When you come to the Grand Cascapedia, a superb river, you need a bridge which will cost more than one hundred and fifty thousand dollars. There has been nothing done there either. At certain seasons of the year, in spring and autumn, it is a physical impossibility to cross. And yet it is the great artery of communication of Gaspesia. Every one who wishes to take the cars at Campbellton must pass there.

I say to those who are doing me the honour to listen to me, I say to the members of the Legislature of this country, who have intelligence and who ought to have hearts: You have there a population which counts upon you. When it was a question of the suffering of the inhabitants of the Lake St. John region we did not hesitate. We doubled the subsidy, because we saw that it was impossible for the company to complete that railway, which was to bring here the riches of that beautiful region, and at the same time to assure the prosperity of that locality. What we have done for Lake St. John we beg of you to do for the Baie des Chaleurs.

(Translation.)

SPEECH of the Honourable Mr. Mercier on the second reading of the Bill to amend the General Railways Act, Statutes of 1890, (2nd Session) Chap. 37.—Saturday, 27th December, 1890.

Sitting of 26th December, 1890.

A debate took place upon the railway law of this Province, the principal clause of which reads as follows:—

"It shall be lawful for the Lieutenant Governor in Council, at any time, upon the report of the Railway Committee of the Executive Council, to cancel the charter

of any railway company incorporated under the laws of this Province, when the said company has not complied with the terms of its charter as to the commencement and completion of its works within the prescribed time, or when the said company has become insolvent, or when the said company does not or is not able to proceed with the work, or for any other cause, which, in the opinion of the Lieutenant Governor in Council, is sufficient to justify such cancellation."

The Honourable Mr. Blanchet saw in this clause a great danger for popular liberties, and proposed the six months' hoist.

The Honourable Mr. Mercier replied to him as follows :

(*Extract.*)

"Mr. Speaker, what is happening at the present time? Take the Baie des Chaleurs Railway.

"This company has asked to have its subsidies doubled up. It had been granted a subsidy of 10,000 acres per mile for 180 miles, which makes 1,800,000 acres. The Federal Government had granted it \$3,200 per mile for 180 miles.

"Both Governments have doubled up the subsidies. That is, the company after having received all the subsidies intended by the authorities for the railway, arrests the whole progress of that country, refuses to pay legitimate debts, refuses to pay for the lands over which the road passes, to pay for the crossings which were made last winter by the poor farmers, and to pay for the provisions bought in the shops.

"This company is there, and when we say to other persons: 'Go on and try to buy out the rights of the present shareholders in order to proceed,' the shareholders ask exorbitant prices. They do not want to do anything but make money at the expense of the public. We ask to have the power of annulling this charter in the public interest.

"If we obtain this power, what will be the result? The shareholders will sell their rights at reasonable prices, and other persons will be able to construct the road.

"Take some other cases. You have the Montreal and Sorel Railway Company, to which we have given \$112,000 to pay certain claims and to finish the road. The claims have been paid, but the company has refused to finish the road. And since that time the company not only refuses to obey us, but it does not even answer the letters which we write to it.

"Do you believe that is just? Why not annul this charter and permit responsible people to finish this road, which will give an outlet to the rich population of the Counties of Verchères and Chambly? The public interest demands it. Private interests object to it. I might cite other cases, but I content myself with these two, which seem to be the most exorbitant."

(*Translation.*)

MONDAY, 29th December, 1890.

EXTRACT from the Speech of the Honourable Mr. Mercier, delivered in the Legislative Assembly on the 23rd December, 1890, upon a resolution concerning the Railway Subsidies granted by the Statute 54 Vic. (2nd Session), chap. 88.

We have, gentlemen, at the eastern extremity of the country, a railway for which the Province of Quebec has already made enormous sacrifices—the Baie des Chaleurs Railway. I will not yield to the temptation to say what I think of those who have received the money of the Province and of the Dominion to make this road, and who have not made it. In matters of this importance recriminations are not only useless, but they become dangerous; and I shall not advance the course of public prosperity by making recriminations at this time.

But the fact is there. All the world can judge of it. Consequently, I need not pass judgment in this respect. All that I will say is, that this road has received a subsidy of 10,000 acres of land for 180 miles, which makes 1,800,000 acres of land at

35 cts. for the first half. See the enormous sum of money that that makes. The Federal Government on its part has granted a subsidy of \$3,200 per mile, and, to add to the misfortune, both Governments have consented to double up the subsidies for the second part of the road upon the first part. When we had the report that the first part was done we paid, as did the Federal Government, all the subsidies, so that the other half is now completely uncovered.

Not only that, but the railway not having been utilized nor worked for two years, the works are in a desperate state. The culverts threaten to disappear; the ties have been carried away sometimes by floods; and the embankment is not nearly as good as it was, as is easily understood. So that it would be necessary again to spend considerable money in order to put in good condition the part of the road upon which the doubling up has been done—that is to say, the part of the road upon which a double payment of the subsidies has been made. We have decided to make a new sacrifice. There still remain some thousands of dollars due to the workmen and to the farmers who have not been able to get paid in spite of the generosity of the Legislative Assembly at its last Session, as you will see by the statements which were read the other day before the House. We have not been able to pay everything, either because we had not enough money, and that is the principal reason, or because the proof of the claims arrived too late.

We ask you for a subsidy of 800,000 acres of land to finish this road over and above the \$50,000 to construct the bridge over the River Cascapedia. We hope to make an advantageous bargain with capitalists or with powerful companies. May Heaven grant that our hopes be realized this time, and that we shall not be deceived anew! But, in any event, we are going to redouble our precautions. We are going to act with more prudence than ever, and we are going to try and finish this railway as far as Gaspé Basin, in order to connect with the navigation of the Atlantic.

EXHIBIT No. 62.

QUEBEC, 27th June, 1890.

C. HOLLAND, Esq.,
 Manager of the Ontario Bank,
 Toronto, Ont.

SIR,—Agreeable to your request, I beg to give the following information:

1. By an Order in Council of the 25th of November last, I was appointed special officer to pay, in discharge of the Baie des Chaleurs Railway Company or its representatives, the privileged claims against the 60 miles of that road covered by the sub-contract of Henry MacFarlane, out of the \$28,546 of subsidy remaining due by the Government of Quebec for that part of the railway;

2. That balance of subsidy was by the Government placed to my credit and out of that sum I have paid all the privileged claims, sworn to before the Commissioner and acknowledged by H. McFarlane or the other sub-contractors, which were presented to me for payment, comprising all proved and admitted claims for wages;

3. All proved claims for wages have been paid, except for the amount of \$2,150.07, which amount will be paid as soon as all the necessary formalities are fulfilled.

Yours very humbly,
 J. C. LANGELIER.

EXHIBIT No. 63.

Baie des Chaleurs Railway Company Dr. to C. N. Armstrong.

Certificate of A. L. Light, 1st July, 1889, Section	AE	\$535,485	00
“ “ 1st “ “ “	F	172,320	09
“ “ 1st “ “ “	G	140,112	42
“ “ 1st Sept. “ “	H	198,661	33
“ “ 1st “ “ “	J	140,024	84
“ “ 19th Oct. “ “	K	38,693	87
“ “ 7th Jan. “ “	KLMH	10,000	00

\$1,235,297 55

Substitution of steel superstructure for bridges in lieu of wooden Howe truss \$16,786, say 50 per cent..... 8,393 00

Surveys executed in excess of contract—

Section C 2-70 mile.

“ H 1-51

“ J 2-90

7-11

Cascapedia front line 14-77

21-88

2,188 00

Steel girders on hand 1-60 ft..... \$3,277

“ 1-40 “ 1,581

“ 1-30 “ 1,207

6,065 00

1 combination car..... 3,200 00

Timber, piles and ties on hand..... 1,227 29

Stone at Metapedia, 155 cub. yards at \$6..... 930 00

“ Labour Black Cape Quarry..... 3,334 68

\$1,260,635 52

MONTREAL, 20th April, 1891.

(Sgd.)

D. LEDUC,

Contractors' Chief Engineer.

By subsidies transferred at my request—

Dominion Government.. \$556,000

Provincial “ 350,000

\$906,000 00

Balance due C. N. Armstrong..... \$355,635 52

Less paid in bonds, 21 of £500 stg 51,099 93

\$304,535 59

* Less these amounts..... 5,591 57

\$298,943 62

We certify that this amount, \$298,943.62, is † to C. N. Armstrong in accordance with the terms of his contract with the company.

L. J. RIOPEL,

L. A. ROBITAILE,

Managing Director.

Secretary-Treasurer.

QUEBEC, April 22nd, 1891.

(NOTE.—In the original the word “ due ” is erased after “ is ” and the alteration is made in a marginal above.)

Quebec, April 28th, 1891.—Received from J. C. Langelier, Deputy Registrar, Province of Quebec the sum of one hundred and seventy-five thousand dollars in full settlement of this account. C. N. ARMSTRONG.

* The correctness of these items not yet ascertained.

†† is a correct statement of estimates of work done and remaining unpaid. L. J. R. L. A. R.

EXHIBIT No. 63a.

I, Charles N. Armstrong, contractor for the construction of the Baie des Chaleurs Railway, do hereby grant a full and complete discharge and quittance to the Baie des Chaleurs Railway Company of all and every claim of whatsoever nature and kind which I have or may have against the said company, and I further agree to cancel and annul and I do hereby cancel and annul the contract and agreement entered into with the said company on the ninth day of June, 1886, for the construction of said railway.

I hereby authorize the said company to take possession of the works on the said railway, and all materials provided for the construction of the line, together with all the rolling stock placed on the line in furtherance of the provisions of said contract, 9th June, 1886.

And I further transfer, assign and make over to the said company all and every claim which I have or may have against Henry Macfarlane or the insolvent estate of Henry Macfarlane and Son, and the said company is hereby authorized to use my name in enforcing or collecting such claim.

Signed at Quebec this 28th day of April, 1891,

C. N. ARMSTRONG.

EXHIBIT No. 64.

Copy.

ONTARIO BANK,
OTTAWA, 12th Oct., 1889.

The Honourable Minister Railways and Canals,
Ottawa.

SIR,—The Ontario Bank understands that there are wages due to Macfarlane's men for work on the first sixty mile section of Baie des Chaleurs Railway, amounting to thirteen thousand dollars. There is payable to the railway company fifty-four thousand dollars, part of the Dominion subsidy. The Ontario Bank is entitled to receive this fifty-four thousand dollars per Mr. Noel, manager Quebec Bank, Ottawa, who is attorney for the railway company, to receive this subsidy for the Ontario Bank. If the Government pay over this fifty-four thousand dollars forthwith to Mr. Noel, to be paid to the Ontario Bank, the bank undertakes to see the wages to the men paid.

I remain, Sir, your obedient servant,

A. SIMPSON, *Manager*.

DISPOSITION OF PROCEEDS OF LETTERS OF CREDIT FOR \$175,000.

A

EXHIBIT No. 65a.

LA BANQUE NATIONALE, Quebec, in account with J. C. Langelier, Commissioner.

1891.		\$ cts.	\$ cts.
April 29..	To Proceeds of discount of \$75,000, letter of credit, dated 28th April, 1891, signed by the Honourable P. Garneau in his capacity as representative of the Prime Minister, and as Treasurer of the Province of Quebec, authorizing La Banque Nationale to advance the sum of \$75,000 to J. C. Langelier, bearing 5 per cent. interest, commencing from the 1st June to the 10th July, due date of the letter of credit..... (Exhibit No. 15.)	74,111 64	
do 29..	By Cheque—Payment to promoters of the old company for their interest in the railway and the stock of the company (Exhibit Nos. 15a and 50).....		31,750 00
	Cheque—(Exhibit No. 15b).....		24,000 00
	do (do 15c).....		16,000 00
	do C. N. Armstrong (Exhibit No. 15d).....		111 64
	do James Cooper (do 15e).....		2,250 00
		74,111 64	74,111 64

B

EXHIBIT No. 65b.

LA BANQUE DU PEUPLE, Quebec, in account with Ernest Pacaud, Esq.

1891.		\$ cts.	\$ cts.
May 6..	To proceeds of notes of E. Pacaud, endorsed by P. Vallière, due July 18, secured by deposit of cheque for \$20,000 deposited, drawn by J. C. Langelier, Commissioner, on the Union Bank, in favour of C. N. Armstrong, payable when the amount of the letter of credit for \$100,000 was paid and placed to the credit of said J. C. Langelier, Commissioner, at the Union Bank..... (Exhibits 16, 23, 24, 28a, 31, 34.)	19,720 00	
do 6..	By Cheque—Note of A. F. Carrier, endorsed by E. Pacaud.....		400 00
	do do James Carrel do do		150 00
do 11..	do do G. M. Deschene do do due May 8		150 00
	do do J. I. Tarte do do		1,000 00
do 16..	do Payment on account of purchase of house on Dufferin Terrace by E. Pacaud		7,000 00
	(Exhibits 25, 45, 46, 47, 48, 49.)		
	Balance unaccounted for (cheques withdrawn August 6)..... (Exhibit 22.)		11,020 00
		19,720 00	19,720 00

C

EXHIBIT No. 65c.

LA BANQUE NATIONALE, Quebec, in account with Ernest Pacaud, Esq.

1891.		\$ cts.	\$ cts.
May 15..	To proceeds of note of E. Pacaud, endorsed by P. Vallière, due July 15, secured by deposit of cheque drawn by J. C. Langelier, Commissioner, for \$20,000 on the Union Bank in favour of C. N. Armstrong, payable when the amount of the letter of credit for \$100,000 was paid and placed to the credit of the said J. C. Langelier, Commissioner, at the Union Bank	19,732 60	
	(Exhibits 11, 19, 21, 28b, 34.)		
do 15..	By Cheque—Note of E. Pacaud, endorsed by Hon. C. A. P. Pelletier, Hon. Honoré Mercier, Hon. Charles Langelier and Hon. François Langelier, dated April 15, due May 18		5,000 00
	(Exhibit No. 17.)		
do 15..	Cheque—Bill of exchange on Paris in favour of Hon. Honoré Mercier for 25,500 francs		5,000 00
	(Exhibit No. 44.)		
	Balance unaccounted for (cheques withdrawn Aug. 7).		9,732 60
	(Exhibit No. 20.)		
		19,732 60	19,732 60

D

EXHIBIT No. 65d.

STATEMENT showing payments by E. Pacaud from proceeds of three cheques of \$20,000 each, drawn by J. C. Langelier, Commissioner, on the Union Bank, payable to C. N. Armstrong.

1891.		\$ cts.	\$ cts.
July . . .	Amount received, being proceeds of three cheques for \$20,000 each, drawn by J. C. Langelier, Commissioner, on the Union Bank in favour of C. N. Armstrong, and held on collection by Union Bank until the amount of letter of credit for \$100,000 was paid and placed to the credit of said J. C. Langelier, Commissioner, at the Union Bank.	60,000 00	
	(Exhibits Nos. 28 a, b, c, d, e, and 35 and 38.)		
" 11..	Paid note of E. Pacaud, endorsed by Hon. H. Mercier, J. I. Tarte, Hon. C. A. P. Pelletier and Hon. C. Langelier, dated 10th March, due 13th July		5,000 00
	(Exhibits Nos. 35, 38 and 52.)		
" 11..	Paid note of E. Pacaud, endorsed by Hon. H. Mercier and others, dated 1st April, due 4th August.		3,000 00
	(Exhibits Nos. 35, 38 and 52.)		
" 11..	Paid Hon. Chas. Langelier		3,000 00
	(Exhibits Nos. 35, 38, 42 and 43.)		
" 11..	Withdrawn and deposited to credit of E. Pacaud in Savings Bank Department of Union Bank.		25,000 00
	(Exhibits Nos. 35 and 38.)		
	N.B.—This sum was withdrawn from Savings Bank Department of Union Bank by E. Pacaud, 10th August, 1891.		
	(Exhibit No. 37.)		
	Balance unaccounted for, cheques having been withdrawn from Bank 8th August, 1891.		24,000 00
	(Exhibit No. 36.)		
		60,000 00	60,000 00

E

EXHIBIT No. 65e.

RECAPITULATION.

	\$ cts.	\$ cts.
Amount received by J. C. Langelier—Commissioner—		
Letter of credit.....	\$ 75,000 00	
Interest 5 per cent	400 68	
	\$ 75,400 68	
Bank discount.....	1,289 04	
(Exhibit No. 16.)		74,111 64
Amounts received by E. Pacaud—		
From Union Bank.....		60,000 00
(Exhibit No. 28a, b, c, d, e.)		
From Banque du Peuple.....	\$ 20,000 00	
Discount.....	280 00	
(Exhibits Nos. 23, 24, 26 and 27.)		19,720 00
From La Banque Nationale.....	\$ 20,000 00	
Discount.....	267 40	
(Exhibits Nos. 19 and 21.)		19,732 60
Paid promoters of old company.....		71,750 00
do C. N. Armstrong.....		111 64
do James Cooper.....		2,250 00
do E. Pacaud and Hon. H. Mercier and personal obligations of Hon. H. Mercier, Hon. Chas. Langelier, Hon. C. A. P. Pelletier, Hon. F. Langelier, J. I. Tarte, E. Pacaud and others.....		54,700 00
(Exhibits Nos. 15a, b, c, d, e, 37, 65b, c, d.)		
Bank discount.....	1,435 76	1,435 76
Balance unaccounted for, cheques having been withdrawn from banks by E. Pacaud, 6th, 7th and 8th August.....		44,752 60
(Exhibits Nos. 20, 22 and 36.)		
	175,000 00	175,000 00

EXHIBIT No. 66.

Statements of Disbursements, i.e., balance of Quebec Subsidy applicable to miles 40 to 60 of the Baie des Chaleurs Railway, from Nov. 28, 1890, to Oct. 31, 1891.

SUBSIDY.....	\$28,545 00
Paid Macfarlane's workmen and other bills in connection with contract.....	\$25,379 90
Paid Armstrong's workmen and other debts.....	689 50
Expenses of the investigation and payment in connection with same.....	2,475 60
	\$28,545 00

E. & O. E.
OTTAWA, Aug. 27th, 1891. }

J. C. LANGELIER.

Hon. Chas. LANGELIER, Commissioner named by Letters Patent, dated, 5th October, 1889, began taking evidence with a view of fixing the amount due Macfarlane's workmen on the 23rd October, 1889.

J. C. LANGELIER.

QUEBEC, 24th April, 1891.

Stamp. { Registrar's Office,
Apr. 24, 1891.
Province of Quebec. }

J. C. LANGELIER, Esq.,
Quebec.

EXHIBIT No. 67.

DEAR SIR,—In answer to yours of the 23rd inst., transmitting for my approval the account of C. N. Armstrong, Esq., agent of the Baie des Chaleurs Railway Company, to the amount of \$298,943.62, I beg to state that I refuse to approve and certify that account for more than one hundred and seventy-five thousand dollars, (\$175,000.00, and this on the express condition that Mr. Armstrong shall cancel and annul his contract with—company and shall give full and absolute discharge of any claims whatever against the road or anything appertaining to it, directly or indirectly.

Yours very truly,

A. Mc. THOM.

EXHIBIT No. 68.

GEORGE A. TAYLOR, of the Town of Brockville, in the Province of Ontario, depose as follows:—

That on the ninth day of June, 1886, Roderick L. McDonald, of Pugwash, Nova Scotia; Michael J. O'Brien, of Renfrew, Ontario; James Rogers, of the City of Montreal, and George A. Taylor, of Brockville, Ontario, trading for the purposes of the contract hereinafter mentioned as "McDonald, O'Brien & Co.," contracted with Charles Newhouse Armstrong, the chief contractor for the building of the first twenty miles of the Baie des Chaleurs Railway, viz., the twenty miles comprised between the station of Métapédia and a point in the vicinity of Pointe-à-la-Garde;

That the works were to be executed for the prices mentioned in a schedule of rates annexed to the contract;

That in order to insure the payment of the works so to be done the said C. N. Armstrong and the Baie des Chaleurs Railway Company transferred to Roderick L. McDonald, one of our firm, in trust, all the subsidies belonging to those twenty miles of the Baie des Chaleurs Railway, viz., three hundred thousand dollars from the Dominion Government and seventy thousand dollars from the Quebec Government;

That the firm of McDonald, O'Brien & Co. did build the said twenty miles of railway, less some works of little importance which could be executed at the utmost for a few thousand dollars, and they received in full payment of said works the sum of two hundred and fifty-two thousand dollars and then re-transferred to the said company the balance of the said subsidies of three hundred and seventy thousand dollars;

That by deed in date of the 9th June, 1886, before W. B. Reddy, N. P., it was agreed that the said McDonald, O'Brien & Co., bound themselves to pay to C. N. Armstrong, as guarantee, a sum of ten thousand dollars, half cash and half by a promissory note at seventy-five days, at the time of the transfer of the subsidies;

That the said amount was paid to L. J. Riopel, who actually styles himself managing director of the said company, in his own house in Quebec, and taken on the subsidies transferred, to secure the payment of the works comprised in our contract.

(Signed)

GEO. A. TAYLOR.

Sworn before me at Quebec,

this 27th day of January, 1891.

(Sgd) J. C. LANGELIER, J. P.

EXHIBIT No. 69.

THIS INDENTURE, bearing date the thirtieth day of June, one thousand eight hundred and eighty-six, and executed in duplicate.

Between the Baie des Chaleurs Railway Company, a body politic and corporate, having its chief place of business at the City of Quebec, in the Province of Quebec;

herein acting by the Honourable Théodore Robitaille, of the said City of Quebec, the President thereof, and hereunto duly authorized by a resolution of the Board of Directors of said Company held on the twenty-fifth day of May last, "Hereinafter called the Railway Company," first parties; Charles Newhouse Armstrong, of the said City of Montreal, Contractor, second party; the commercial firm of McDonald, O'Brien & Co., Contractors, having their chief place of business at Metapedia, in the said Province of Quebec, composed of Roderick L. McDonald, of Pugwash, in the Province of Nova Scotia; Michael J. O'Brien, of Renfrew, in the Province of Ontario; James Rogers, of the City of Montreal, and George A. Taylor, of Brockville, in the Province of Ontario, as the co-partners of the said firm, third parties; the said Roderick L. McDonald, fourth party; and George B. Burland, of the said City of Montreal, Lithographer and Engraver, fifth party.

Whereas by agreement under seal bearing date the seventh day of November last, 1885, between Her Majesty Queen Victoria, represented by the Honourable the Minister of Railways and Canals, and the said railway company, the said railway company undertook to construct, equip and complete a line of railway from Metapedia eastwards towards Paspébiac, twenty miles, in consideration of the sum of three hundred thousand dollars payable as is set forth in the said agreement.

And whereas by contract and agreement executed before W. B. S. Reddy, Notary, at Montreal, on the ninth of June, 1886, between the said railway company and the second party, the latter undertook to construct, complete and equip the said twenty miles of railway.

And whereas by contract executed before the same notary on the same day, ninth June, 1886, the second party has sublet to the third parties the execution of the whole of the works required to be done in the construction of the said twenty miles of railway mentioned in the schedule of prices which is inserted in said contract.

And whereas to secure the payment to the third parties of the considerations which the second party undertook to pay the third parties for the works to be performed by them for him the railway company by transfers passed before the said Mre. Reddy, on the ninth day of June, 1886, transferred unto the said Roderick L. McDonald, in trust:—

1. The sum of three hundred thousand dollars payable to the railway company by the Dominion Government under the said agreement, of date the seventh day of November last, 1885.

2. The subsidy of seventy thousand dollars granted by the Government of the Province of Quebec in aid of the said twenty miles of railway.

And whereas it was stipulated in the said transfers that within thirty days from the date thereof the said Roderick L. McDonald would name a bank, which would accept the appointment of trustee to receive the transfer of the said subsidies and would agree to carry out the conditions of the trust in conformity with the terms of the contract between the second and third parties, whereupon the railway company, upon being notified of such acceptance by a bank to be approved of by it, bound itself to make a transfer of said subsidies to such bank as trustee, which transfer would take the place of the transfers so made to the said Roderick L. McDonald in trust.

And whereas with the consent of all parties the fifth party, instead of a bank, has been named by the said Roderick L. McDonald to receive the transfer of the said subsidies and the railway company has approved of such appointment.

Now these presents witness and the parties have covenanted and agreed as follows:—

First.—The said railway company doth, by these presents, assign, transfer and make over unto the fifth party thereof accepting in trust for the purposes hereinafter mentioned.

1. The said sum of three hundred thousand dollars payable to the said railway company, under the contract between Her Majesty Queen Victoria, and said railway company of date the seventh of November last, 1885.

2. The subsidy of seventy thousand dollars granted by the Government of the Province of Quebec in aid of the said twenty miles of railway and equivalent at thirty-five cents per acre to the subsidy of two hundred thousand acres of land to which the railway company is entitled by the Act 45 Victoria, cap 23.

And the said railway company hath, simultaneously with the execution hereof made and delivered to the fifth party powers of attorney, irrevocable as regards said railway company until the completion of the contract for the said twenty miles of railway, to recover and receive these subsidies in the name of the said railway company, from the Governments of the Dominion of Canada and of the Province of Quebec, and in the name of the said railway company good and sufficient acquittances to give and grant for the same; and the said railway company agrees on the demand of the fifth party to execute such further transfers of the said subsidies as may be necessary fully to vest the same in the said fifth party and to pass such further resolutions as may be necessary to avail themselves of money payments of thirty-five cents per acre in lieu of the lands granted by the Province of Quebec in aid of said portion of Railway.

Second.—On or about the fifteenth day of August next, Mr. A. L. Light, the Engineer of said railway company, shall make an estimate of the work up to that time done by third parties in execution of their contract and of the work remaining to be done by them to complete the same, and in the event of such estimate at the rate mentioned in the contract between the second and third parties being less than the amount of the subsidies hereby transferred to the fifth party, the latter shall be bound, at the request of the third parties, to re-transfer to the railway company whatever may remain of the subsidies after deduction therefrom:

1. Of the amount estimated by the said A. L. Light to be the value at the prices mentioned in the contract between the second and third parties of the work done and to be done by the third parties to complete their contract. And 2. Of the sum of forty thousand dollars to provide for the repayment of the five instalments of eight thousand each which shall have been paid to H. Noel as hereinafter stipulated.

3. Of the sum of thirty-three thousand dollars.

Third.—Out of the amounts which may be received by the fifth party he shall pay:

1. To the third parties the sum of two thousand dollars out of each instalment of sixty thousand dollars received from the Dominion Government, forming in all ten thousand dollars, and being the amount payable by the second party to the third parties under an agreement between them before W. B. S. Reddy, Notary, on the 9th day of June instant, 1886, under No. 505 of his minutes.

2. To the third parties the amounts to which they are then entitled, as shown by the monthly certificates of the Engineer for work done and materials furnished by them in execution of their contract. But out of the amount which the third parties will be entitled to receive out of each Government payment of sixty thousand dollars, the fifth party shall pay a sum of eight thousand dollars to H. Noel, the Manager of the Quebec Bank at Ottawa, forming a total sum of forty thousand dollars.

The said sums of eight thousand dollars each shall be paid to the third parties by the fifth party out of the subsidies to be paid by the Federal and Local Governments within two months after the final completion of the whole work to the satisfaction of the Engineer of the Company.

3. To pay to the second party out of each Government payment his proportion of such payment up to, but not exceeding, the total sum of eight thousand dollars, as set forth in the contract between the second party and the third parties.

Fourth.—Should there remain in the hands of the fifth party any moneys after the completion of the contract of the third parties, and the complete payment to them of the total sum coming to them under their said contract with the second party, and after payment of the sums payable by the fifth party under the last preceding clause, the fifth party shall pay over such monies to the said Railway Company.

Fifth.—In consequence of the present agreement, the transfers made by the said Railway Company to the said fourth party in trust, on the ninth of June, 1886, are hereby cancelled, these presents being executed in lieu thereof.

IN WITNESS WHEREOF the parties have hereunto set their hands.

Signed in the presence of

(Signed) L. J. RIOPEL,
OCTAVE MARTIN.

(Signed) THE BAIE DES CHALEURS RAILWAY Co.
THEODORE ROBITAILLE, President.
L. A. ROBITAILLE, Secretary.
C. N. ARMSTRONG.
M. J. O'BRIEN.
GEO. A. TAYLOR.
JAMES ROGERS.
G. B. BURLAND.

(A true copy.)

(One marginal note is good.)

(Signed) W. de M. MARLER.

BEFORE Mtre. William de M. Marler, the undersigned Public Notary for the Province of Quebec, residing at the city of Montreal—

APPEARED Michael J. O'Brien, of Renfrew, in the Province of Ontario, contractor, one of the firm of McDonald, O'Brien & Co., contractors, having their place of business at Metapedia, in the said Province of Quebec, who deposited with me, the said Notary, to remain among my notarial records, the foregoing Indenture of Agreement, executed in duplicate, and bearing date the thirtieth day of June last, 1886, between the Baie des Chaleurs Railway Company, Charles Newhouse Armstrong, the said firm of McDonald, O'Brien & Co., Roderick L. McDonald and George B. Burland.

To the end that communication may be had and copies granted *à qui de droit*.

WHEREOF ACTE, executed at the said City of Montreal, on the fifth day of July eighteen hundred and eighty-six and of record in the office of the said Mtre. Marler, under the No. Twelve thousand one hundred and seventy-six, and after due reading hereof said appeared signed in presence of said Notary.

(Signed) M. J. O'BRIEN,
W. DE M. MARLER, N. P.

A true copy of the original hereof remaining of record in my office.

(Signed.) W. DE M. MARLER.

EXHIBIT No. 70.

BEFORE ME William B. S. Reddy, the undersigned Notary Public, duly admitted and sworn, residing and practising in the City of Montreal, in the District of Montreal and Province of Quebec—

APPEARED Charles Newhouse Armstrong of the said City of Montreal, Railway Contractor, party of the "First Part" hereinafter called "the contractor";

And Roderick L. McDonald, of Pugwash, in the Province of Nova Scotia, Michael J. O'Brien, of Renfrew, in the Province of Ontario, and herein acting and represented by the said Roderick L. McDonald under and by virtue of a power or letter of attorney, James Rogers, of the said City of Montreal and George A. Taylor, of Brockville, in the Province of Ontario, trading for the purposes of the Contract hereinafter mentioned as "McDonald, O'Brien & Co." called "the sub-contractors";

Whereas the parties hereto have by deed bearing even date passed before me the undersigned Notary, entered into a contract for the construction of twenty miles of the Baie des Chaleurs Railway Company;

And whereas the sub-contractors have agreed to deposit with the said contractor the sum of ten thousand dollars as a guarantee for the carrying out of the said contract:

Now these presents witnesseth that the said sub-contractors have this day paid to the said contractor the sum of five thousand dollars in cash and sub-contractors estimates.

It is further understood and agreed that should the said transfer of subsidies not be complete on the part of the said sub-contractors within thirty days from the date hereof or the said sum of five thousand dollars in cash or the said note for five thousand dollars be not given to the said Charles Newhouse Armstrong, within thirty days from the date hereof, the sum of five thousand dollars paid this day shall be forfeited.

Whereof Acte.

Done and passed under the number five hundred and five and after due reading said parties have signed with and in the presence of said undersigned Notary as follows, to wit: by the said Roderick L. McDonald, Charles N. Armstrong, the said M. J. O'Brien, by his Attorney R. L. McDonald and George A. Taylor, at the City of Quebec, in the Province of Quebec, on the ninth day of June eighteen hundred and eighty-six, and by the said James Rogers at the said City of Montreal, the tenth day of the same month and year.

(Signed) CHARLES N. ARMSTRONG,
R. L. McDONALD.
GEO. A. TAYLOR.
M. J. O'BRIEN.
Per R. L. McDONALD, Attorney,
JAMES ROGERS.
WM. B. S. REDDY, N.P.

A true copy of the original hereof remaining of record in my office. One word erased is null.

(Signed.) WM. B. S. REDDY, N.P.

EXHIBIT No. 71.

CANADIAN PACIFIC TELEGRAPH,
OTTAWA, Feb. 10, 1887.

From Quebec—10 *via* Montreal 10.
To McDONALD, O'BRIEN & Co.,
Russell House or Gd. Union.

I find on enquiry of the bank that amount has been paid to credit of company. Bank refuses to pay trustee on my order, and requires company's secretary's signature. He is absent. I telegraph him to send cheque. I am ready to adopt other means you may suggest.

THEODORE ROBITAILLE.

EXHIBIT No. 72.

THE BAIE DES CHALEURS RAILWAY COMPANY,
QUEBEC, 16th December, 1886.

To Messrs. McDONALD, O'BRIEN & Co.,
Contractors, Metapedia.

SIRS,—On behalf of the Baie des Chaleurs Railway Company I desire to draw your attention to clause *second* of the agreement passed between this company, first party, C. N. Armstrong, second party, your firm, third party, R. L. McDonald, fourth party, and G. B. Burland. fifth party.

Whereby it is stipulated that the trustee, Mr. Burland, shall be bound to re-transfer to this company whatever may remain of the subsidies transferred to him after deduction therefrom :

- 1st. Of the amount estimated by Mr. Light.
- 2nd. Of the sum of \$40,000.
- 3rd. Of the sum of \$33,000.

Now, as you have some time past been supplied with the requisite estimates from Mr. Light, I am to notify you, on behalf of this company, to comply forthwith with that clause of the agreement, viz. :., to request Mr. Burland to re-transfer to the Baie de Chaleurs Railway Company the remaining portion of the subsidies in his hands.

I have the honour to be, Gentlemen,
Your obedient servant,

THEODORE ROBITAILLE,
Président B. d C. R.

EXHIBIT No. 73.

On this second day of December, one thousand eight hundred and eighty-six, at the instance and request of the Baie des Chaleurs Railway Company, a body politic and corporate, having its chief place of business at the city of Quebec, in the Province of Quebec :

I, William de M. Marler, the undersigned public notary for the Province of Quebec, residing at the city of Montreal :

Proceeded to the Balmoral Hotel, in the said city of Montreal for the purpose of meeting with George A. Taylor, of Brockville, in Ontario, one of the members of the firm of McDonald, O'Brien & Co., contractors, having their chief place of business at Metapedia, in the said Province of Quebec :

Where being and speaking to the said George A. Taylor, by and through him to the said McDonald, O'Brien & Co. :

I declared that by an indenture dated the thirtieth of June last, 1886, deposited in the office of the undersigned notary on the 5th of July last, between the said Baie des Chaleurs Railway Company, first parties; Charles Newhouse Armstrong, second party; the said McDonald, O'Brien & Co., third parties; Roderick L. McDonald, fourth party, and George B. Burland, of the said city of Montreal, Esq., fifth party; as to certain works to be done by the third parties, said McDonald, O'Brien & Co., in the construction of twenty miles of the railway of the said Railway Company; it was *inter alia* agreed : That on or about the fifteenth day of August then next and now last, Mr. A. L. Light, the engineer of the said railway Company should make an estimate of the work up to that time done by the said McDonald, O'Brien & Co., in execution of their contract, and of the work remaining to be done by them to complete the same, and in the event of such estimates at the rate mentioned in the contract between the said Charles N. Armstrong and the said McDonald, O'Brien & Co., being less than the amount of the subsidies transferred by said indenture to the said George B. Burland, the latter would be bound at the request of the said McDonald, O'Brien & Co., to re-transfer to the said railway company whatever may remain of the said subsidies after deduction therefrom :

1. Of the amount estimated by the said A. L. Light to be the value at the prices mentioned in the contract between the said Charles N. Armstrong and McDonald, O'Brien & Co., of the work done and to be done by the said McDonald, O'Brien & Co., to complete their contract.

2. Of the sum of forty thousand dollars to provide for certain payments to H. Noel :

3. Of the sum of thirty-three thousand dollars.

That the said A. L. Light has made an estimate of the work done and to be done by the said McDonald, O'Brien & Co., as on the fifteenth of August last : a copy

of which has previously hereto been delivered to the said McDonald, O'Brien & Co., by which it appears that the work done amounted to the sum of \$36,223.80, and the work to be done to the sum of \$222,171.82, forming a total sum of two hundred and fifty-eight thousand three hundred and ninety-five dollars and sixty-two cents to which the sum of forty thousand dollars and thirty-three thousand dollars are added a grand total is arrived at of three hundred and thirty-one thousand three hundred and ninety-five dollars and sixty-two cents.

That the subsidies transferred by the said indenture to the said George B. Burland amount to three hundred and seventy thousand dollars, an amount in excess of the last mentioned sum.

That the said George B. Burland is willing with the consent of the said McDonald, O'Brien & Co. to re-transfer to said railway company whatever may remain of said subsidies after deduction of the said sum of three hundred and thirty-one thousand three hundred and ninety-five dollars and sixty-two cents.

Wherefore, I the said Notary, at the request aforesaid, and speaking as aforesaid, do hereby demand of and require the said McDonald, O'Brien & Co. to consent to the transfer by the said George B. Burland to the said railway company of the remainder of the subsidies transferred by the said indenture to the said George B. Burland after deducting therefrom the said sum of three hundred and thirty-one thousand three hundred and ninety-five dollars and sixty-two cents and to sign their consent to such transfer being so made as herein expressed and demanded:

To all which I received for answer. I will consult my partners.

Which answer on being requested to sign, the said George A. Taylor declined to sign.

Which answer being unsatisfactory, I, the said Notary, have protested and do by these presents most solemnly protest against the said McDonald, O'Brien & Co. for all loss and damage which the said railway company may suffer in consequence. For all of which I did and do most solemnly protest.

And I have served a copy hereof upon the said McDonald, O'Brien & Co. for signification hereof speaking as aforesaid.

Thus done and protested at the City of Montreal, and I have signed these presents which are of record in my office under No. twelve thousand six hundred and seventeen, in truth and testimony of the premises.

(Signed) W. DE M. MARLER, N.P.

A true copy of the original hereof of record in my office. Three marginal notes are good.

(Signed) W. DE M. MARLER.

EXHIBIT No. 74.

(Stamp)

Government
Railways,
Quebec.

DEPARTMENT OF GOVERNMENT RAILWAYS, P.Q.,
ENGINEER'S OFFICE,

QUEBEC, 12th February, 1887.

I hereby certify that the sub-contractors for the first 20 miles of the Baie des Chaleurs Railway did not proceed with the works in a manner to complete their contract on the first day of December, 1886, as provided by the contract between C. N. Armstrong and the sub-contractors, Macdonald, O'Brien & Company, said contract dated June 9, 1886; and I further certify that said works were not completed on the said first day of December, 1886, and are not completed at the present time.

A. L. LIGHT,

Company's Chief Engineer.

EXHIBIT No. 75.

On this twenty-first day of December, one thousand eight hundred and eighty-six, at the instance and request of the commercial firm of Macdonald, O'Brien & Co., contractors, having their chief place of business at Metapedia, in the Province of Quebec,

I, Joseph G. Couture, the undersigned Public Notary for the Province of Quebec, residing at the City of Quebec,

Proceeded to the office in the said city of Quebec of the Baie des Chaleurs Railway, a body corporate having its chief place of business in the said City of Quebec,

Where, being and speaking to a clerk in the said office, I declared in answer to a notification and protest signified upon the said Macdonald, O'Brien & Co., by the ministry of Mr. de M. Marler, Notary, at Montreal, on the second day of December instant, at the request of said Railway Company, and in answer also to a demand made upon them by said Railway Company by letter missive:

1. That the estimate made by A. L. Light was not made on or about the fifteenth day of August last in terms and under the provisions of the agreement in part recited in said notification and protest.

2. That such estimate is informal and inexact, and was not made personally by the said A. L. Light as it purports to be.

3. That such estimate does not make a fair allowance for the work done and to be done, and is actually incorrect in the following among other instances:—

(a.) The item of first-class masonry takes no notice of two structures in masonry of a value of about twenty thousand dollars.

(b.) The quantity of hard-pan is double that in the estimate.

(c.) The item of rails and fastenings is near fifty-four thousand dollars, instead of fifty-two thousand dollars.

4. That the amount to be retained by Mr. Burland is not, therefore, sufficient.

And I did and do most solemnly protest against the said Baie des Chaleurs Railway Company for all loss, costs, delays, damages, injuries and hurts already had, suffered or sustained, or which may be hereafter in any way had, suffered or sustained by the said requirants, in consequence of the failure of the said railway company to cause the said estimate to be properly made at the time agreed upon; and of the failure of said railway company in other respects also to carry out the terms of the agreement of date the thirtieth of June last, and I have served a copy hereof upon the said railway company for signification hereof, speaking as aforesaid.

Thus done and protested at the city of Quebec, on the date first written; and I have signed these presents, which are of record in my office, under No. two thousand seven hundred and forty-three, in truth and testimony of the premises.

(Signed,)

“J. G. COUTURE,”

“N. P.”

A true copy of the original remaining of record in my office. Six words struck off are null.

(Signed,)

J. G. COUTURE,

N. P.

EXHIBIT No. 76.

{ Seal. }

On this twenty-fourth day of December, eighteen hundred and eighty-six, at the instance and request of the Baie des Chaleurs Railway Company, a body politic and corporate having its principal place of business at the City of Quebec, in the Province of Quebec.

I, William McLennan, the undersigned Notary Public for the Province of Quebec, residing in the City of Montreal,

Proceeded to the usual place of residence in the said City of Montreal of George B. Burland, Esquire.

Where being and speaking to the said Mr. Burland in person, I declared,

That by an indenture dated the thirtieth of June last, deposited in the office of the undersigned Notary on the fifth of July last between the Baie des Chaleurs Railway Company; Charles Newhouse Armstrong, McDonald, O'Brien & Co., Roderick L. McDonald and the said George B. Burland;

As to certain works to be done by the said McDonald, O'Brien & Co., in the construction of twenty miles of the railway of the said Railway Company; it was *inter alia* agreed, that on or about the fifteenth day of August, then next and now last, Mr. A. L. Light, the Engineer of said Railway Company, should make an estimate of the work up to that time done by the said McDonald, O'Brien & Co., in execution of their contract and of the work remaining to be done by them to complete the same, and in the event of such estimates at the rate mentioned in the contract between the said Charles N. Armstrong and the said McDonald, O'Brien & Co. being less than the amount of the subsidies transferred by said indenture to the said George B. Burland, the latter would be bound at the request of the said McDonald, O'Brien & Co. to retransfer to the said Railway Company whatever may remain of the said subsidies after deduction therefrom:

1. Of the amount estimated by the said A. L. Light to be the value at the prices mentioned in the contract between the said Charles N. Armstrong and McDonald, O'Brien & Co. of the work done and to be done by the said McDonald, O'Brien & Co. to complete their contract.

2. Of the sum of forty thousand dollars, to provide for certain payments to H. Noel.

3. Of the sum of thirty-three thousand dollars.

That the said A. L. Light, has made an estimate of the work done and to be done by the said McDonald, O'Brien & Co., as on the fifteenth of August last a copy of which has previous hereto been delivered to the said McDonald, O'Brien & Co. and the original whereof I the said Notary exhibited to said Mr. Burland, by which it appears that the work done amounted to the sum of \$36,223.80 and the work to be done to the sum of \$222,171.82 forming a total sum of two hundred and fifty-eight thousand three hundred and ninety-five dollars and sixty two cents, to which if the sums of forty thousand dollars and thirty-three thousand dollars are added a grand total is arrived at of three hundred and thirty-one thousand three hundred and ninety-five dollars and sixty-two cents.

That the subsidies transferred by the said indenture to the said George B. Burland amount to three hundred and seventy thousand dollars, an amount in excess of the last mentioned sum.

That the said McDonald, O'Brien & Co. have been requested to re-transfer to the said railway company whatever may remain of the said subsidies after deduction of the said sum of three hundred and thirty-one thousand three hundred and ninety-five dollars and sixty-two cents, but have neglected or refused to do so.

That the refusal or neglect of the said McDonald, O'Brien & Co. to make such transfer does not in any way relieve the said Mr. Burland as trustee, from the obligation to transfer the said balance.

Wherefore, I, the said notary, at the request aforesaid and speaking as aforesaid, do hereby demand of and require the said George B. Burland to re-transfer to the said railway company the remainder of the subsidies transferred by the said indenture to him after deducting therefrom the said sum of three hundred and thirty-one thousand three hundred and ninety-five dollars and sixty-two cents.

To all of which I received for answer,

"As soon as McDonald, O'Brien & Co. instruct me I will do so, according to our agreement."

Which answer on being requested to sign the said Mr. Burland refused to sign.

Which answer being unsatisfactory, I the said notary have protested, and do by these presents most solemnly protest against the said George B. Burland for all loss and damage which the said railway company may suffer in consequence.

And I served a copy hereof upon the said George B. Burland speaking as aforesaid.

Thus done and protested at the city of Montreal, and I have signed these presents which are of record in my office under the number two thousand eight hundred and twenty-four. In truth and testimony of the premises.

(Signed),

WILLIAM McLENNAN, N.P.

A true copy of the original hereof remaining of record in my office.

(Signed),

WILLIAM McLENNAN, N.P.

(Translation.)

EXHIBIT No. 77.

By agreement of 30th June, 1886, the Baie des Chaleurs Railway Co., of the first part, C. N. Armstrong, of the second part, McDonald, O'Brien & Co., of the third part, R. L. McDonald of the fourth part, and G. B. Burland of the fifth, after having declared that the company had obtained certain subsidies from Federal and Local Governments; that it had contracted with Mr. Armstrong for the construction of the railway; that Mr. Armstrong had contracted with Messrs. McDonald, O'Brien & Co. for the construction of a portion of the line; that Mr. Armstrong had already transferred to his sub-contractors as security for payment \$300,000 of Federal subsidy and \$70,000 of Provincial subsidy, made the following agreements with each other:—

First.—The said Railway Company doth by these presents assign, transfer and make over unto the fifth party thereof accepting in trust for the purposes therein-after mentioned: 1. The said sum of three hundred thousand dollars payable to the said Railway Company under the contract between Her Majesty Queen Victoria and said Railway Company of date the seventh of November last 1886.

2. The subsidy of seventy thousand dollars granted by the Government of the Province of Quebec in aid of the said twentymiles of Railway, and equivalent and thirty-five cents per acre to the subsidy of two hundred thousand acres of land to which the Railway Company is entitled under the Act 45 Victoria, Chap. 23. And the said Railway Company hath simultaneously with the execution hereof made and delivered to the fifth party. Powers of Attorney, irrevocable as regards said Railway Company until the completion of the contract for the said twenty miles of railway, to recover and receive these subsidies in the name of the said Railway Company, from the Governments of the Dominion of Canada, and of the Province of Quebec, and in the name of the said Railway Company, good and sufficient to give and grant for the same, and the said Railway Company agrees on the demand of the fifth party, to execute such further transfers of the said subsidies as may be necessary fully to vest the same in the said fifth party and to pass such further resolutions as may be necessary to avail themselves of money payments of thirty-five cents per acre in lieu of the lands granted by the Province of Quebec in aid of said portion of Railway:—

Second.—On or about the fifteenth day of August next, Mr. A. L. Light, the Engineer of said Railway Company, shall make an estimate of the work up to that time done by the third parties in execution of their contract and of the work remaining to be done by them to complete the same, and in the event of such estimate at the rate mentioned in the contract between the second and third parties being less than the amount of subsidies hereby transferred to the fifth party, the latter shall be bound at the request of the third parties to retransfer to the Railway Company whatever may remain of the said subsidies after deduction therefrom:—1. Of the amount estimated by the said A. L. Light to be the value at the prices mentioned

in the contract between the second and third parties of the work done and to be done by the third parties to complete their contract; and, 2. Of the sum of forty thousand dollars to provide for the repayment of the five instalments of eight thousand each, which shall have been paid to H. Noel, as hereinafter stipulated:—
3. Of a sum of thirty-three thousand dollars.

About the end of October last Mr. Light made an estimate by which it appeared that the works would not absorb all the subsidies transferred and that there should remain after payment for the works, a sum of above \$30,000, and this sum it appears should be returned to Mr. Armstrong.

Two protests, dated second and twenty-fourth December, were made by the company, requiring Mr. Burland to accept Mr. Light's estimate and to pay the balance of the subsidy.

A counter protest was made by the sub-contractors on the twenty-first of December, by which they say that the estimate was not made by Mr. Light, that it is irregular and incomplete, does not cover all the works and that the whole subsidies are not sufficient to pay the cost of these works.

Mr. Burland refuses to pay because the demand is not made to him by the sub-contractors.

A cheque of the Federal Government for about \$40,000 has been issued, payable to the order of the company and is now deposited in the Quebec Bank.

Mr. Armstrong, referring to Mr. Light's report, demands that the company should pay him this amount and adds that the clause in the contract by which Mr. Burland should pay the balance at the demand of the sub-contractors is a clerical error and that this clause should have said that this payment should be made on Mr. Armstrong's demand.

I am asked, under these circumstances, what the company should do? I am of opinion:

1st. That the clause in the agreement by which the return of the balance of the subsidies should be made on the demand of the sub-contractors cannot, at least in the absence of positive proof, be considered to be a clerical error.

2nd. That this proof, very difficult to make, would be, even if made, probably rendered useless by the other stipulations of the agreement, that the transfer by the company is absolute and that the powers of attorney given by it are declared to be irrevocable until the completion of the works.

3rd. That the refusal of Mr. Burland is strictly within the limits of the trust with which he has been invested.

4th. That the company cannot intervene and that it would not be opportune or legal for it to endorse the cheque in favour of Mr. Armstrong. It could not do it without violating its contract and its officers would be placed in a very difficult position.

5th. That under these circumstances, and for the present, it should hold back, leave the cheque where it is and wait to adopt later on a line of conduct which would be dictated by what the interested parties themselves may do.

(Signed), JOS. G. BOSSÉ.

QUEBEC, 7th February, 1887.

EXHIBIT No. 78.

“ From Quebec, 12.

“ FEB. 12, 1887.

“ To C. N. ARMSTRONG,

“ Place d'Armes Hill.

“ Sub-contractors returning Montreal; nothing done; they will see you. Amount bank will be placed to credit trustee. I leave for country Monday.

“ THEODORE RORITAILLE.”

EXHIBIT No. 79.

On this fourteenth day of February one thousand eight hundred and eighty seven :

At the request of Charles Newhouse Armstrong, of the city of Montreal, contractor.

I, William McLennan, the undersigned Public Notary for the Province of Quebec, residing at the said city of Montreal.

Personally went to the usual place of business in the said city of Montreal of George B. Burland, Manufacturer, where being and speaking to a grown person I declared:—

That by an indenture dated the thirtieth day of June last and deposited in the office of M^{re} W. de M. Marler, Notary, on the fifth of July then following, between the Baie des Chaleurs Railway Company, the said Requerant, McDonald, O'Brien & Company, Roderick L. McDonald and the said George B. Burland the whole of which is well known to the said George B. Burland and whereby *inter alia* the said George B. Burland was appointed the trustee to hold certain moneys, namely, the sum of three hundred and seventy thousand dollars for the benefit of the said railway company and the contractor, namely, the said Requerant and the sub-contractors as therein set forth; that the estimate agreed upon therein was duly made by the engineer of said company, whereby it appears that the works done by the said McDonald, O'Brien & Co. on the fifteenth of August last amounted to the sum of thirty six thousand two hundred and twenty-three dollars and eighty cents and the work remaining to be done to the sum of two hundred and twenty-two thousand one hundred and seventy-one dollars and eighty-two cents which amounts (with the sum of seventy-three thousand dollars which it was agreed Mr. Burland should retain) compose a grand total of three hundred and thirty-one thousand four hundred and five dollars and sixty-two cents and that according to the said agreement the said Mr. Burland obliged himself to pay over the difference between this last mentioned sum and the amount received by him, namely, a sum of thirty-eight thousand six hundred and four dollars and thirty-eight cents to the said Railway Company.

And further that such Requerant and the said McDonald, O'Brien & Co. have not agreed as to the disposition of said balance and the said Mr. Burland has frequently promised not to pay over any moneys until such differences were adjusted.

That the said Requerant has been informed that a large sum of money has been remitted by the said company to the said George B. Burland as such trustee.

Wherefore, I, the said Notary at the request aforesaid and speaking as aforesaid do hereby notify the said George B. Burland that the sum of thirty-eight thousand six hundred and four dollars and thirty-eight cents is due, owing and payable to the said Requerant, and I do hereby require him not to dispossess himself of or any part with the said sum out of the moneys received or to be received by him from said company under pain of being personally held liable and responsible for all costs, losses, damages, injuries and hurts already or which may hereafter be suffered or received by said Requerant in consequence.

For all of which I did and do most solemnly protest.

And I served an authentic copy of these presents upon the said George B. Burland speaking as aforesaid.

Thus done and protested at Montreal aforesaid and I have signed these presents which remain of record in my office under No. two thousand nine hundred and eleven in truth and testimony of the premises.

(Signed) WILLIAM McLENNAN, N.P.

A true copy of the original hereof remaining of record in my office.

(Signed) WILLIAM McLENNAN, N.P.

EXHIBIT No. 80.

Before William de M. Marler, the undersigned Public Notary for the Province of Quebec, residing at the city of Montreal, appeared Charles N. Armstrong, of the said city of Montreal, railway contractor; hereinafter called the "contractor" of the first part.

And McDonald, O'Brien & Co., railway contractors, having their place of business at Metapedia, in the said Province, composed of Roderick L. McDonald, of Pugwash, in the Province of Nova Scotia; Michael J. O'Brien, of Renfrew, in Ontario; James Rogers of the city of Montreal, and George A. Taylor, of Brockville, in Ontario, as the co-partners of said firm, hereinafter called the "sub-contractors," and herein acting by the said Roderick L. McDonald, Michael J. O'Brien and George A. Taylor, of the second part, who declared unto the said Notary:

That whereas by a contract and agreement executed before W. B. S. Reddy, Notary, on the ninth day of June last, the sub-contractors agreed and obliged themselves to do certain works for the said contractor on the Baie des Chaleurs Railway for the prices and considerations therein expressed.

And whereas the parties have agreed to leave to arbitration the settlement of the value of the works done by the said sub-contractors upon the said railway.

Now these presents witness and the parties have agreed as follows:—

I. Denis Leduc, the engineer of the contractor and Zaccheus Fowler are hereby named by the parties hereto as their respective arbitrators to determine:—

1. The value of the works done by the said sub-contractor upon the said railway in execution of the said contract at the prices mentioned in the schedule forming part of the said contract.

2. What additional or extra works done by the said sub-contractors upon the said railway should be paid for by the said contractor and the value thereof.

3. What sum in addition to the contract price should be paid the sub-contractors for the masonry at Gagné's Mill.

II. In case the said two engineers are unable to agree they shall choose a third arbitrator.

And the parties hereto bind and oblige themselves to abide by the decision of the said Messrs Leduc and Fowler or the majority of the three arbitrators without having any right to appeal from such decision on any ground whatsoever.

III. The arbitrators shall not be bound to follow the forms prescribed for procedure before the court, but shall pronounce as *amiables compositeurs* according to equity having such regard to the rules of law as they may think proper; but no claim for damages arising out of said contract or the breach of the same by either party or in connection with said contract shall be allowed to either party, the parties hereto expressly waiving such claims in consideration of this submission.

IV. The arbitrators shall render their decision within two weeks from this date. The report shall be made in duplicate and the parties waive the signification of such award or the announcement of the decision to them within the specified delay. The arbitrators being bound only to deliver within said period of two weeks one copy of said award to the contractor, by leaving the same addressed to him at his office in Montreal, and the other to the sub-contractors, by leaving the same addressed to them at the Balmoral Hotel in this city.

V. When the value of the works thus done by the sub-contractors for the contractor has been determined, the balance found to be due them shall be paid to the said sub-contractors as follows:—

1. The sub-contractors shall be entitled to receive on account the moneys now actually in the hands of George B. Burland, of the city of Montreal, Esquire, who is hereby authorized by the said Charles N. Armstrong to pay the same over to them as soon as the report of the arbitrators is made.

2. The sub-contractors shall also be entitled to receive, and shall be paid the sum of thirty thousand dollars now due by the Quebec Government, and for which

an Order in Council has been passed, or so much of said sum as may be necessary to make up the amount due the sub-contractors after deduction of the sums in the hands of Mr. Burland.

3. And should there be still a deficiency, the same shall be paid out of the first moneys received on account of the fifth instalment of the Dominion Government subsidy of sixty thousand dollars.

VI. The remainder of the subsidies transferred to and held by Mr. Burland, and not yet received from the Governments of the Dominion of Canada and the Province of Quebec (except the said Quebec subsidy of thirty thousand dollars) shall be transferred to a trustee selected by the contractor and approved of by the sub-contractors; and such trustee shall be bound to make the payments to the sub-contractors as provided in the foregoing clause. The said transfer to be made by Mr. Burland to such new trustee within five days after the award of the arbitrators has been executed and delivered as above provided. The new trustee to be named by the contractor within three days after the delivery of the arbitrators' report. The sub-contractors agree to accept as trustee the manager of any chartered bank in the Province of Quebec or in the city of Ottawa or any such bank.

And should the said contractor fail to name his trustee within said period of three days, the said George B. Burland shall continue to be trustee, and shall be bound to make the payments to the sub-contractors in the manner stated in Clause V.

VII. Upon the report of the said arbitrators being made and payment made to the sub-contractors of the moneys in the hand of the said G. B. Burland, the said contract of date the ninth of June last, shall be *ipso facto* cancelled as regards the work yet to be performed thereunder, and the contractor be entitled to take possession of the works.

It was thus agreed upon between the said parties hereto under the reserve by them respectively made of all their rights and actions, to none of which they intend to renounce by the declarations herein contained, but agreed that in the event of the decision of the arbitrators being made as above provided such decision shall operate as a final settlement of all claims and pretensions of either party against the other arising out of said contract.

WHEREOF Act executed at the city of Montreal, on the twenty-sixth day of March, one thousand eight hundred and eighty-seven, and of record in the office of said Mtre. Marler under No. Twelve thousand nine hundred and eighty-nine, and the parties after due reading hereof signed in presence of said notary.

(Signed)	C. N. ARMSTRONG,
"	R. L. McDONALD,
"	M. J. O'BRIEN,
"	G. A. TAYLOR,
"	W. de M. MARLER, N.P.

A true copy of the original hereof remaining of record in my office. Three marginal notes are good; two words erased are null.

(Signed) W. DE M. MARLER.

EXHIBIT No. 81.

"MONTREAL, 4th April, 1887.

"C. N. ARMSTRONG, Esq.,
"Place d'Armes Hill.

"SIR,—The undersigned arbitrators appointed by agreement made on March 26th, 1887, to value the work done by McDonald, O'Brien & Co., on Baie des Chaleurs Railway, have valued said work and established the total amount thereof to be two hundred and fifty-one thousand five hundred and ten dollars (\$251,510.00).

"D. LEDUC,
"Z. J. FOWLER."

EXHIBIT No. 82.

BAIE DES CHALEURS RAILWAY.

DR.		G. B. Burland, in trust.		CR.			
1886.		\$	cts.	1886.			
July ..	To Cash, McD. O'Brien & Co.	10,000	00	Sept. 29	By Subsidy.....	60,000	00
Aug. ..	do do	22,000	00	Nov. 10	do	60,000	00
Sept. ..	do do	18,000	00	Dec. 1	do	60,000	00
do 30	do C. N. Armstrong...	8,000	00	1887.			
Oct. 1	do Que. Bank per Noel.	8,000	00	Jan. 20	By Quebec subsidy.....	35,000	00
do ..	do McD. O'Brien & Co.	42,864	88	Feb. 15	do Subsidy.....	40,000	00
Nov. 15	do Quebec Bank.....	8,000	00	July 4	do do	30,630	84
do ..	do McD. O'Brien & Co.	35,600	00				
Dec. ..	do do	62,001	39				
do 18	do Quebec Bank.	8,000	00				
1887.							
Jan. 25	do McD. O'Brien & Co.	4,000	00				
Feb. 15	do do	12,000	00				
April 13	do do	11,217	00				
June 4	do do	30,348	35				
Dec. 31	do G. B. B. for advances.	5,574	22				
	To Discount.....		25				
		285,630	84			285,630	84

EXHIBIT No. 83.

1ST TWENTY MILES of Baie des Chaleurs Railway, McDonald, O'Brien & Co. Contract, subsidies transferred to them or to their Trustee by the Railway Company as security:—

Dominion Govt. grant of \$300,000, payable in five instalments, \$60,000 ea.....	\$ 300,000
Quebec Govt. grant of 10,000 acres of land per mile, one half payable in cash, at 70c per acre.....	70,000
	<u>\$ 370,000</u>

CONTRACTORS to complete roadbed, fencing, track and ballasting, including the purchase of ties and rails, all at schedule rates:—

Monies received by contractors on a/c of work—

1st instalment from Dom. Govt.	\$ 60,000
2nd do do	60,000
3rd do do	60,000
4th do (in part)do	40,000
Quebec subsidy, 1st ten miles.....	35,000
do 2nd do on a/c.....	30,000
Out of 5th instalment, Dom. Govt.....	9,000
	<u>\$ 294,000</u>

Cash paid over to Armstrong and Riopel on signing contract.	\$ 5,000
do do on transfer of subsidy.....	5,000
Cash paid to Armstrong out of 1st Dom. instalment ...	8,000
do Quebec Bank do do	8,000
do do 2nd do	8,000
do do 3rd do	8,000
	<u>\$ 42,000</u>

Total amount of contractors' estimate of work done on 1st twenty miles.....	\$ 252,000
Amount advanced by contractors out of subsidies.....	42,000

Total recd. by contractors out of subsidies.....	\$ 294,000
do amount subsidies transferred.....	370,000

Balance of subsidies in cash retransfd to coy., land subsidy also retransferred to company	\$ 76,000
Add amount advanced by contractors	42,000

Total cash subsidy in excess of contractors' est.....	\$ 118,000
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Total amount of company's est. to complete McD., O'B. & Co.'s contract.	\$ 258,000
--	------------

Add to pay to Quebec Bank out of each Dom. Govt. instalment, \$8,000.....	40,000
Add amount advanced	10,000
do do paid C. N. A. out of 1st Dom. payment..	8,000
	\$ 316,000
Additional for rolling stock.....	15,000
	\$ 331,000
Subsidies transfd.....	\$ 370,000
Amt. advanced by company to be retransferred	39,000
	\$ 370,000

EXHIBIT No. 84.

SHORTHAND writer's notes of statements by HON. FRANÇOIS LANGELIER, Q.C., on Tuesday, 25th August, 1891.

The Hon. FRANÇOIS LANGELIER—*I assert, and my assertion is not a mere idle one, but is borne out by a statutory declaration, which can be made good on oath by the witness, that \$118,000 granted directly to the company was embezzled.*

Hon. Mr. ROBITAILLE—By the company?

Hon. FRANÇOIS LANGELIER—*I go further. Criminal proceedings were threatened against the company, and they had to pay up under a threat of criminal proceedings.*

Hon. Mr. ROBITAILLE denied the allegations, and expressed the hope that the matter will be fully investigated.

After further discussion,

The Hon. Mr. TASSÉ—If I understand the case, Mr. Langelier takes the responsibility of making a charge of embezzlement against the company to the extent of \$118,000.

Hon. Mr. LANGELIER—My statement is in the statutory declaration which is filed.

Hon. Mr. ROBITAILLE—That is your statement, and you are responsible for it.

Hon. Mr. LANGELIER—*I say my statement is borne out by the statement that \$118,000 was embezzled or misapplied—call it what you like.*

On the proposal of the Hon. Mr. Tassé, the statement was read to the Committee.

The Hon. Mr. ROBITAILLE—I heard in that document nothing about criminal proceedings. I suppose that Mr. Langelier would have no objection to withdrawing his statement.

Hon. Mr. LANGELIER—I did not say the threat of criminal proceedings was made in the documents. I say that criminal proceedings were threatened against the old proprietors.

After further discussion,

An Honourable Member—Do you make the charge?

The Hon. Mr. LANGELIER—I make the charge from the information that I have that if you bring here Mr. Taylor and the other gentlemen it will be proved that \$118,000 of Federal subsidy were misapplied or embezzled—call it what you like.

The Hon. Mr. OGILVIE—The hon. gentleman made the statement that they had embezzled \$118,000, and he was prepared to prove that by statutory declaration. I ask the Chairman to say he said that.

The Hon. Mr. LANGELIER—I said I made such a statement, and my statement is borne out by statutory declaration.

EXHIBIT No. 85.

MEMORANDUM of Henry Macfarlane, showing subsidies assigned and applicable to payment of work performed by him upon the first 60 miles of the Baie des Chaleurs Railway which he contracted to complete:

Dominion subsidy in respect to first 40 miles assigned ..	\$ 62,000
Dominion subsidy in respect of 40th—60th mile section (\$6,400 per mile).....	128,000
Quebec subsidy in respect of 40th—60th mile section (\$3,500 per mile)	70,000
	<u>\$260,000</u>
Quebec subsidy in respect of 40th—60th mile section. Not assigned as agreed	70,000
	<u>\$330,000</u>

EXHIBIT No. 86.

Before William de M. Marler, the undersigned Public Notary for the Province of Quebec, residing at the City of Montreal, appeared Charles N. Armstrong, of the said City of Montreal, Railway Contractor, of the first part.

The commercial firm of McDonald, O'Brien & Co., railway contractors, having their place of business at Metapedia, in the said Province, composed of Roderick L. McDonald, of Pugwash, in Nova Scotia; Michael J. O'Brien, of Renfrew, in Ontario; James Rogers, of the City of Montreal; and George A. Taylor, of Brockville, in Ontario, as the members of the said firm, herein acting by Roderick L. McDonald, Michael J. O'Brien and James Rogers, of the second part; George B. Burland, of the said City of Montreal, Esquire, of the third part, and J. Murray Smith, of the said City of Montreal, Bank Manager, of the fourth part.

Who declared unto the said notary as follows:

Whereas by an Indenture bearing date the thirtieth day of June last, 1886, deposited in the office of the undersigned notary on the fifth day of July last, between the Baie des Chaleurs Railway Company, the said Charles N. Armstrong, the commercial firm of McDonald, O'Brien & Co., Roderick L. McDonald, and the said George B. Burland, the said railway company transferred unto the said George B. Burland, as trustee: 1. The sum of three hundred thousand dollars payable to the said railway company, under the contract between Her Majesty Queen Victoria and said railway company, of date the seventh of November, eighteen hundred and eighty-five, for the construction of the twenty miles of the said railway, eastwards from Metapedia towards Paspebiac: 2. The subsidy of seventy thousand dollars granted by the Government of the Province of Quebec in aid of the said twenty miles of railway.

And whereas the primary object of the said Indenture and the transfer therein contained was for the purpose of securing payment to the said McDonald, O'Brien & Co. of the amount which would become due and payable to them under the contract and agreement made between the said Charles N. Armstrong and the said McDonald, O'Brien & Co., passed before W. B. S. Reddy, notary, on the ninth day of June last,

And whereas the said George B. Burland, as such trustee, has received from the Dominion Government, on account of the said subsidy of three hundred thousand dollars the sum of two hundred and twenty thousand dollars, and from the Quebec Government on account of the said subsidy of seventy thousand dollars, the sum of thirty-five thousand dollars, forming a total receipt of two hundred and fifty-five thousand dollars, and has paid out in accordance with the provisions of the said indenture, to the said McDonald, O'Brien & Co., the sum of six thousand dollars on account of the sum of ten thousand dollars payable to them by the said Charles N.

Armstrong, under the agreement between them before said Mtre. Reddy, on the ninth of June last, under No. 505 of his minutes. 2. To the said McDonald, O'Brien & Co., on account of their contract works, the sum of two hundred and forty thousand nine hundred and seventy-five dollars, including the sum of twenty-four thousand dollars payable under said Indenture to H. Noel, the manager of the Quebec Bank at Ottawa. 3. To said Charles N. Armstrong the sum of eighty thousand dollars. 4. For bank charges on a cheque of forty thousand dollars twenty-five dollars, making a total expenditure of two hundred and fifty-five thousand dollars.

And whereas by a deed of submission to arbitrators, passed before the undersigned notary, on the twenty-sixth of March last, 1887, the said Charles N. Armstrong and McDonald, O'Brien & Co. submitted to arbitration the amount which the said McDonald, O'Brien & Co. were entitled to receive as the value of the work done by them for the said Charles N. Armstrong on the said railway, and the said arbitrators have rendered their award in the manner provided by the said deed of submission, and have fixed the sum of two hundred and fifty-two thousand and ten dollars as the total value of the works done by the said McDonald, O'Brien & Co. for the said Charles N. Armstrong on the said line of railway.

And whereas the amount of the actual indebtedness of the said Charles N. Armstrong to the said McDonald, O'Brien & Co., at the present time, after deducting the amounts received by the latter on account, has been fixed and determined by them in accordance with the terms of the agreement between the said railway company, the said Charles N. Armstrong, the said McDonald, O'Brien & Co., and the said George B. Burland, executed before the undersigned notary on the fourth day of April instant, at the sum of thirty-nine thousand and thirty-five dollars, as set forth in the statement hereunto annexed signed for identification by the parties.

And whereas the said George B. Burland, in accordance with the directions contained in the last-mentioned agreement, of date the fourth of April instant, is ready and willing to assign and transfer to the said J. Murray Smith, as the trustee named by the said Charles N. Armstrong to receive the same, the remainder of the subsidies transferred to and held by the said George B. Burland under the provisions of the said Indenture and not yet received from the Governments of the Province of Quebec and of the Dominion of Canada, except always the sum of thirty thousand dollars, part of the subsidy of the Quebec Government, and for which an Order in Council has been passed, the whole upon the conditions expressed in the said deed of submission.

Now these presents and I, the said notary, witness that for the considerations above expressed, and under and in virtue of the directions and conditions of the said deed of submission to arbitrators and of the said agreement of date the fourth of April instant, confirming said submission, the parties hereto have covenanted and agreed as follows:—

First—The said McDonald, O'Brien & Co. acknowledge to have received from the said Charles N. Armstrong, by the hands of the said George B. Burland, before the execution hereof, the sum of two hundred and forty-six thousand nine hundred and seventy-five dollars on account of the indebtedness to them of the said Charles N. Armstrong; and the contract executed between the said McDonald, O'Brien & Co. and the said Charles N. Armstrong, of date the ninth of June last, is cancelled as regards the remaining work yet to be performed under said contract, and the said Charles N. Armstrong is entitled to take possession of the works forthwith.

Second.—The sum of thirty thousand dollars, part of the Quebec Government subsidy, and for which an Order in Council has been passed, shall, when received by the said George B. Burland, be paid to the said McDonald, O'Brien & Co. in further payment of the indebtedness to them of the said Charles N. Armstrong.

Third.—And the said George B. Burland, at the request of the said Charles N. Armstrong and McDonald O'Brien & Co., and in compliance with the directions contained in said deed of submission and subsequent agreement of the fourth of April

instant, doth hereby assign, transfer and make over, without any warranty or guarantee of any kind, except as to his own acts and deeds, unto the said J. Murray Smith, thereof accepting in trust for the purposes hereinafter set forth :

1. The unpaid portion of the said Dominion subsidy of three hundred thousand dollars, to wit, twenty thousand dollars on account of the fourth instalment of sixty thousand dollars and the whole of the fifth instalment of sixty thousand dollars.

2. The sum of five thousand dollars, being the unpaid portion over the sum of thirty thousand for which an Order in Council has been passed, of the Quebec subsidy of seventy thousand dollars.

To have and to hold the same unto the said J. Murray Smith, in trust for the purposes following, namely :—

1. Out of the first monies received by him on account of the fifth instalment of the Dominion Government subsidy of sixty thousand dollars, and when the same has been actually received by him, to pay to the said McDonald, O'Brien & Co. the sum of nine thousand and thirty-five dollars, being the entire balance of the indebtedness of the said Charles N. Armstrong to the said McDonald, O'Brien & Co., either for work done by the latter for him in execution of their contract with him or for additional work not covered by said contract, or for the indebtedness of said Armstrong to them under the said agreement of date the ninth July last, or for any other cause or reason at this date.

2. To pay to the said Charles N. Armstrong the unpaid portion of the fourth instalment of the Dominion Government subsidy and the balance of the Quebec subsidy, and the remainder of the fifth instalment of the Dominion Government subsidy, as and when the same are respectively received by him and as the same are actually received.

Fourth.—And in consideration of the premises, the said Charles N. Armstrong and McDonald, O'Brien & Co. do release and discharge the said George B. Burland as such trustee of and from all further responsibility or accountability to them for any matter arising out of said Indenture and the documents hereinbefore referred to, save and except always the proper application, under the terms hereof, of the sum of thirty thousand dollars, which is to be paid over by him when received to the said McDonald, O'Brien & Co., under the terms hereof.

WHEREOF ACTE executed at the City of Montreal, on the twelfth day of April, one thousand eight hundred and eighty-seven, and of record in the office of said Mtre. Marler, under number thirteen thousand and twenty-five, and after due reading hereof, the parties sign in presence of said Notary.

(Signed)	C. N. ARMSTRONG.
"	R. L. McDONALD.
"	JAMES ROGERS.
"	GEORGE A. TAYLOR.
"	J. MURRAY SMITH.
"	G. B. BURLAND.
"	W. DE M. MARLER, <i>N.P.</i>

A true copy of the original hereof remaining of record in my office. Sixteen words erased are null. One marginal note is good.

(Signed) W. DE M. MARLER.

EXHIBIT No. 87.

Copy of No. 42307.

OTTAWA, 28th Jany., 1887.

SIR,—I instructed Mr. Ridout to inspect the first 20 miles of the Baie des Chaleurs Railway, and he did so on the 14th instant, but that owing to the great depth of snow it was accomplished with difficulty, and to some extent imperfectly.

The estimated cost of the work is set down at.....	\$428,000
He estimates the cost of the work remaining to be done at.....	106,000
	\$322,000
Value of work done on above basis.....	

Upon this basis there appears to be within about \$20,000 of $\frac{1}{5}$ of the work done.

The subsidy applicable to this section is.....	\$300,000
$\frac{1}{5}$ of which would be.....	\$240,000
Less value of work done to complete $\frac{1}{5}$ of the work.....	20,000
	\$220,000

The Chief Accountant could best inform you of the amount of subsidy paid up to this date upon this section.

I may here mention that it is said by the Quebec Government Inspecting Engineer, (Mr. A. L. Light), that upon the section between the 20th and 30th miles about \$84,000 worth of work has been executed—it being nearly ready to receive the track.

I have the honour to be

Your obt servt

(Signed.) COLLINGWOOD SCHRIEBER.

EXHIBIT No. 88.

PROVINCE OF QUEBEC, }
District of Montreal. }

SUPERIOR COURT.

THE BAIE DES CHALEURS RAILWAY COMPANY,

Plaintiff,

vs.

HENRY MACFARLANE ET AL,

Defendants.

The humble petition of the plaintiff in this case respectfully sets forth that which follows :—

The defendants, Riddell and Watson, are in possession of the plaintiff's road, which is the subject of litigation in their capacity as curators of the property of the defendant Macfarlane.

The defendants have often admitted that Macfarlane's contract with Armstrong recounted in the declaration of the present case for the completion of the first forty miles of road, and for the construction of the twenty miles which follow, has not been entirely executed; they have admitted that they find it impossible to finish their contract, and that they have not the necessary funds to make the repairs required to protect the work done, and certainly the contract has not been terminated and the defendants have not any resource to terminate it and to make the repairs required to protect the work already done.

The defendants, Riddell and Watson, are setting forth a claim upon the road to the extent of four hundred and seventeen thousand one hundred and forty-two dollars and twenty-nine cents and interest, as alleged in their pleadings, and they pretend to have the right of holding the road, of the rolling material as security until their re-imbusement of the amount above named.

The deterioration of the road goes on augmenting for want of maintenance, and the company, the plaintiff, is becoming from day to day subject to damages opposite

properties bordering on the road and others, in consequence of the default of the defendant, Macfarlane, to fulfil opposite them the obligations to which he had been bound by his contract, notably by the default to maintain fences, ditches and water courses.

The rolling material is already deteriorated, and a portion is threatened with ruin.

The road is losing in value every day for want of maintenance and the repairs are becoming more costly. Two important bridges upon the first sixty miles are not finished, those over the Rivers Nouvelle and Escuminac and several other bridges of less importance are incomplected. The superstructure of these bridges over the Rivers Nouvelle and Escuminac has not been built. The foundation works have been partly made, but through failure to finish these bridges they will become defective and unsuited, in consequence of deterioration, for the use for which they have been made.

Already a provisional order has been obtained in the present case in order to make certain of those repairs as appears by the petition and judgment on it, but the defendants, notwithstanding such judgment, have not been willing to allow such repairs to be made.

The company's charter authorizes only the construction of that portion of its road which the said company shall have built in 1892, and the said company shall lose the profit from its charter for every portion of its road which will not have been built within the prescribed delay.

If the company do not continue the construction of its road, the said company is exposed to the loss of the subsidies which have been voted by the Parliament of Canada and the Legislature of the Province of Quebec.

In order to avoid the loss of the subsidies, the company bound itself to the Government of the Province of Quebec to build without delay forty miles of road, and is actually occupied with the said works, but without the advantage of the said sixty miles of road, the said company will find it impossible to do that.

The company, plaintiff, has already paid off, and is actually paying off, the wages of workmen and other privileged debts on the road contracted by Macfarlane at the time of the construction, not that it was personally responsible, but in order to assure the construction of its road.

It is impossible for the said company to make these repairs and construction of bridges and construction of a new portion of road without having the use of the said road, its rolling material and construction material, tools, &c.

Such usage of the road, of the rolling material and construction material can be accorded to the company, the plaintiff, without dispossessing the defendants and without hindrance to their privilege and right of retention.

The defendants are bound at all events to keep the pledge, and their default to do that which is necessary for the preservation of the pledge authorizes the plaintiff to make the present demand.

The interest of the parties in the actual case has need of delays which render impossible an adjudication before next autumn.

An adjudication in the direction of the present petition is in the interest of the parties in the present case.

The company, the plaintiff, is perfectly solvent, and will be ready to pay every amount which shall be adjudged in favour of the defendants, if nevertheless there be such adjudication in their favour against the pretensions of the plaintiff.

In these circumstances the company, the plaintiff, concludes that the temporary and provisional use of the road, of its rolling and construction material and tools be accorded to it for the following purposes: *a.* The repairs of that portion of the road already partly constructed to wit, the first sixty miles which form the object of the contract of the defendant, Macfarlane, with the defendant, Armstrong; *b.* the completion of that portion of the road; *c.* the construction of the rest of the road, the whole subject to the legal possession of Watson and Riddell, and without prejudice to the rights and privileges which they can have, and the nature and extent of

which shall be determined by the final adjudication in the present case. The whole with expenses, the awarding of which expenses the undersigned demand.

MONTREAL, 4th June, 1891.

LACOSTE, BISAILLON, BROSSEAU & LAJOIE,
Advocates for the Plaintiff.

ANGUS M. THOM, of the city of Montreal, secretary-treasurer of the company, plaintiff, being duly sworn, doth depose and say:

That he has taken communication of the foregoing petition in this case, praying for the use and occupation of plaintiff's said railway, as stated therein, and that it is to his knowledge that the allegations and facts therein contained are true and well founded.

And deponent had signed.

A. M. THOM.

Sworn and acknowledged before me }
at the City of Montreal, this }
fourth day of June, 1891. }

HENRY FRY,
Commissioner of the Superior Court, District of Montreal.

PROVINCE OF QUEBEC, }
District of Montreal. }
No. 1636.

SUPERIOR COURT.

The twenty-seventh day of June, eighteen hundred and ninety-one.

Present:—The Hon. Judge Pagnuelo.

The Baie des Chaleurs Railway Company, a body politic and corporate, having its principal place of business at Quebec, in the District of Quebec,

Plaintiffs.

vs.

Henry Macfarlane, Railway Builder, of the City of Toronto, in the Province of Ontario, and Charles Newhouse Armstrong, Contractor, of the City of Montreal, in the District of Montreal, and Alexander F. Riddell, Accountant, and Thomas Watson, Contractor, both of the City and District of Montreal, in their capacity of joint curators to the insolvent estate of the commercial firm of "H. Macfarlane & Son," doing business in the Province of Québec, consisting of Henry Macfarlane, the defendant above mentioned, and of George Henry Macfarlane, contractor, of Toronto, in the Province of Ontario,

Defendants,

And

The said Company plaintiffs,

Petitioners.

We, the undersigned, Judge of the Superior Court for Lower Canada, having heard the parties upon the petition presented the 6th June instant, by the company plaintiffs, in order to obtain the temporary and provisional use and occupation of the railway of the said company, constructed by the defendant Macfarlane and of which he has remained in possession until this day by virtue of a clause inserted in the contract made between the parties for the construction of this road; also to obtain the temporary and provisional use and occupation of the rolling stock, building materials and tools for the purpose:—

1. Of repairing the sixty miles of the road already in part constructed by Macfarlane; 2. Of completing that part of the road and more particularly two bridges, of which the foundations alone exist; 3. Of constructing the remainder of the road.

The whole subject to the legal possession of the defendants Watson and Riddell, curator to the goods abandoned by the defendant Macfarlane insolvent, and without prejudice to the rights and privileges which they can have upon the road and of which the nature and extent shall be determined by the final adjudication in this cause, having taken communication of the writings of the parties, the exhibits and proofs of record, and upon the whole deliberated :

Seeing that by contract between the defendants Armstrong and Macfarlane and the company plaintiffs, of date the 8th June, 1888, the defendant Macfarlane agreed to complete and finish the forty miles of a road of the company plaintiff then in course of construction; and to furnish all the material for construction and rolling stock ; 2. To construct twenty miles of new road in addition to the forty miles, and that it was agreed among other things that the road then partially made with all the rolling stock and the twenty miles additional above mentioned should remain in the possession and under the control of the said Macfarlane as additional guarantee until final payment of the whole sum which he would have the right to recover from the company by virtue of said contract.

Seeing that the said Macfarlane as well by himself as by the curators to the effects by him abandoned, has always been and is now in possession of the said road by him constructed and of the rolling stock connected therewith, as stipulated in the said contract ; that on the one hand he is before this Court claiming against the company a sum exceeding \$400,000, for material by him furnished, and work done upon the said road according to the said contract, that this action taken at Quebec under number 1339, has been transmitted to Montreal and joined to the present case for purposes of instruction, that on the other hand, the company plaintiffs have taken the present action to resiliate the said contract for non-execution by the said Macfarlane, of part of his obligation and demand to put themselves in possession of the road, and that these two actions are contested and still pending.

Considering that the debtor cannot claim the restitution of the security until after having entirely paid the debt guaranteed thereby (1975 C. C.) and that the Judge cannot deprive Macfarlane of the possession of the said road to deliver it to the company plaintiffs before accounts have been settled between the parties by a final judgment in the said actions, and that the company plaintiffs have paid to Macfarlane what they might owe him for the construction of the said road and the rolling stock ;

Considering nevertheless that the plaintiffs demand, by their petition, not the possession but only the temporary and provisional use of the road, of its rolling stock, building material and tools for certain purposes of repairs and construction, and this without prejudice to the legal possession of the defendants and to the rights and privileges which they can have upon the road, and alleges that the defendants are not in a position to terminate the contract and make the bridges in question, that the road is deteriorating as well as the rolling stock, that the platform of two important bridges have not been fixed ; that the charter of the company will expire in 1892, for part of the road which will not be then constructed ; that the company is exposed to lose the subsidies which have been voted for it by the Government of Canada and by the Legislature of Quebec ; that it is under an engagement towards the Government of Quebec to make 40 miles of new road and that it is impossible to perform this work without having the use of the 60 miles already constructed, that it has already paid in full the workmen's wages and certain other privileged debts contracted by Macfarlane ; that the defendants are bound to maintain the security and that their default to provide therefor authorizes the company plaintiffs to make the present demand, and that the company plaintiffs are perfectly solvent and in a position to pay in full the amount which may be adjudged to the defendants and that the works which will be performed upon the sixty miles will increase the value of the security of Macfarlane ;

Considering that the company has proved a greater interest on its part to complete the 60 miles of road undertaken by Macfarlane and to use these 60 miles in order to continue the construction of the road, that the defendants are not in a posi-

tion to finish the bridges in question, and that they do not draw any profit from the road in the state in which it now is; that the works which the company are to undertake will increase greatly the value of the 60 miles constructed by Macfarlane and that the question raised is to know if it is possible to reconcile the demand now made by the company with the possession of the road by Macfarlane; if, in other words, the court can grant to the company the temporary use of the road and of the rolling stock for the purposes indicated without putting in danger the rights which the stipulated clause of retention in favor of Macfarlane can confer upon him;

Considering that the retention stipulated in favor of Macfarlane confers upon him rights: 1st, against the company; 2nd, against the creditors of the company; that the pledge of an immoveable confers upon the creditor to whom it is pledged the right of receiving the fruits of the immovable on condition of imputing them upon the debt and of retaining the immovable until final payment thereof (Art. 1967 C. C.), but that the privilege only exists in so far as the pledge remains in the possession of the creditor or of a third person agreed upon between the parties. (Art. 1970. C. C.)

Considering that with regard to the debtor the possession of the creditor can operate either personally or by an agent, and even by the debtor if the creditor makes him his agent or receiver, and that any agreement between them to that effect is valid and should be executed; that the Judge called upon to settle the rights of the parties according to law and equity can grant to the debtor provisional and temporary use of the thing pledged without prejudice to the rights of the creditor upon the claim, as against the debtor, and that the partial possession which he may grant in such case to the debtor should be specified and should constitute for the debtor only a temporary possession for a special purpose; that besides the possession of the creditor does not prevent the proprietor from seeing to the preservation of the thing and from making repairs and new constructions which he may judge suitable; that the Court can always intervene to insure to the creditor the benefit of the pledge which is granted to him; that under these circumstances and in consideration of the facts of the case, and principally the greater interest of the plaintiff in not losing its charter in part and destroying the road, and the advantage which Macfarlane will have from the works which the company declares itself ready to perform, the Court would be justified in intervening to permit the proprietor to repair and complete the road as also to make use of it for the purpose of extending it; provided that it only gives to the company a temporary possession, under reserve of the rights which the clause of retention can confer upon Macfarlane as against the company, but that in this case the company could only demand the use of the road and rolling stock which are its own property, and cannot on any ground demand the building material and implements of Macfarlane.

AS REGARDS THE CREDITORS OF THE COMPANY.

Considering that the pledge of an immoveable does not confer upon the creditor any privileges in the immoveable itself, but only a right to receive the revenues, and to retain the immoveable until payment (Art. 1967 and 1975); that it does not prevent the proprietor from selling the immovable or hypothecating it; that this subsequent sale or hypothec will rank before the pledge accorded to the creditor, if it has been registered before the title creating the pledge, that in this case the creditor's possession will be without effect as against the hypothecary creditors or the subsequent purchaser who have registered, that if the pledge has been registered before the subsequent sale or hypothecation the creditor to whom the pledge has been given could perhaps set up his title against the subsequent purchaser or hypothecary creditor, but that in every case the possession of the creditor holding the pledge would add nothing to his rights against the subsequent hypothecary creditor or purchaser, and that their respective rights should be determined solely by priority of registration.

Considering that if the agreement alleged creates in favour of Macfarlane no privilege upon the railway in question, the law does not confer one upon him, the

privilege of the builder is only preserved by registration accompanied by special formalities, which Macfarlane does not allege that he has followed and the right which would be assured to him in this case would be a privilege upon the greater value which the construction had given to the immovable, and not a right of enjoyment nor of retention; that the builders' privilege is independent of the possession of the immovable by the builder, and that the possession which the proprietor might grant him would add nothing to his privilege;

Considering that in consequence Macfarlane himself, in losing possession of the road, would not be in a position more unfavourable than if he retained it, in regard to the purchasers and the hypothecary creditors of the company;

Considering that as regards the chirographic creditors of the debtor, the pledge of an immovable assures to the creditor holding the pledge the enjoyment of the revenues of that immovable, and that the chirographic creditors of the debtor have no title to give them possession of it; that as between two purchasers of a movable, he who is in possession would be preferred, that on this ground Macfarlane has an interest in not being dispossessed of the road which he has built, and of its rolling stock;

Considering moreover that the creditor has an absolute right of retention of the thing given in pledge, even when he does not derive any benefit therefrom, since such was the will of the parties. But again the plaintiff does not pray for the dispossession of Macfarlane, the question is to know whether it is possible to reconcile that possession with the use which the company wishes to make of the road;

Considering that if the possession of the creditor should disseize the debtor and seize the creditor, if it is to be real and effective, so that the creditor have the apparent control of the thing as regards third persons, it does not follow that a debtor cannot reserve to himself, or have the right to enter upon the immovable, in order to perform acts of repair or of construction; that the possession of the creditor is not incompatible with a certain co-operation from the debtor for the preservation and the amelioration of the thing while leaving the creditor in exclusive possession; that the possession of the creditor can be accompanied by an intervention of the debtor as temporary possessor (*à titre precaire*), and that whenever the assistance or the intervention of the debtor is necessary or useful, it should be allowed on condition that it does not in any respect interfere with the seizin of the creditor;

Considering that the temporary use and occupation which the court might accord to the company of the road and the rolling stock for the purposes indicated is not incompatible with the effective possession of the road by Macfarlane as against the chirographic creditors of the company;

Doth grant to the company plaintiff the temporary use and occupation of the sixty miles of road of the company plaintiff constructed by Macfarlane, starting from Metapedia, and of its rolling stock for the purposes: 1st. Of repairing and completing that part of the road particularly, by constructing thereon the bridges which are not finished. 2nd. Of continuing the construction of the road upon a further extent of forty miles; the whole subject to the legal possession of the defendants and without prejudice to the rights which they possess in virtue of the clause of retention above mentioned, and of their possession, provided that the said Macfarlane and his curators preserve the possession and control of the road and of the rolling stock to the extent that they shall not be strictly bound for the works above specified, and saving the right to summarily revoke the powers above granted in case the said company does not respect the possession of Macfarlane, or does not proceed with diligence and good faith to the works above mentioned, and doth reject the said demand in so far as it concerns the building material and implements which are the property of the defendants.

The whole without costs.

EXHIBIT No. 89a.

ESTIMATED Quantities of various classes of work on the different Sections, Baie des Chaleurs Railway.

Miles.	Earth.	Rock.	Cedar.	Cribwork.	Stone filling.	Masonry.	Bridges.
	Cub. yds.	Cub. yds.	Feet.	Feet.	Cub. yds.	Cub. yds.	\$
0 — 20	383,448	17,000	44,255	87,041	8,010	1,099	27,398
20 — 30	144,462	4,755	28,076	7,600	1,350	90	6,458
30 — 40	85,000	1,000	12,000	2,000	200	130	7,505
40 — 50	62,000	1,000	11,000	.....	.....	150	.....
50 — 60	93,000	2,000	16,000	1,800	180	.....	6,565
60 — 70	165,000	4,000	17,000	28,000	3,254	300	48,207
70 — 80	121,000	10,000	11,000	1,200	120	1,120	5,734
80 — 90	76,000	1,000	10,000	6,000	900	.....	51,420
90 — 100	82,000	1,000	13,000	600	600	350	2,540

OTTAWA, 2nd Sept., 1891.

C. N. ARMSTRONG.

EXHIBIT No. 89b.

BAIE DES CHALEURS RAILWAY—Percentage of cost of each Section of line.
PRELIMINARY ESTIMATES.

Miles.	Per cent.		
0 — 20	26·8		
20 — 30	9·1	1st 40 miles represent	43·1 per cent
30 — 40	7·2	20 " MacFarlane	15·7 "
40 — 50	8·3	Last 40 miles represent	41·2 "
50 — 60	7·4		100 "
60 — 70	13	Preliminary estimates 1st 60 miles	58·8 "
70 — 80	9·5	Actual certificates, A. L. Light, as per C. N. Armstrong's	
80 — 90	11·3	statement	59·3 "
90 — 100	7·4		
	100		

OTTAWA, 2nd Sept., 1891.

C. N. ARMSTRONG.

EXHIBIT No. 89c.

MEMORANDUM of Subsidies voted to the Baie des Chaleurs Railway Company.

	\$	cts.	\$	cts.
Dominion Govt.—On 1st 20 miles	300,000	00		
do 100 miles, at \$3,200 per mile	320,000	00		
Quebec Government—180 miles = 10,000 acres; 1,800,000 acres, at 35c. cash.			620,000	00
			630,000	00
Total amount payable by the two Governments on 1st 100 miles. or per mile, \$12,500.			1,250,000	00

This is exclusive of the amount voted by the Quebec Government to any person or company to pay claims, &c.

OTTAWA, 2nd Sept., 1891.

C. N. ARMSTRONG.

EXHIBIT No. 90.

BILL of Quantities and Prices to form \$20,000 per mile.

Works.	Quantities.	Rate.		Amount.	
		\$	cts.	\$	cts.
Right of way	100 miles	300	00	30,000	00
Clearing	500 acres	30	00	15,000	00
Grubbing	51 do	100	00	5,100	00
Close cutting	33 do	40	00	1,320	00
Fencing	62,540 rods	1	20	75,048	00
Excavation—Excavation earth, hard pan, loose rock—					
Extra hard, &c.	1,211,910 c. ys.	0	40	484,764	00
Excavation—Solid rock..	41,755 do	2	25	93,948	75
Work Carleton capes.				35,000	00
Work on road diversion.				3,520	00
Culverts—					
Foundation, earth excavation..	16,907 c. ys.	0	66	11,158	62
do rock do	209 do	4	50	940	50
Rip-rap.	4,395 do	2	00	8,790	00
Stone drains and drain pipes	2,547 lin. ft.	1	50	3,820	50
Arch masonry	550 c. yds	25	00	13,750	00
Second-class masonry	850 do	12	50	10,625	00
Dry masonry	1,531 do	9	00	13,779	00
30 in. pipe.	308 lin. ft.	12	00	3,696	00
Cedar	162,311 do	0	20	32,462	20
Pine in stringers.	99,657 B.M.	40	00	3,962	28
Crib-work—Cedar	92,041 lin. ft.	0	15	13,806	15
do Stone filling..	9,234 c. yds.	2	25	20,776	50
Trestles—Excavation foundations.	4,264 do	0	66	2,814	24
do Frame timber.	721,000 B.M.	50	00	36,050	00
do Piling.	2,952 lin. ft.	0	50	1,476	00
Bridges—					
Excavation foundations.	6,476 c. yds.	2	30	14,894	80
Piling	7,553 lin. ft.	0	80	6,042	40
Timber	29,437 do	0	46	13,541	02
Coffer-dams				4,000	00
1st class masonry.	5,644 c. yds.	23	00	129,812	00
2nd do	220 do	12	68	2,789	60
Cedar crib-work	42,100 do	0	15	6,315	00
Stone filling	2,200 do	2	58	5,676	00
Steel superstructure, ties, &c.	25 sp. deck, 2	948	00	1,896	00
do do do	30 do 1	1,207	00	1,207	00
do do do	40 do 2	1,581	00	3,162	00
do do do	40 do through, 1	1,782	00	1,782	00
do do do	50 do 2	2,357	00	4,714	00
do do do	60 do 7	3,277	00	22,939	00
do do do	60 do through, 1	4,053	00	4,053	00
do do do	75 do 4	5,807	00	23,228	00
do do do	80 do through, 1	6,900	00	6,900	00
do do do	125 do do 1	14,116	00	14,116	00
do do do	150 do do 2	17,220	00	34,442	00
Road crossings.	54	No. 25		1,350	00
Farm do	728	15	00	10,920	00
Overhead bridges.	3	750	00	2,250	00
Metapedia Road—					
Clearing and grubbing	9 acres	40	00	360	00
Excavation.	14,452 c. yds	1	00	14,452	00
Crib-work, cedar.	42,653	0	10	4,265	30
Ties.	272,000	0	25	68,000	00
Rails and fastenings.	9,900	35	00	346,500	00
Track-laying.	102½	300	00	30,750	00
Ballasting.	200,000	0	35	70,000	00
Station buildings.	6	2,000	00	12,000	00
do	5	1,600	00	8,000	00
do	4	800	00	3,200	00
Water supply	7	3,200	00	22,400	00
Engine houses	2	5,000	00	10,000	00
Turntables.	2	2,000	00	4,000	00
Telegraph line.	100 miles	80	00	8,000	00
Engineering and superintendence.	100 do	800	00	80,000	00

BILL of Quantities and Prices to form \$20,000 per mile.—*Concluded.*

Works.	Quantities.	Rate.		Amount.	
		\$	cts.	\$	cts.
Locomotives	4	10,000	00	40,000	00
First-class cars	2	4,800	00	9,600	00
Second do	2	3,200	00	6,400	00
Mail, baggage and express	2	2,400	00	4,800	00
Combination	2	3,000	00	3,000	00
Conductors' vans	2	2,000	00	4,000	00
Refrigerators	2	1,600	00	3,200	00
Box cars	10	640	00	6,400	00
Platform cars	25	480	00	12,000	00
Flanger	1	1,600	00	1,600	00
Hand cars	16	80	00	1,280	00
Track tools	16	40	00	640	00
Snow plough	2	1,600	00	3,200	00
				2,015,708 86	

EXHIBIT No. 91a.

BAIE DES CHALEURS RAILWAY.

SECTION K. (Cascapedia), 10th October, 1888. Mile Post 60 to 70—Estimate of cost at Company's Prices.

Works.	Quantities.	Price.		Amount.	
		\$	cts.	\$	cts.
Right of way	10 miles	300	00	3,000	00
Clearing	100 acres	30	00	3,000	00
Grubbing	15 do	100	00	1,500	00
Close-cutting .....	.....	.....	.....	.....	.....
Fencing	6,400 rods	1	20	7,680	00
Excavation—Earth, &c.	135,013 c. yds	0	40	54,005	20
do Solid rock	10,000 do	2	25	22,500	00
do Foundation, earth, &c ..	1,500 do	0	66	990	00
do do solid rock .....	.....	.....	.....	.....	.....
Rip-rap random stone	300 c. yds	2	00	600	00
Stone drains .....	.....	.....	.....	.....	.....
Masonry, 1st class .....	.....	.....	.....	.....	.....
do 2nd do	194 c. yds	12	50	2,425	00
do dry	106 do	9	00	954	00
Crib work, cedar .....	.....	.....	.....	.....	.....
Stone filling	3,500 c. yds	2	25	7,875	00
Culverts and cattle guards, cedar ..	.....	.....	.....	.....	.....
do do pine stringers .....	.....	.....	.....	.....	6,666 00
Bridge foundations, masonry and superstructure, Grand River, Cascapedia .....	.....	.....	.....	.....	67,646 00
Bridge foundations, masonry and superstructure, Little River, Cascapedia .....	.....	.....	.....	.....	22,452 00
Bridge foundations, overhead bridge, 1 No. ....	.....	.....	.....	.....	750 00
Road diversions .....	.....	.....	.....	.....	100 00
Road crossings	5, No.	25	00	125	00
Farm do	40, No.	15	00	600	00
Ties	27,000 No.	0	25	6,750	00
Track-laying	10½ miles	300	00	3,075	00
Ballasting	20,000 c. yds	0	35	7,000	00
Rails and fastenings	1,000 tons	35	00	35,000	00
Telegraph line	10 miles	80	00	800	00
Station, Grand Cascapedia .....	.....	.....	.....	.....	800 00
do Little do .....	.....	.....	.....	.....	1,600 00
Water service .....	.....	.....	.....	.....	2,500 00
Engineering and superintendence .....	.....	.....	.....	.....	8,000 00
Stream diversions	1,000 c. yds	0	40	4,000	00
Trestle, Grand Cascapedia	311,000 ft., B.M.	50	00	15,500	00
				287,893 20	

MONTREAL, 4th December, 1889.

(Signed)

D. LEDUC.

EXHIBIT No. 91b.

BAIE DES CHALEURS RAILWAY.

SECTION L. (Black Cape), 17th December, 1888. Mile Post 70 to 80—Estimate of Cost at company's Prices.

Works.	Quantities.	Price.		Amount.	
		\$	cts.	\$	cts.
Right of way	10 miles	300	00	3,000	00
Clearing	32 acres	30	00	960	00
Grubbing	7 do	100	00	700	00
Close cutting					
Fencing	6,400 rods	1	20	7,680	00
Excavation—Earth, &c.	70,000 c. yds.	0	40	28,000	00
do Solid rock	14,000 do	2	25	31,500	00
do Foundation, earth, &c.	2,385 do	0	66	1,574	10
do do solid rock					
Rip-rap random stone	300 c. yds.	2	00	600	00
Stone drains, drain pipes	337 lin. ft.	1	50	505	50
Masonry, 1st class					
do 2nd class	190 c. y.	12	50	2,375	00
do dry	700 do	9	00	6,300	00
Trestles	386,000 ft. B.M.	50	00	19,300	00
Stone filling					
Culverts and cattle guards, cedar	16,000 lin. ft.	0	20	3,200	00
do do pine stringers	16,000 ft. B.M.	40	00	640	00
Bridge foundations, masonry and superstructure	Caplan River.			8,021	00
do timber					
do piling					
Road crossings	9, No.	25	00	225	00
Farm do	120, No.	15	00	1,800	00
Ties	27,000, No.	0	25	6,750	00
Track-laying	10½ miles	300	00	3,075	00
Ballasting	20,000 c. yds.	0	35	7,000	00
Rails and fastenings	1,000 tons.	35	00	35,000	00
Station, Caplan				1,600	00
Telegraph line	10 miles	80	00	800	00
Engineering and superintendence				8,000	00
Water service				2,500	00
				181,105	60

(Signed)

D. LEDUC.

MONTREAL, 4th December, 1889.

EXHIBIT No. 91c.

BAIE DES CHALEURS RAILWAY.

SECTION M. (Bonaventure.) 10th January, 1889. Mile Post 80 to 90—Estimate of cost at Company's Prices.

Works.	Quantities.	Price.	Amount.
		\$ cts.	\$ cts.
Right of way.....	10 miles.....	300 00	3,000 00
Clearing.....	62 acres.....	30 00	1,860 00
Grubbing.....	12 do.....	100 00	1,200 00
Close-cutting.....	.....	.....	.....
Fencing.....	6,400 rods.....	1 20	7,680 00
Excavation—Earth, &c.....	100,412 c. yds.....	0 40	40,164 80
do Solid rock.....	1,500 do.....	2 25	3,375 00
do Foundation, earth, &c.....	1,672 do.....	0 66	1,103 52
do do solid rock.....	.....	.....	.....
Rip-rap and random stone.....	500 c. yds.....	2 00	1,000 00
Stone drains and drain pipes.....	126 lin. ft.....	1 50	189 00
Masonry, 1st class.....	.....	.....	.....
do 2nd do.....	.....	.....	.....
do dry.....	.....	.....	.....
Trestle, Watts Brook.....	117,000 ft. B.M.....	50 00	5,850 00
do Ruisseau Blanc.....	65,000 do.....	.....	3,250 00
Culverts and cattle-guards, cedar.....	14,721 lin. ft.....	0 20	2,944 20
do do pine stringers.....	12,788 do.....	40 00	511 52
Bridge foundations, masonry and superstructure, Little Bonaventure.....	.....	.....	13,627 00
Bridge foundations, masonry and superstructure, Big Bonaventure.....	.....	.....	47,742 00
Bridge foundations, masonry and superstructure, piling.....	.....	.....	.....
Road diversions.....	.....	.....	.....
do crossings.....	8, No.....	25 00	200 00
Farm do.....	170 do.....	15 00	2,550 00
Ties.....	27,000.....	0 25	6,750 00
Track-laying.....	10½ miles.....	300 00	3,075 00
Ballasting.....	20,000 c. yds.....	0 35	7,000 00
Rails and fastenings.....	1,000 tons.....	35 00	35,000 00
Station, Bonaventure.....	.....	.....	1,600 00
Water station.....	.....	.....	2,500 00
Telegraph line.....	10 miles.....	80 00	800 00
Engineering and superintendence.....	.....	.....	8,000 00
			200,972 04

MONTREAL, 4th December, 1889.

(Signed)

D. LEDUC.

EXHIBIT No. 91d.

BAIE DES CHALEURS RAILWAY.

SECTION N. (New Carlisle), 10th January, 1889. Mile Post 90 to 100—Estimate of cost at Company's Prices.

Works.	Quantities.	Prices.		Amount.	
		\$	cts.	\$	cts.
Right of way.....	10 miles.....	300	00	3,000	00
Clearing.....	53 acres.....	30	00	1,590	00
Grubbing.....	14 do.....	100	00	1,400	00
Close-cutting.....					
Fencing.....	6,400 rods.....	1	20	7,680	00
Excavation—Earth, &c.....	72,770 c. yds.....	0	40	29,108	00
do Solid rock.....	1,000 do.....	2	25	2,250	00
do Foundation—Earth, &c.....	1,829 do.....	0	66	1,201	20
do do Solid rock.....					
Rip-rap.....	390 c. yds.....	2	00	600	00
Stone drains.....	300 do.....	1	50	450	00
Masonry, 1st class.....					
do 2nd do.....					
do dry.....	587 c. yds.....	9	00	5,283	00
Crib work, cedar.....					
Stone filling.....					
Culverts and cattle guards, cedar.....	21,024 lin. ft.....	0	20	4,204	80
do do pine stringers.....	15,240 ft. B.M.....	90	00	609	60
Bridge tile, Day's Brook.....				504	00
do McCallum's Brook.....				368	00
do Road diversions.....				500	00
Piling.....					
Road crossings.....	15, No.....	25	00	375	00
Farm do.....	148, No.....	15	00	2,220	00
Ties.....	28,000, No.....	0	25	7,000	00
Track-laying.....	10-25 miles.....	300	00	3,075	00
Ballasting.....	20,360 c. yds.....	0	35	7,126	00
Rails and fastenings.....	1,000 tons.....	35	00	35,000	00
Telegraph line.....	10 miles.....	80	00	800	00
Engineering and superintendence.....				8,000	00
Station, New Carlisle.....				2,000	00
do Paspebiac.....				2,000	00
Water station.....				2,500	00
Engine house.....				5,000	00
Turn table.....				1,800	00
					135,644 60

(Signed) D. LEDUC.

MONTREAL, 4th December, 1889.

EXHIBIT No. 92.

BANK OF TORONTO, MONTREAL, 1st September, 1891.

C. N. ARMSTRONG, Esq., Ottawa.

DEAR SIR,—I am in receipt of your telegram of this morning, to which I replied.

The following appears to be the payments made by me, with names and dates:—

August	24, '87....	Your own note.....	\$ 1,101 65
do	24, '87....	Your note to Barb Wire.....	395 04
do	25, '87....	do Cooper, Fairman & Co.....	5,043 34
do	24, '87....	Note, Fosbrooke to Armstrong.....	2,100 00
do	25, '87....	C. N. Armstrong.....	2,964 97
do	25, '87....	Dominion Barb Wire Co.....	395 00
January	4, '88....	McDonald, O'Brien & Co.....	6,683 25
February	28, '88....	T. T. Turnbull.....	7,000 00
do	29, '88....	Cooper, Fairman & Co.....	18,000 00
December	7, '88....	W. Clendining & Co.....	638 48
do	7, '88....	L. G. J. Fosbrooke.....	3,000 00
do	8, '88....	Bank of British North America.....	4,884 00
do	10, '88....	D. C. Henderson.....	695 00
do	11, '88....	McDonald, O'Brien & Co.....	2,351 75
January	8, '89....	T. T. Turnbull, in trust.....	3,370 00
March	4, '89....	W. W. L. Chipman.....	3,250 00
do	4, '89....	Cooper, Fairman & Co.....	10,500 00
do	4, '89....	C. N. Armstrong.....	5,000 00
do	4, '89....	Ontario Bank.....	18,724 52
do	7, '89....	do.....	6,898 35
do	7, '89....	McDonald, O'Brien & Co.....	467 00
August	6, '89....	Ontario Bank.....	18,794 60
October	25, '89....	do.....	1,847 30

Should there be any other information which I can give, kindly let me know, and I will supply it. I trust there will be no need of bringing me to Ottawa, as it would be very difficult for me to get away from my work here.

Yours truly,

J. MURRAY SMITH.

EXHIBIT No. 93a.

THE \$118,000.

STATEMENT showing what became of the \$118,000 of Subsidies payable in respect of the 1st 20 miles Section over and above the amount due to Messrs. McDonald, O'Brien & Taylor, Contractors.

	\$	cts.	\$	cts.
Dominion subsidy.....	\$300,000	00		
Quebec subsidy.....	70,000	00		
			370,000	00
Amount of award fixing the claim of McDonald, O'Brien & Taylor, for work done as sub-contractors.....				251,510 00
Balance alleged to have been misappropriated by Senator Robitaille and his co-directors.....				118,490 00
			370,000 00	370,000 00

EXHIBIT No. 93b.

STATEMENT showing amount due to McDonald, O'Brien & Taylor, in respect of their sub-contract, and payments on account thereof.

	\$	cts.	\$	cts.
Award	251,510	00		
Amount due by Armstrong to O'Brien.....		500		
Amount due for plant.....		510		
Amount due in respect of deposits made by McDonald, O'Brien & Taylor to secure performance of their sub-contract.....	10,000	00		
Amount paid to McDonald, O'Brien & Taylor by Geo. Burland, Esq., trustee, out of subsidies.....			246,975	00
do do do			6,000	00
Amount paid to McDonald, O'Brien & Taylor by J. Murray Smith, trustee, out of subsidies.....			9,035	00
do do do			467	00
Balance withheld on account of purchase of plant			43	00
	262,520	00	262,520	00

EXHIBIT No. 93c.

STATEMENT showing dealings of Geo. Burland, Esq., with subsidies assigned to him as Trustee.

	\$	cts.	\$	cts.
Dominion subsidy.....	\$300,000	00		
Quebec subsidy	70,000	00		
	370,000	00		
Paid McDonald, O'Brien & Taylor on account of their claim under sub-contract.....			246,975	00
Paid McDonald, O'Brien & Taylor three instalments of \$2,000 each due in respect of deposit made to secure their performance of sub-contract.....			6,000	00
Paid C. N. Armstrong			8,000	00
Paid H. V. Noel, Esq., trustee, by order of C. N. Armstrong.....			24,000	00
Paid bank commission on cheque sent to Quebec in error and returned.....			25	00
Balance transferred to J. Murray Smith, Esq., trustee.....			85,000	00
	370,000	00	370,000	00

EXHIBIT No. 93d.

STATEMENT showing dealings of J. Murray Smith, Esq., with balance (\$85,000) of Subsidies transferred to him as Trustee by Geo. Burland, Esq., Trustee.

	\$	cts.	\$	cts.
Aug. 24, 1887	Balance of \$370,000 subsidies transferred.....	85,000		
do 24, 1887	Paid C. N. Armstrong—Note.....		1,101	65
do 24, 1887	Dominion Barb Wire Company		395	04
do 25, 1887	L. G. J. Fosbrooke.....		2,100	00
do 25, 1887	Cooper, Fairman & Co.....		5,043	34
do 25, 1887	C. N. Armstrong.....		2,964	97
do 25, 1887	Dominion Barb Wire Company		395	00
do 28, 1887	T. T. Turnbull.....		7,000	00
Jan. 4, 1888	McDonald, O'Brien & Taylor, on account of award.....		6,683	25
Dec. 7, 1888	W. Clendenning & Son.....		638	48
do 7, 1888	L. G. I. Fosbrooke.....		3,000	00
do 8, 1888	Bank of British North America.....		4,884	00
do 10, 1888	D. H. Henderson.....		695	90
do 11, 1888	McDonald, O'Brien & Taylor, balance of award.....		2,351	75
Mar. 4, 1889	Ontario Bank.....		18,724	52
do 4, 1889	do		6,898	35
do 7, 1889	McDonald, O'Brien & Taylor, on account of plant.....		467	00
Aug. 6, 1889	Ontario Bank.....		18,794	60
do 25, 1889	do		1,847	30
	Balance of price of plant withheld by order of C. N. Armstrong.....		43	00
	Balance on hand, less bank commissions and amounts not yet received from Dominion and Quebec Governments		972	75
		85,000	85,000	00

EXHIBIT No. 94.

(Canadian Pacific Coy's Telegraph.)

To W. WEBB,
Union Bank, Quebec.

Please wire immediately date of five thousand note paid May 1.

W. BARWICK.

EXHIBIT No. 95.

(Canadian Pacific Railway Company's Telegraph.)

From Quebec.

2nd September, 1891.

To W. BARWICK,
Senate Railway Committee, Ottawa.

Dated February 28th at two months' date.

E. WEBB,
Cashier.

EXHIBIT No. 96.

NOTE.—*This exhibit was received and ordered to be printed for information only, with the statement that Mr. Armstrong has not been cross-examined upon its contents.*

J. G. A. CREIGHTON,
Law Clerk of the Senate.

MEMORANDUM of position of affairs in connection with the contract between C. N. Armstrong and Henry Macfarlane:—

The actual value of work done and materials supplied by Macfarlane on the 20 miles (miles 40 to 60) constructed by him as per certificate of D. Leduc, C.E., which certificate has been accepted by Macfarlane, is.....\$ 148,814 95

To which is to be added the cost of rails, etc., for the 20 miles, furnished by Macfarlane & Co 52,000 00

Total amount earned by Macfarlane is \$ 200,814 95

Against which has been transferred to Ontario Bank on a/c Macfarlane—

Dominion subsidy\$ 128,000 00

Quebec do 70,000 00

198,000 00

Balance due to Macfarlane on 20 miles \$ 2,814 95

Estimated cost of completing the first 40 miles, as fixed before work was commenced was—

Rolling stock \$ 25,350 00

Buildings, bridges, etc. 13,300 00

Ballasting, earthwork, etc 23,600 00

Total.....\$ 62,250 00

Against which subsidies were transferred to the Ontario Bank on account Macfarlane.....	\$ 62,000 00
And in additional, municipal subsidies to the extent of \$18,000 payable on account of right of way were also transferred.....	18,000 00
	<u>\$ 80,000 00</u>
According to Macfarlane's evidence the Ontario Bank advanced him about \$300,000 on account of work done on the Baie des Chaleurs Railway.....	\$300,000 00
The value of the work done by Macfarlane on the 20 miles (40 to 60) is.....	\$200,814 95
The work done by him on the first 40 miles may have somewhat exceeded the original estimate, but it certainly did not exceed in value.....	100,000 00
	<u>\$300,814 95</u>
Making total value of work done by Macfarlane.....	\$300,814 95
Of the above work and supplies Macfarlane has left unpaid an amount of.....	83,032 66
	<u>217,782 29</u>
Showing amount paid out by Macfarlane to be.....	217,782 29
Leaving a sum of to be accounted for by Macfarlane out of the advances made to him by the Ontario Bank.....	<u>\$82,217 71</u>

C. N. ARMSTRONG.

OTTAWA, 3rd September, 1891.

EXHIBIT No. 97.

(Great North-West Telegraph Co. of Canada.)

From Quebec, Sept. 3, 1891.

To Mr. BARWICK, Q.C.

Discounted February twenty-eight.

E. WEBB.

