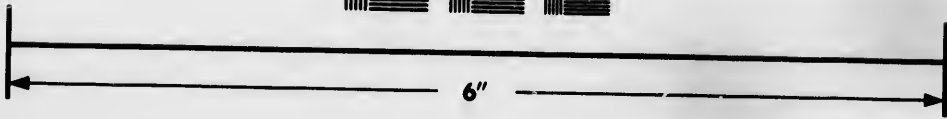
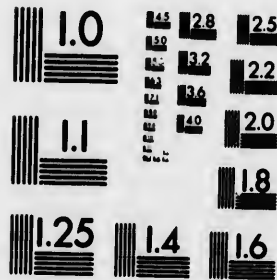


**IMAGE EVALUATION
TEST TARGET (MT-3)**



**Photographic
Sciences
Corporation**

23 WEST MAIN STREET
WEBSTER, N.Y. 14580
(716) 872-4503

**CIHM
Microfiche
Series
(Monographs)**

**ICMH
Collection de
microfiches
(monographies)**



Canadian Institute for Historical Microreproductions / Institut canadien de microreproductions historiques

© 1993

Technical and Bibliographic Notes / Notes techniques et bibliographiques

The Institute has attempted to obtain the best original copy available for filming. Features of this copy which may be bibliographically unique, which may alter any of the images in the reproduction, or which may significantly change the usual method of filming, are checked below.

L'Institut a microfilmé le meilleur exemplaire qu'il lui a été possible de se procurer. Les détails de cet exemplaire qui sont peut-être uniques du point de vue bibliographique, qui peuvent modifier une image reproduite, ou qui peuvent exiger une modification dans la méthode normale de filmage sont indiqués ci-dessous.

- | | |
|--|--|
| <input type="checkbox"/> Coloured covers/
Couverture de couleur | <input type="checkbox"/> Coloured pages/
Pages de couleur |
| <input type="checkbox"/> Covers damaged/
Couverture endommagée | <input type="checkbox"/> Pages damaged/
Pages endommagées |
| <input type="checkbox"/> Covers restored and/or laminated/
Couverture restaurée et/ou pelliculée | <input type="checkbox"/> Pages restored and/or laminated/
Pages restaurées et/ou pelliculées |
| <input type="checkbox"/> Cover title missing/
Le titre de couverture manque | <input checked="" type="checkbox"/> Pages discoloured, stained or foxed/
Pages décolorées, tachetées ou piquées |
| <input type="checkbox"/> Coloured maps/
Cartes géographiques en couleur | <input type="checkbox"/> Pages detached/
Pages détachées |
| <input type="checkbox"/> Coloured ink (i.e. other than blue or black)/
Encre de couleur (i.e. autre que bleue ou noire) | <input checked="" type="checkbox"/> Showthrough/
Transparence |
| <input type="checkbox"/> Coloured plates and/or illustrations/
Planches et/ou illustrations en couleur | <input checked="" type="checkbox"/> Quality of print varies/
Qualité inégale de l'impression |
| <input type="checkbox"/> Bound with other material/
Relié avec d'autres documents | <input type="checkbox"/> Continuous pagination/
Pagination continue |
| <input type="checkbox"/> Tight binding may cause shadows or distortion
along interior margin/
La reliure serrée peut causer de l'ombre ou de la
distorsion le long de la marge intérieure | <input type="checkbox"/> Includes index(es)/
Comprend un (des) index |
| <input type="checkbox"/> Blank leaves added during restoration may appear
within the text. Whenever possible, these have
been omitted from filming/
Il se peut que certaines pages blanches ajoutées
lors d'une restauration apparaissent dans le texte,
mais, lorsque cela était possible, ces pages n'ont
pas été filmées. | Title on header taken from: /
Le titre de l'en-tête provient: |
| <input type="checkbox"/> Additional comments: /
Commentaires supplémentaires: | <input type="checkbox"/> Title page of issue/
Page de titre de la livraison |
| | <input type="checkbox"/> Caption of issue/
Titre de départ de la livraison |
| | <input type="checkbox"/> Masthead/
Générique (périodiques) de la livraison |

This item is filmed at the reduction ratio checked below /
Ce document est filmé au taux de réduction indiqué ci-dessous.

10X	14X	18X	22X	26X	30X
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12X	16X	20X	24X	28X	32X

The copy filmed here has been reproduced thanks to the generosity of:

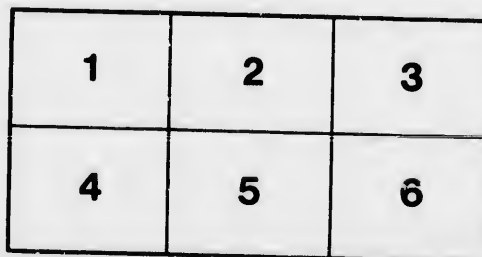
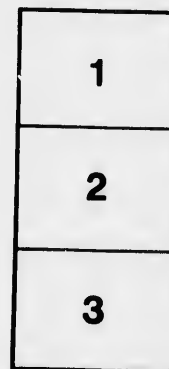
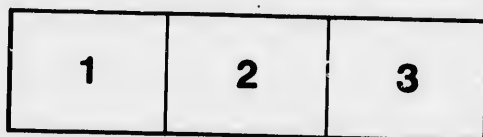
National Library of Canada

The images appearing here are the best quality possible considering the condition and legibility of the original copy and in keeping with the filming contract specifications.

Original copies in printed paper covers are filmed beginning with the front cover and ending on the last page with a printed or illustrated impression, or the back cover when appropriate. All other original copies are filmed beginning on the first page with a printed or illustrated impression, and ending on the last page with a printed or illustrated impression.

The last recorded frame on each microfiche shall contain the symbol \rightarrow (meaning "CONTINUED"), or the symbol ∇ (meaning "END"), whichever applies.

Maps, plates, charts, etc., may be filmed at different reduction ratios. Those too large to be entirely included in one exposure are filmed beginning in the upper left hand corner, left to right and top to bottom, as many frames as required. The following diagrams illustrate the method:



L'exemplaire filmé fut reproduit grâce à la générosité de:

Bibliothèque nationale du Canada

Les images suivantes ont été reproduites avec le plus grand soin, compte tenu de la condition et de la netteté de l'exemplaire filmé, et en conformité avec les conditions du contrat de filmage.

Les exemplaires originaux dont la couverture en papier est imprimée sont filmés en commençant par le premier plat et en terminant soit par la dernière page qui comporte une empreinte d'impression ou d'illustration, soit par le second plat, selon le cas. Tous les autres exemplaires originaux sont filmés en commençant par la première page qui comporte une empreinte d'impression ou d'illustration et en terminant par la dernière page qui comporte une telle empreinte.

Un des symboles suivants apparaîtra sur la dernière image de chaque microfiche, selon le cas: le symbole \rightarrow signifie "A SUIVRE", le symbole ∇ signifie "FIN".

Les cartes, planches, tableaux, etc., peuvent être filmés à des taux de réduction différents. Lorsque le document est trop grand pour être reproduit en un seul cliché, il est filmé à partir de l'angle supérieur gauche, de gauche à droite, et de haut en bas, en prenant le nombre d'images nécessaire. Les diagrammes suivants illustrent la méthode.

qu'il
e cat
nt de vue
ape
cation
qués

A WARNING
TO
CAPITALISTS, RAILWAY BROKERS,
AND
INVESTORS IN CANADIAN RAILWAY SECURITIES.

THE GREAT SOUTHERN,

OR;

Niagara and Detroit Rivers Railway.

CALEDONIA:

PRINTED BY THOMAS MESSENGER, CAITHNESS STREET.

1860.

NI

To C

G
pend
Poni
will
mean
ing y
the s
know
neces

Fr
Rail
—the
and c
was
the p
from
ra an
will a
ends,
Rail
subje
selve
purp
trol a
ceed

An
to bu
Town
the V
It wa
could
and t
Parli
for a
the C

NIAGARA & DETROIT RIVERS RAILWAY!

To Capitalists, Railway Brokers & Investors in Canadian Securities.

GENTLEMEN :—A scheme for the construction of another independent line of Railway, through what is called the Niagara Peninsula of Canada, between the Niagara and Detroit Rivers, will no doubt be shortly laid before you, as affording convenient means for profitable investment, and my object, in thus addressing you, is to save you if possible from loss, and Canada from the shame and disgrace, which your being induced, without a knowledge of the facts, to embark in this huge imposition, must necessarily involve.

From the experience you have had of the value of Canadian Railway investments—in the Grand Trunk—the Great Western—the Buffalo and Lake Huron—the Ontario and Owen Sound, and other Railways, it might be inferred that no further caution was needed, to guard you against being again imposed upon by the promoters of similar enterprises. But, being convinced, from what I have seen of the parties connected with the Niagara and Detroit Rivers Railway, the Road in question, that they will stop at no means, however disreputable, to accomplish their ends, I feel it necessary to lay before you a short history of this Railway project, so that you may, from an understanding of the subject, be able to judge of the safety of investing, for yourselves or others, who may intrust you with their means for this purpose, in such an undertaking especially while under the control and management of the present direction, and I proceed as briefly as possible to do so:

An Act was passed in the year 1847, incorporating a Company to build a Railway between Port Dover, on Lake Erie, and the Town of Woodstock, on the Great Western Railway, to be called the Woodstock and Lake Erie Railway and Harbor Company. It was soon found, however, by the Corporators, that no one could be induced to invest in a scheme so wild and visionary, and the Charter, consequently, lay dormant, until the Session of Parliament of 1852-53, when a supplementary Act was sought for and obtained, extending the line from Simcoe or Dover, in the County of Norfolk, to Dunnville in the County of Haldimand.

4 NIAGARA & DETROIT RIVERS RAILWAY.

This extension, it was supposed, would add to the value of the enterprise, and a few speculative parties, in and near Woodstock, immediately subscribed for shares to the amount of \$1,000,000, being the whole capital of the Company, and assumed its direction. Under the pretence, now, that the stock was all *bona fide* subscribed by responsible parties, the Municipalities, along the proposed line, were induced to take an interest in the road, to the extent of \$580,000, and the work was immediately after let to the late Mr. Samuel Zimmerman, who prosecuted it up to the Fall of 1854, when the Municipal funds were found to be all exhausted, and the work was then forthwith abandoned.

At this stage, it was found, as was subsequently proved by Mr. Hodge, the associate Engineer of the Company, before a Select Committee of the House of Assembly, that work to the value of \$128,000 only was done, while the Contractor had received \$348,000 on account of the same. It was, also, at the same time, in evidence, that, instead of *bona fide* stock, to a large amount, existing, all that was held was barely enough to qualify the Directors, and, that not more than \$200 were paid, by each, and only \$1,100 were paid, on the whole subscribed capital of \$1,000,000. Finding, now, that it was necessary to procure another extension of the line, to give it value, the Directors again sought for, and obtained from Parliament, in 1855, extensions to the Village of Clifton on the Niagara River, on the East, and to the Village of St. Thomas on the West, and, in the same year, an Act was passed, incorporating the Amherstburg and St. Thomas Railway,—thus, making the chain of communication complete between the Niagara and Detroit Rivers, and affording, besides, a prospect to the Municipalities of realizing something out of their investment.

Having now the control of the Eastern end of the line, from St. Thomas to the Suspension Bridge, the Directors, with the Municipalities interested, immediately, set about negotiating for the sale of their charter, with several parties, amongst whom, Mr. Zimmerman, appeared to be the favorite.

It was offered, to that gentleman, for the sum of \$300,000, without the condition attached of finishing the original road, between Woodstock and Port Dover, on which the \$580,000 Municipal funds had been squandered—the extensions only being considered of any value. While this negotiation was going on through the agency of Mr. Miles O'Reilly, on behalf of Mr. Zimmerman, Mr. Isaac Buchanan, a Director in the Great Western Railway, thinking it would be for the interest of that Company to possess the charter, obtained the sanction of his Co-Directors, with the exception of Mr. Brydges, in the local Board, to purchase out the stock of the Directors of the Woodstock and

Lake Erie Board, and, thus, secure the charter, as extended, for the Great Western. This he effected, through the instrumentality of the Manager of the Company, Mr. Henry DeBlaquiere, who accepted a "direct bribe of one hundred thousand dollars, from Mr. Buchanan, for this service."

In this connexion, your attention is invited to a Report of a select Committee of the House of Assembly of 1857, on the subject of this Railway, hereto appended. The Chairman, Mr. Foley, and one of the members of that Committee, Mr. Christie, are members of the Board of Directors of the Niagara and Detroit Rivers Railway—the former is its salaried Vice President and Manager, and it is worthy of remark, that, notwithstanding, their unsparring denunciations of the parties, whose conduct is the subject of that report, and for which Messrs. Foley and Christie would have them criminally prosecuted, they have, nevertheless, been the associates of those gentlemen, since the latter assumed the management of the present projected road, and are, now, their steady supporters in all their very disreputable proceedings. It was through Mr. Buchanan that Mr. Foley first obtained his position as Director in the Board. Messrs. Van Voorhiss and DeBlaquiere are promised a sub-contract of thirty miles of the road, and the latter gentleman, who received, from Mr. Buchanan, the \$100,000, already alluded to, it will be seen, in the same evidence, was a conspicuous and active partizan of Mr. Foley's, at the St. Thomas meeting, for the election of Directors. Mr. Smart, who was the Secretary of the Woodstock and Lake Erie Company, when those acts, characterised by Mr. Foley, in that report, as "iniquitous," "fraudulent," "outrageous offences against justice and morality," "by accomplices in guilt," &c., were perpetrated, is the Secretary of the Company, of which Mr. Foley is chief manager; and Mr. Street, also mentioned in that report, as one of Mr. Buchanan's Directors, is the Chief Engineer of the road. No comment is deemed to be necessary on these facts.

Turning now, to a continuation of the narrative: Mr. Buchanan, as has been shown, having secured the control of the Woodstock and Lake Erie Road felt it necessary to get possession of the charter of the Amherstburg and St. Thomas Road, also, in order to place himself in a position of offering the whole line, between Amherstburg on the Detroit, and the Suspension Bridge on the Niagara Rivers, to the Great Western. Mr. Zimmerman, also, entered the field, as a competitor for this charter, and now, commenced a life and death struggle, (which it is but fair to say was first entered into by Mr. Buchanan, solely in the interest of the Great Western) between those two gentlemen, and their several partizans and expectants, for the coveted prize. It appears, that when the stock books of the Amherstburg and

St. Thomas Railway Company, were opened for subscriptions, by one of the contending parties, a Mr. Wallace, an American, entered his name, in pencil, for what he subsequently claimed to be £500,000 of stock, but which could be made to read £500, as well, the latter sum, being in the pounds, two noughts in the shillings, and one nought in the pence columns, while no number of shares was placed in the column for that purpose, nor was the instalment, required by the statute, deposited—thus affording him, and the parties for whom he subscribed, the option of claiming the subscription as valid, if thought of advantage to do so, or of repudiating it should circumstances render this course necessary—a course which was afterwards adopted by Mr. Buchanan's Board, as shown in the following extract of a letter addressed by him to the Editor of the *Hamilton Times*, on the 3rd of January last. He says:—"The Board of Directors had originally declared the £500,000 subscription of Wallace bad, and I had no object (nor had any one any object) in sustaining it after the Shareholders of the Great Western Railway, for whom alone I got the stock, refused to indemnify me for my outlay"—and the stock, after having served the purpose intended, was repudiated under the advice of the Honourable J. A. McDonald, the Attorney General of Western Canada.—The Zimmerman party, claimed that this pencil subscription possessed no validity in law, and having also, opened a stock book Mr. Zimmerman entered his name, for shares to the amount of \$1,000,000, and elected a Board of Directors. This subscription was, also, disputed as valid by the Buchanan party—the deposit of ten per cent not having been paid thereon, into one of the Banks designated by the provisional Directors, but, as was alleged, into the Zimmerman Bank, then an unincorporated institution—Wallace disposed of his pencil subscription to Buchanan, who obtained from the Bank of Upper Canada a credit for \$200,000, the ten per cent deposit, required, which was conditional, however, on his scheme being approved of by the London (England) Board of Directors of the Great Western, and having, also, elected a Board with himself as President, both he and Zimmerman proceeded at once to London, the former to get the sanction of the English Board to his arrangement, and be repaid the sums advanced by him, amounting to one hundred thousand pounds, on both roads, and the latter to frustrate him if possible in this endeavor. Mr. Buchanan was unsuccessful in his mission, the London Board repudiated his whole scheme, but, while in England, an arrangement was entered into between him and Zimmerman, by which the latter, associated with Mr. Wythes, should have the contract for building the Road, from the profits of which he was to repay Buchanan's advances. This arrangement was sanctioned by the opposing Boards here, but it fell

through in consequence of Zimmerman's death the ensuing spring. Shortly after Mr. Buchanan's return to Canada, he became aware that the Board elected by him, and of which he was the President, were clandestinely forming an amalgamation with the Woodstock and Lake Erie Board, against which several executions existed, and, in contravention of a by-law, passed to the effect that no money should be drawn from the Bank without his sanction and order, they were also endeavoring to obtain possession of his conditional deposit of \$200,000, and he was forced to file a bill in Chancery to protect himself, in this matter, from the action of his Co-Directors, who were elected by himself. And these are the parties, who, with few exceptions, are the promoters of the present enterprise.

Before Mr. Zimmerman's decease an arrangement was come to between that gentleman and Buchanan, that both Boards should retire—the whole shares and control be transferred to the former, and a new Board elected. But, disputes and difficulties arising with respect to this arrangement, it was subsequently agreed that the stock should be transferred to one Morton, a distiller, from Kingston, a gentleman who hereafter will be found to hold a prominent position in relation to this subject.—It was, also, again agreed that Mr. Buchanan should be released from his conditional deposit of \$200,000, in the Bank, and be repaid the sums advanced by him as before stated. Morton, who thus became the controller of the stock and the enterprise, qualified a new set of Directors, holding at the same time, not enough *bona fide* shares for this purpose, and elected a new Board, and immediately on organizing the President handed Buchanan a cheque on the Bank of Upper Canada for \$200,000, by which means his account was balanced, and no funds now appeared in that or any other institution to the credit of the Company.—Here, now, it will be seen, are a number of individuals exercising the functions of a Board of Directors, in the control of an undertaking calculated to cost from thirteen to fifteen millions of dollars, with not sufficient shares altogether existing, to qualify them for the position of Directors—say ten shares each—au exactly parallel case with that of the individuals, who enjoyed a similar position in the Woodstock and Lake Erie Railway and Harbor Company, as denounced by Messrs. Foley and Christie in their Report already alluded to.

There being now no funds to be reached by the creditors of the Woodstock and Lake Erie Company, an amalgamation of the two Roads was effected in February, 1868, by the name of the Great South Western, which amalgamation was confirmed by Act of the Legislature, the ensuing August, when the name of the Road was changed to the Niagara and Detroit Rivers Railway, a change no doubt adopted to get rid of the bad odor

attached to the former name. While this amalgamation scheme was before the Legislature Mr. Foley opposed it with all his might, and introduced a Bill for what he called an independent through line which cut off all connection with the Woodstock and Lake Erie Road, and left the swindled Municipalities to get back their money the best way they could. He contended for this Bill with all his energy till near the close of the Session, when he suddenly abandoned it and dropped the controversy. And hence his present position as Vice President and chief Manager in the present project. He secured his object!

The amalgamation of the two Roads having thus been consummated, now commenced a game of deception, low cunning, and thimble-rigging, which, the magnitude of the stakes played for, only, would make tolerable in the lowest blacklegs. The clause of the act, which in all other cases requires a deposit of ten per cent, was insidiously worded, so as to allow of any sum not more than ten per cent to be deposited, by subscribers for shares in the Road. This, it is well understood, was intended to favor the parties now controlling the enterprise by affording them the opportunity of subscribing for the whole stock, and paying thereon, any fraction of the ten per cent which they themselves might direct. But, immediately on the passing of this Act, Mr. Mercer, who was the President of the Amherstburg and St. Thomas Company before the amalgamation, with others of the corporators named in the Act, who were watching an opportunity to secure again the control of the Road, and take it out of the hands of the Morton directory, opened stock books, subscribed for eight millions of dollars of shares, and deposited thereon one tenth of one per cent, and then closed the books.—Morton, now, finding himself and party forestalled, and that the books of the old Amherstburg and St. Thomas Company were in the hands of the opposing party, instructed a Mr. Rae to subscribe for twelve thousand shares, amounting to one million two hundred thousand dollars in the books of the old Woodstock and Lake Erie Company—a company which, by the amalgamation, ceased to have any corporate existence, but, at the same time, furnished that gentleman with no funds whatever, to make a deposit to any amount on account of those shares. Each party now, the one known by the name of the Morton McBeth, the other by that of the Rankin Mercer party, called a meeting of their respective forces, to be held at St. Thomas, the second Tuesday after the passing of the Act, for the election of Directors. The Morton McBeth party having the key of the Town Hall in which the Act directed the meeting to be held, got in first, and took possession of the table and seats—the Rankin Mercer party immediately followed, when a scene of indescribable confusion and uproar commenced. Each party became

ation scheme
with all his
independent
Woodstock
ilities to get
ntended for
the Session,
controversy.
Chief Manager

s been con-
w cunning,
akes played
elegs. The
a deposit of
of any sum
scribers for
s intended
affording
stock, and
hich they
passing of
heratburg
ith others
teching an
and take
ek books,
deposited
books.—
t that the
any were
e to sub-
lion two
tock and
ation,
no time,
make a
h party
th, the
eting of
second
Direct-
Town
got in
Rankin
scriba-
ecame

clamorous for the appointment of their own chairman, but the Morton McBeth party, having previously enlisted the sympathies of the laborers on the London and Port Stanley Railway, which runs through St. Thomas, by representing the Rankin Mercer party, as desirous only of preventing the work from going on, were consequently much the stronger, and they soon expelled the Rankin Mercer party from the Hall, on which occasion Mr. DeBlaquiere, the gentleman whom Mr. Foley represented to the House of Assembly, as a fit subject for criminal prosecution, was now the companion and active abettor of Mr. Foley, (who, it now appears, had profited wonderfully by the investigation of that gentleman's conduct in the matter of the Woodstock and Lake Erie Swindles)—in violently and unlawfully preventing the Rankin Mercer party, with whom were a majority of the corporators, and *bona fide* shareholders, from exercising their undoubted rights at the election. The Morton McBeth party, having appointed a chairman, set about electing Directors in their interest, and it was now suggested that it would be well to allow the ejected party to witness the proceedings, and they were accordingly admitted, but kept huddled up together in one corner of the room, where, having previously prepared their ballots, they quietly dropt them into a hat, held in the hands of Mr. Elliot, the as yet Secretary of the Company, who declared in an undertone certain gentlemen duly elected Directors and then left.

Here, again, it will be seen are two sets of Directors, each claiming to be the legal one to control the enterprise. The Rankin Mercer set, on the strength of the 80,000 shares of stock on which one tenth of one per cent had been deposited, together with about one hundred *bona fide* shares, on which ten per cent had been paid, and the Morton McBeth Board on the strength of the Wallace pencil subscription, which the same parties had previously repudiated, and the Rae subscription for twelve thousand shares, in the books of the defunct Woodstock and Lake Erie Company, on which nothing was paid, together with some ninety *bona fide* shares, on which ten per cent had been paid—in other words—the Rankin Mercer party had paid, in all, about nine thousand dollars, while the Morton McBeth party had actually paid but some *nine hundred dollars* on their stock. And the latter party have secured the control of the enterprise by the most dishonest and disgraceful Legislation that has ever been perpetrated even in Canada.

In electing the McBeth Board, Morton, voted on both the Wallace and Rae subscriptions, notwithstanding it is proved, by the evidence appended, that no money whatever was at the credit of the Company as payments on either. All that Morton presented, to qualify him as elector of the Board, was a letter

from the Cashier of the Bank of Upper Canada, which will be found in the same evidence, intimating, that on a note being presented, endorsed by George McBeth, Isaac Buchanan and the Hon. John A. McDonald, for the sum of thirty thousand pounds payable in thirty days, and without mentioning for what purpose or that the proceeds would be placed to the credit of the Company, it would be discounted, and on the strength of this letter alone (the note mentioned therein not having been made then or thereafter) Morton was allowed to elect the whole Board of Directors—this is the letter referred to by Mr. Smart, the present secretary of the Company, and which that gentleman stated as will be seen, in his evidence before the Railway Committee before the letter was produced, as being to the effect—*“that Rae and others were entitled to vote on twelve thousand shares of stock in consequence of their having duly deposited ten per cent thereon”*—and in his evidence immediately preceding, he stated, that the ten per cent was actually paid on those shares; Mr. Foley countenancing and abetting, all the while, these glaring misstatements. It now appears, that to save appearances, Morton some time after drew a check on the Bank of Upper Canada for £30,000, which he handed to the Secretary, Smart, who by previous arrangement handed it back to him again, there, of course, being no funds to check against, and Morton afterwards drew another check (the one alluded to by Smart in the close of the evidence) on a Quebec Bank, for a corresponding amount, which, there being no funds to meet, was also cancelled by the President of the Company, McBeth, checking in favor of Morton, for the same sum, on the same institution, under pretence of an advance on his contract, and this, before Morton had purchased a shovel to commence the work. All that trans- change of checks—the whole being a sham, a deception, and a cheat.

In this connection, I beg leave to direct your attention to the unwilling evidence of Morton, the elector of the Board, and Smart, the Secretary of the Company, hereto appended, and I think it will be admitted that a mass of grosser contradictions, will hardly be found in the annals of criminal evidence, each, it will be seen, contradicted himself, and the other, in every direction. I have already given you a sample of Smart's evidence, in the matter of the Bank letter, and I now give you a specimen from the evidence of Morton, when questioned, with reference to the manner in which he elected the Directors. He says:—*“I do not know who drew my ballot,”* and *“I put no ballot into the hat that day,”* and immediately after, on being secretly prompted by Messrs. Foley and O'Riely, a course, which was protested against by the opposing Counsel, stating

that, "I did put a ballot into the hat, and did draw it." Again, "I did not receive \$16,649 48," then, "I do remember getting a check back for the \$16,000 odd dollars," and again, "I could not say that I received any other sum from the Company about this time," and, "I did receive, now I remember, a check from the Company at the time, for the \$98,000, before spoken of as the *balance* of the \$120,000." He remembered getting a check for the comparatively small sum of \$16,000 odd dollars. but, he could not remember, till privately prompted, of getting a check for the large sum of \$98,000, at the same time, which did not, as will be seen, balance the \$120,000, as he supposed. The truth being, he got neither, but, as the accounts were cooked up for the occasion, it was necessary to corroborate them, and hence the prompting. He and McBeth proceeded to Quebec, where an interchange of checks was made, at once, for the whole amount of the \$120,000. And, for the same reason, of cooking the accounts, you will find Mr. Smart shamefully admitting, at the close of the evidence, that the cash book was kept on a sheet of foolscap, and notwithstanding the sum of \$16,649 48 was expended in surveys, fitting up offices, salaries, &c., running over several months, and filling the four sides of the sheet, he states: "*the entries on this sheet were not made as they occurred, and not until December when the first entry was made.*" And these are the gentlemen, now associated with Mr. Foley, the chief Manager, who expect to have the handling of from thirteen to fifteen millions of dollars of your money, by virtue of an Act of Parliament!!!

The Morton-McBeth Directors, elected as before shown, at once organized, and elected Mr. McBeth, President, and Mr. Foley, Vice-President, of the Company, with a salary attached to the latter office, and now, in their hot haste to get the start of the Rankin-Mercer party, they advertised for tenders, for the construction of the Road, before any survey whatever was made. The extent of the clearings, grubbing, excavations embankments, culverts, bridging, and estimates of material required were not ascertained, and consequently no description of the work to be done could be given, for the information of intending contractors, and the consequence of course was that parties wishing to tender had nothing whatever to govern them in their calculations, except their own unaided observations of the physical features of the country, and but a few days were allowed them for this purpose, and this, coupled with the knowledge that Morton, who elected the Board, and took an interest in the matter solely with a view of securing the contract for himself and those standing behind him, would get the work at his own price, deterred many from tendering, who otherwise were prepared to do so, had there been any prospect of fair competition for the

12 NIAGARA & DETROIT RIVERS RAILWAY.

work. Three tenders were, notwithstanding, given in by other parties, and your attention is invited to the following comparison of those tenders with that made by Morton, to whom the contract was awarded:

The length of the road is 265 miles, for which Morton tendered at £10,000 sterling, or say \$47,700 per mile, payable in the bonds and stock of the Company, amounting to.....	\$12,905,000
A. P. McDonald & Co., tendered at \$37,000 per mile, same payments,.....	\$9,805,000
Under Morton,.....	
Brown & McDonald tendered at \$36,000 per mile, same payments,.....	\$3,100,500
Under Morton,.....	\$9,540,000
Hayden & Co., tendered for \$27,000 per mile, cash,.....	\$3,365,500
Under Morton,.....	\$7,155,000
	\$5,750,000

The above are all the tenders received by the Board, for a work of such magnitude, and from this comparative statement it will be seen, that the sum, at which Morton secured the contract, ranges from three millions, one hundred thousand, five hundred dollars, to five millions, seven hundred and fifty thousand, five hundred dollars, above the sums tendered for by the other parties, and I now proceed to show the reasons assigned, by those careful and considerate Directors of the Company's interests, why Morton was preferred before the others.

The tender of Hayden & Co., was at once unceremoniously and without consideration rejected, because it was for *cash*—a convenient method for getting rid of this party, who offered the most unexceptionable security.

The tender of A. P. McDonald & Co. was also, without consideration, rejected,—because, as Mr. Foley, the Vice-President alleged in his speech before the Railway Committee, “of the Chats Canal business,” which consisted of a rumor that the Company had a disputed claim against the Government for work done on that Canal, and which the Government has since paid. Here was an equally convenient excuse for casting aside this tender without further consideration. and now comes the last to be got rid of—the tender of Brown & Macdonald, a firm, which Mr. Foley, in the same speech, declared to be of “well known stability.” It appears that Mr. Street, of Niagara Falls, a gen-

given in by other
following compari-
son, to whom the

,000

000

--- \$3,100,500

00

--- \$3,365,500

0

--- \$5,750,000

Board, for a
statement
of the con-
tract, five
hundred thou-
sand, five
hundred and
fifty thous-
and, for the
purpose of
being assigned,
to the Com-
pany's in-

moniously
cash—a
ferred the

ent con-
resident
"of the
that the
r work
paid.
e this
ast to
which
nown
gen-

gentleman of wealth and standing, having become security for Brown & McDonald on several occasions, for contracts of a similar character, these gentlemen, in giving in their tender, mentioned in connection with it, the names of Messrs. Street and Dixon, and without a word of consultation with them on the subject, the Board at once telegraphed Messrs. Street and Dixon, enquiring if they were prepared, to become responsible for Brown & McDonald for, as Mr. Street recently informed me in a casual conversation I had with him at Toronto, "an enormous sum, he did not exactly remember how much, but far beyond what he, or any ten men in the country, could secure, and he immediately telegraphed back in the negative." Here also it will be seen, by a cunning stroke of policy, on the part of Mr. Morton's Board, this the last tender was disposed of, and it was, "at once," as Mr. Foley also stated, "proposed that their tender should be left out of consideration," but, on second thought it was supposed this would not look well, and to keep up appearances, it was agreed, as he also informs us, that "another meeting of the Board should be held, at which tenders should be announced to be received"—a course which may appear very well on the Books of the Company (if they have yet procured any beyond a sheet of foolscap) to those who may hereafter be disposed, as shareholders, to enquire into the matter, but, no such announcement was publicly made, and, consequently, no other tenders were given in, and as Mr. Foley informs us, "the Board, therefore had no alternative but to give the tender to Morton, and they did so,"—as thus this job was completed and the disgraceful sham brought to a close.

From what has now been shown, of the excessive desire of the Board to guard the interests of the Company, by obtaining ample security for the fulfilment of the contract, it would be inferred that the security furnished by Morton, the successful competitor, would be of the most unexceptionable character, but, on enquiry, it is found to consist of the names of two individuals, down in the City of Quebec; some six hundred miles from where the contract was let and the work is to be done—one, Mr. Morton's agent for the sale of his whiskey,—the other, a Brewer, neither of whom, it is well known, could spare a thousand pounds out of his business—and whose joint note, a gentleman engaged in business in that city, who is well acquainted with the parties, recently informed me he would not feel quite safe in endorsing for the sum of \$2,000,—and for this pretended security, this very careful and considerate Board of Directors give a contract, for a work of such magnitude, to a distiller who never built a foot of road in his life, at so many millions of dollars above what old, experienced, practical, and in every sense reliable contractors, offered for the work, and who from their well

known character for ability and energy, would, there is no doubt, have carried it out to completion.

Had it been known, that such security would have been accepted by the Board, both Brown and McDonald and A. P. McDonald & Co., could have furnished any number of as good names. But, the Board know exacting security is a mere sham, all that is required from parties contracting, is, that they are reliable and experienced in such work, and it is not even necessary that they should possess large means where the Company performs their part with respect to payments. The contract is always on the Company's side, and the per centage retained from the monthly estimates of work done, is amply sufficient to insure the fulfilment of the contract.

The Rankin-Mercer Directors, elected at the St. Thomas meeting, in the manner already shown, having elected Mr. Mercer, President of the Company, also concluded a contract with Mr. Rankin, of the same nature as that made by the Morton-McBeth Board with Morton, for the sum of £8,700 sterling, or say \$42,369 per mile, being \$1,667,715 under Morton on the whole road, and instituted proceedings in chancery to test the question of the claims of the respective Companies to control the enterprise. But, pending the action of the Court, the Morton-McBeth party, aware that, as I think I have already shown, their proceedings would not bear the sifting of that tribunal, and that the Rankin-Mercer party enjoyed the best position of the two Companies, introduced a Bill into Parliament, where, being in great strength on both sides of the House, they were sure of having everything their own way, to confirm them in the control of the Road, as well as all their disreputable proceedings, and deprive the Rankin-Mercer Board of the chance of maintaining their position by process of Law, a process which there is no doubt would have decided adverse to their own pretensions. The Bill was introduced in the Upper branch of the Legislature within a few days of the close of the Session, a time always chosen by parties who feel it necessary, from the character of their measures, to smuggle them through the House without affording time for investigation. The Bill was read twice pro forma, and a Committee of its friends at once appointed—the evidence taken before the Committee you will find appended, and is that to which I have already several times called your attention. The first movement made by the Committee was to pass a resolution cutting off all evidence with respect to transactions occurring previous to the preceding Session of Parliament, when the Act of amalgamation was passed, a time from which the most important and material evidence was expected to be adduced. This course was protested against by the Rankin-Mercer party, but to no purpose. The Bill was

to pass the Committee, no matter what the evidence might be against it, but this evidence they preferred not being made public, and having heard but a portion of the evidence subsequent to that period, all of which had to be wrung, by the solicitor of the Rankin-Mercer party, from those implicated on the opposite side, with the exception of that of Mr. Elliot, the Committee closed its sittings, and this while there were a number of witnesses waiting to be examined on the side of the Rankin-Mercer Board. And in the face of the disgraceful character of the evidence appended, wrung, as I have said, from Morton, the elector of the Board, and Smart, the Secretary of the Company, the Committee at once reported in favor of the Bill. It was read a third time and sent down to the Assembly, where it was immediately read a first and second time pro forma, and referred to the Railway Committee, which had also been struck in its interest. All these proceedings, and up to the passing of the Act, occupying but a few hours of a few days.

If the conduct of the Committee of the Upper branch of the Legislature was disgracefully partizan and unjust, that of the Assembly was still more grossly so. No evidence was here taken, and none allowed to be given. The chairman of the Committee, the Honorable Mr. Cartier, simply asking, with as rapid utterance as he could command—"The pleasure of the Committee the preamble be adopted—Carried"—"The pleasure of the Committee the first clause be adopted—Carried"—"The pleasure of the Committee the second clause be adopted—Carried," and so on through all the clauses of the Bill, and, in this way it was forced through the Committee, without the preamble or a single clause being read, or a single amendment made. One or two attempts were made by parties to be heard in evidence, but, Mr. Foley, who took his seat as a member of the Committee, to adjudicate on his own conduct, would not allow them to be heard. Rankin, indeed, was permitted to make a few remarks, it being understood, and currently reported by the Morton-McBeth party, that he had arranged all differences between them for the sum of two hundred and forty thousand dollars—but no other person, not of the Committee, was allowed to make a single observation. The Bill was in an hour or so reported favorably to the House, where it was read a third time, and passed by a large majority, with but one amendment, an amendment which stamps the character of the Legislation on the measure, as of a piece with all the other proceedings connected with it. Some Member casually observed, not supposing for a moment that it would be carried, that the contract with Morton should be annulled and the work relet, and this proposition, so outrageous in itself, was at once acceded to by Mr. Foley, the Vice President, and a clause to this effect was immediately

added to the Bill, and this without the knowledge or consent of the contractor, who was thus, summarily with a stroke of the pen, deprived of a valuable contract, on which he had spent so much time and money, and which he had been at such great pains to secure, and this too by the parties he had elected Directors, in his own interest, and although, no one supposes for a moment but that Morton in his own or some other name will be the contractor for the work, no matter how much under him other parties may be, this legislating away his rights, without a question on the part of the House, is not the less disgraceful, and dishonest.

I have said, the Bill was passed by a large majority, and I will also add, that it was the first time in the history of our legislation that both sides of the House, Ministerial and Opposition, were found in such harmony on any question. The Hon. Mr. Brown, premier of the Brown-Dorion Administration, who could not support, and dare not denounce, a measure in which so many of his political followers were so deeply and disgracefully implicated, took the usual course resorted to in such emergencies of saving his conscience, his reputation and his friends, by withdrawing to the lobby when the Bill came up for discussion, and not returning till it was passed. The Hon. Mr. John Sanfield McDonald, former Speaker of the House, was the only leader of any section who had the honesty and manliness to speak against the Bill, which he did in no measured terms, characterising it as an iniquitous swindle, utterly disgraceful to all connected with it. This gentleman, and some four or five others, were the only active opposers of this outrageous piece of legislation; and I have no doubt but the unanimity of action on the part of the House, will be represented, as showing the scheme to be one of the most valuable and important ever before adopted, and one, in the success of which, the whole country is deeply interested. But, when it is remembered, that it had the advocacy of the President, Mr. McBeth, Buchanan, and McLeod, supported by the Ministry, on the Ministerial side, and the Vice-President, Foley, the aspirant for the leadership of the Upper Canada section of the Clear Grits, with Dr. Connor, and Mr. Walker Powell, one of the Directors, on the Opposition side, with others whose fortunes hang on the fate of the measure, on both sides of the House, and when it is also considered, that there are so many millions of dollars, remaining to be divided, after allowing the Contractor all the profits which others who tendered for the work expected to make out of it, you will, it is believed, be able to fully appreciate the unanimity on the measure, without the necessity of other reasons, which do not exist, being assigned.

The system of Railway jobbing, (chiseling it is called here)

introduced in this country by the promoters of the Grand Trunk of Canada, has utterly corrupted our Legislation. That Company has always been able to purchase legislation to any extent, and we have had amongst us one Railway Contractor, a bold operator and a reputed millionaire, who boasted at a dinner given by him, which cost some \$5,000, that he came into Canada, from the United States, with but two dollars in his pocket, and an old horse, and it is well known here that no Bill could pass our Legislaturo against which he took an active part, and it had only to secure his support to become law, no matter what its character might be. The present project affords the means of corruption to an enormous extent, and, as it is the only one likely to succeed, for many years to come, out of which large fortunes can be secured, the opportunity to effect this important object, at your expense, will not be thrown away, by our public men, as witness the legislation, above detailed, on the question.

The Bill, which endorses a deception on its face, for nothing it seems can be accomplished in the matter without the intermixture of this ingredient, is intituled "An Act to consolidate and amend the several Acts relating to the Niagara and Detroit Rivers Railway, both before and since the amalgamation of these Companies forming that Company," while the first clause recites those several Acts, and declares them one, and all "*repealed*," and a totally new measure, which takes the matter out of the hands of the legal tribunals, constituted to adjudicate on such questions, and confirms the Board, in all its disreputable proceedings, is enacted.

I have been able to secure, through a friend, copies of the "form of Tender" and "specification" prepared by the Directors for re-letting the works. The form of Tender is printed, but the Specification is only in manuscript, and but a single copy exists in the office of the Company for the information of intending contractors, and copies have to be taken by themselves if they would ascertain what the Company requires. A perusal of those documents has led me to a more minute examination of the Act incorporating the Company than I heretofore gave it. And I find that the most important clauses,—those immediately affecting the rights and interests of the Shareholders, not otherwise connected with the undertaking, are of the most exceptionable character—having no counterpart in any Act, hitherto passed by the Canadian Legislature, incorporating Railway Companies. In all other Acts a certain amount of subscribed capital, on which ten per cent. has been paid, is required before the Provisional Directors can take further action to organise, and the Shareholders themselves are empowered to elect the Executive Board to manage the affairs of the Company. But this Act places, at

once, the whole control of the enterprise in the hands of the parties named in it, without there being a single share of subscribed stock; and totally ignores the right of those who may become Shareholders, from having any voice in the selection of Directors, and, consequently the parties thus placed in power, by this new species of legislation, have no other interest in the matter than that which may subservise their own personal gains, a course, which the form of Tender and Specification clearly indicate they are determined to take advantage of in the letting of the contract. It will be seen from those documents that a most effectual prohibition against competition for the work is resorted to—indeed they show a most intense desire on the part of the enacted Directors to prevent by every means in their power all outside contractors from competing for the work.—By the form of Tender they are required to subscribe for two millions of dollars of stock and pay a deposit of ten per cent. on one million two hundred thousand dollars at the time of contracting, and a further sum of ten per cent. on eight hundred thousand dollars within a month after, making the whole deposit *two hundred thousand dollars*. They are also required to find responsible sureties for ten per cent on the amount of the Tender, which, at Morton's contract price, would be *one million two hundred and ninety thousand dollars*. They are to provide the right of way, ground for stations, furnish the rolling stock, &c., &c., the extent and number of which the Board has the right of determining at its pleasure, before the contract is concluded. They are to pay the engineering, all salaries and other expenses of the Company at such rates and to such extent as the Directors may choose. They are to take their pay two-thirds in stock and one-third in bonds. Ten per cent is to be retained on all payments, even on the right of way, station grounds and stations, rolling stock, &c. The work is to be finished in a little over two years, and the whole is to be executed "in strict accordance with the general specification," *which specifies nothing except the weight of the rails and the dimensions of the ties*. These conditions the Board know right well no contracting firm, not in league with the Directors, would think of engaging to fulfil. The Specification too is admirably got up to effect the same object. No plan of the Road is exhibited—no specification of the work—no description of the material to be employed in construction—no estimate of quantities—no plan of a bridge even, and in fact nothing whatever is furnished contractors on which it would be possible to base a calculation of the cost of a single item of the work, while it is left in the power of the Engineer to make the fortunes of fifty contracting firms, or ruin them at his pleasure. He may make the roadway wide or narrow—he may say a fifth of an acre is enough, or he may require fifty acres for a station—he may

have as many or as few stations as he pleases—he may wind round hills, or cut through them—he may select borrowing and ballast pits as nigh or as far off, as he thinks proper—he may adopt a post and board fence, or he may think a pine rail one sufficient—he may order the slopes to be three to one, or one and a quarter to one—he may make the ditches, culverts, viaducts, bridges, &c., wide or narrow, deep or shallow, high or low, and of long or short spans at his option—he may place the ties close together, or far apart—he may require broken stone or allow sand to be used for ballast—he may order stone where none is to be found, or allow brick to be used for piers and abutments—he may select tubes, or girders, for bridges, and adopt the most expensive or the cheapest plans—he may substitute brick for stone, iron tubes or girders—he may cover the culverts, viaducts, small bridges, &c., with wrought iron tubes, or basswood timber—he may make the Engineer, Passenger, Freight and Platform cars as expensive or as cheap as he likes—he may say he requires but five, or he may insist on fifty engines being provided—he may construct as many or as few sidings and switches, and make them as long or short as he pleases—he may direct as many or as few signals, turntables, tank, station and freight houses, engine stables, workshops, woodhouses, &c., to be built as suits his notion—he may build them with cut stone or rough timber plank and boards, and of any dimensions he chooses—he may require any amount of machinery to be provided he pleases—he may insist on the wharfs being constructed with cut stone, or he may allow round logs to be used. In fact he can make the Road and everything connected with it as expensive or as cheap as he pleases.

The form of Tender and Specification will of course effectually secure the object intended by the Directors. The character of the definite requirements of the one and the indefinite conditions of the other, will be sure to deter outsiders from touching the work and leave the Directors to practice again the system of check-exchanging, to accept such names as sureties, as will answer their purpose, and secure the contract to the initiated at a price which will enable him to enrich them all at the expense of the undertaking.

The Contractor pays the salaries of the Vice-President and Manager—the Chief Engineer and staff, and the Secretary of the Company, which is composed of the Contractor himself. It needs no prophet to tell the result.

This was the course adopted by the Grand Trunk Directory, and I have no doubt but the English proprietors of that road are by this time fully sensible of the egregious folly and ruinous effects of the system, not only from the excessive cost of the

11a

Road itself, but also from the vast expenditure rendered hourly necessary to keep the half finished and dilapidating structure in any thing like working order, and they must be also aware that had it not been for the virtual bestowment of some fifteen or sixteen millions of dollars by the Province, their investments would have been a total loss, and the Company must have long since become utterly bankrupt. The Provincial Exchequer will also feel this system of management for all time to come, and, you may rest assured, you will not escape a similar punishment if you allow yourselves to be wheedled into giving assistance to this project. You will certainly find it another Grand Trunk without, it is to be hoped, having the Province to fall back on.

I give below the form of Tender and Specification entire.— They are worth examining as curiosities. The Plan of the Specification will be found to possess some very distinguishing features. *While it effectually secures the object intended by the Directors* it also greatly economises preliminary thought and labor—renders it unnecessary to make any examination of the route for the Road,—gives ample scope for the development of engineering skill and genius, “while the work progresses,” and it can be used for a Prospectus quite as well as for a Specification.

Having brought down a history of the transactions, connected with this measure, to this point, your attention is now specially invited to the route of the road, as decided upon by the Board of Directors, and which their very convenient Engineer styled in his evidence before the Committee already alluded to, as being, after “a thorough examination of the country was made, the best for the proposed line.” Now, I have distinctly to state, and I do so without fear of successful contradiction, that no examination of the country was made by this gentleman, or others in the employ of the Company, to ascertain the best route for the Road. The line from St. Thomas, eastward, is just the line he was directed to lay down, without even a pretence at an examination of the country or an investigation of the subject.

I have, for your better understanding of the question of route, appended a map, showing the line adopted by the Board, in black, as well as that which should be, in red. I do not now propose to discuss the route of the Road from the Village of St. Thomas, westward, notwithstanding I have extended the red line from this point to an intersection with the Great Western, at Chatham. It is believed, however, that a glance at the map will make it evident, that this is the proper line for the Road, and more especially when it is known that the space between Lakes St. Clair and Erie is chiefly composed of water marsh, leaving but a strip, on the Erie side, capable of cultivation, from which to obtain local traffic. From Chatham to De-

troit, where the Michigan Southern and Central, and the Detroit and Milwaukee Railways have their terminals, the track of the Great Western could be doubled, at a trifling cost, and thus a better Road could be secured, for the interest of both Companies, than if each possessed a separate single track, and no doubt, the Great Western would be glad to make the most satisfactory arrangements in this respect, rather than have another independant and competing line running so close to their own, to the same point. But taking the line in black which the Company have themselves laid down, from Amherstburg and Windsor till it reaches St. Thomas, I am convinced, I shall be able to show, that from this point east to the Niagara River, the route is one which no Engineer, guided only by a proper sense of his duty to the Shareholders, would recommend. Starting from St. Thomas eastward, the line, it will be seen, intersects the old Woodstock and Lake Erie line, a short distance south of the village of Otterville. The only reason, which can be with truth assigned for this deviation from that village, is, that parties connected with the project are property holders at the point of intersection. From this point the line makes nearly a right angle, from its proper easterly course, to the south, until it reaches the village of Simcoe. Now I deny the possibility of any valid reason in the interest of the road being shown, for running the line in this direction, and I run no chance of contradiction in stating, that no Engineer, of any professional standing in the country, would dare to recommend, for adoption, a line running so directly out of the course of business—so palpably injurious to the enterprise, and the interests of those who may be induced to invest in it—and so utterly absurd, ridiculous, and preposterous in itself; as this line clearly and unmistakeably is. But, as I said before, the line is just the one this convenient Engineer was directed to lay down, and you are expected to furnish the funds for its construction. Starting from Simcoe, which lies nearly on a level with the creek which runs through it, the cutting through a high ridge which bounds the village on the east will be the heaviest piece of work on the line till it strikes the Grand River. Here a dangerous Draw Bridge, a structure always to be avoided, if possible, must be built in deep water. From this point its course is in the direction of the Falls, forking at Pelham Hoights, to the Suspension Bridge and Buffalo. In addition to this out of the way monster project for wallowing up your funds—the Road from Simcoe to Dover is al. under contract, notwithstanding both the Directors and Engineer must be well aware the business of this branch will not pay for the oil consumed by the locomotive running over it. Nothing, of course, will be deposited at Dover from the Lako to go east to Buffalo, or west to the Detroit River, by rail, and it would be just as absurd to suppose that

anything will be transferred from the rail to be shipped at Dover for either of these points. Neither travel, traffic, nor business of any description will go over this extension. But, two of the Directors reside in the village, and it is necessary, of course, that they, also, should be accommodated, and the profits of the additional number of miles of road building be secured, at the expense of the investors in the project. And besides, in addition to all this, the Municipalities are to be paid in the Bonds of the Company the \$580,000, with the interest accrued, amounting altogether to some seven hundred thousand dollars, which is not of the value of one farthing to the road, and which, as I said before, was offered to Mr. Zimmerman for seventy-five thousand pounds, (\$3000.)

The line which I have now pointed out, and which is that recommended by the Engineer and adopted by the disinterested Directors, it will be seen, is carried from the point of its intersection with the Woodstock and Lake Erie line, as far away from the St. Lawrence route as it is possible to get it, and the Road is thus cut off from its proper connection with the head of Lake Ontario, and the St. Lawrence channel of communication with the sea-board. It, also, gives the direct go-by to the Grand Trunk, the Cities of Hamilton, and Toronto, and in fact, to the whole of Canada, North and East of the Peninsula. It is, in truth, a more American highway between the States of New York and Michigan, through Canadian territory, and ignores the great St. Lawrence route to all the maritime portions of the world, and this, in the face of the facts, besides, that this country has been specially legislating in the interest of this route,—that Great Britain is deeply interested in its success, and is subsidizing our steamers to foster it, a course which Canada has also adopted,—that the whole Western section of the United States is anxiously alive to the subject of increased facilities for reaching the sea-board, by the St. Lawrence—that the Grand Trunk is expending millions of dollars, in the State of Michigan, to reach, even by the most circuitous route, the traffic and trade of the West—that the Northern or Ontario and Owen Sound Railway was built mainly, and the Welland Railway solely and exclusively to secure the Western trade to and from the St. Lawrence route, and that no doubt exists in the minds of any, on either side of the line, Canada or the United States, who have given the subject any consideration, but that this route must become, at no distant day, the channel of communication between Europe and Western America, and on to the Pacific Ocean. But these, which would be paramount considerations with any Company, guided by a sense of their own interests, in the selection of the route possess no value whatever in the eyes of those who control the project. All they appear to care for is how to swell

the a
their

I v
sense
woul
road
will
St. T
twoc
Erie
till it
Bridg
on a
the w
sell.
any o
Detro
now
exter
with
large
recen
st.ort
twen
ter in
and
place
even
traffi
the v
inters
tion
millto
City
conn
Gran
the I
No r
no h
to sh
Here
giving
pass
And,
in it
prom
Huro

the amount of expenditure, and to secure, at the same time, their own local and personal interests.

I would now beg leave to point out the route which common sense would dictate, and common honesty to the Shareholders would adopt, as the proper one for the eastern section of the road from St. Thomas. By again referring to the map, you will find, that a line extended on a direct easterly course, from St. Thomas, via Otterville, divides the distance, equally, between the two channels of communication, that is to say Lake Erie on the south and the Great Western on the north side, till it strikes Caledonia, on the Grand River. At this point a Bridge can be constructed *without a swing*, in shallow water, and on a rock bottom, and no engineering difficulty whatever on the whole route from St. Thomas, or at this point, presents itself. Caledonia is itself a place of far more importance than any other on the whole line of road, between the Niagara and Detroit Rivers. And though but of recent settlement, it has now in, and within a mile and three quarters of its limits, three extensive Flouring Mills, eight Saw Mills, Foundry Works, with other corresponding mechanical operations. One of the largest and most perfect Woolen Factories in the country, was recently destroyed by fire here, but which it is understood will shortly be rebuilt. It has, within the same distance, a fall of twenty-four feet of the Grand River, the largest stream of water in Western Canada, affording water power to any extent, and which must make it one of the largest manufacturing places in the country, as wealth and population increase. But, even now, it would contribute as much freight and passenger traffic as all the other Villages together would of themselves on the whole line of Road. *At this point, it will be seen, the line intersects the Buffalo and Lake Huron Railway, and forms a junction with the Railway running from Caledonia to the City of Hamilton, and thence by the Hamilton and Toronto Railway to the City of Toronto*, by which means the most direct and valuable connections are secured with those cities, the St. Lawrence and Grand Trunk routes, as well as with the American seaboard by the Buffalo and Lake Huron Railway, to the City of Buffalo. No reason whatever in the interest of the Road can be given—no honest argument, whatever can be adduced or maintained, to shew that the Road should extend a foot beyond Caledonia. Here it is complete, in every particular, and for every purpose giving the most direct access to both the great highways for passenger and freight traffic, between the East and the West. And, besides, it would not only be a piece of the grossest folly, in itself, but it would also be the most arrant injustice to the promoters of the Great Western, and the Buffalo and Lake Huron Railways—the former dividing but three per cent. per

annum, and the latter hardly paying its running expenses, to run another independent and competing line through this end of the Peninsula. *And this, too, when it is known, that the whole of the Buffalo and Lake Huron Railway, running from Buffalo, in the State of New York, to Goderich on Lake Huron, 161 miles long, with all its rolling stock, and finished and equipt in every particular, together with the Road from Hamilton to Caledonia, could be purchased out and out, and the Niagara and Detroit Rivers Railway could be built and equipt in a like manner, from the Detroit River to its proper intersection and junction with these Roads at Caledonia—thus securing the whole of the three roads, for several millions of dollars less than the sum Morton is to receive for the completion of the Niagara and Detroit Rivers Railway alone.*

The City of Hamilton, situated at the head of Lake Ontario, is by far the best distributing point for the products of the West, of any other place in Canada, and is, besides, a much better position for this purpose than the City of Buffalo, at the foot of Lake Erie. Property can be transported from Hamilton to the Cities of Albany, New York and Boston, at much less rates, and with greater expedition by Lake Ontario to Oswego, and Ogdensburg, and thence by canal or rail, than from Buffalo to Albany and those Atlantic Cities, and, so soon as the proper class of screw Propellers are put on the Lake Ontario route, which the enterprising citizens of Oswego and Ogdensburg will not fail to provide, both the Great Western and the Road in question, if built on the route to make it available for this business, will secure as much freight traffic as they can possibly do. The Great West, though but yet in its infancy, is pouring out its products in large volume, and is increasing them at the rate of about fifty per cent every six or seven years. These products will, as a matter of course, seek the cheapest and most expeditious channels of communication to the Eastern Markets, and unquestionably, make this their chief route, if opened to them, both to the American seaboard and Quebec. Every stick of oak and pine timber—every foot of walnut, oak and pine lumber, every stave, mast and spar on the line of this route, destined for Albany, New York, Boston, Montreal, Quebec and the Atlantic, would, without any doubt whatever, take the Lake Ontario route, if provided with the facilities I have pointed out for so doing. *All these products can be taken up where they are manufactured, and be deposited at those American points, for, at least, thirty per cent less than by the way of Buffalo, and at a cheaper rate, and with more expedition and safety, to Montreal and Quebec, than by the Welland Canal or any other route whatever.* This description of freight business is the largest and most profitable the Northern or Ontario and Owen Sound Railway enjoys, and the article of staves, alone, has fur-

nished the largest freight traffic the Great Western has done to the head of Lake Ontario, the present season, and these products are vastly more extensive, on the route of the Road by Caledonia, than the Great Western or the Northern Road can claim. In fact, this route would open up and place in the best position for market the richest lumbering section to be found in Western Canada. These products would give a very large traffic to the Road, for many years to come, if afforded the means of reaching the point of distribution at the City of Hamilton, a city which possesses a population of from twenty-five to twenty-eight thousand inhabitants, and which, under the influence of the trade it would thus enjoy, would soon number a hundred thousand, and become the largest city in Canada, and be, of itself, capable of affording a large passenger and freight traffic to both roads. And all this, as well as the American route, by Buffalo, could be secured by adopting the course I have pointed out, that is to say, running the Road from its Western termini, at Amherstburg, and Windsor, on the Detroit River, by the way of St. Thomas, Otterville and Caledonia, and terminating it at this point, *for a sum not exceeding six millions of dollars while some thirteen millions are to be expended on a line giving no direct connection with the City of Hamilton the head of Lake Ontario, and the St. Lawrence and Grand Trunk routes, to the ocean, or with the Cities of Albany, New York, and Boston, by way of Oswego and Ogdensburg.*

But, all those self-evident advantages secured by the Caledonia route, are to be ignored, the road is to be deprived of half its traffic, at least, and millions of dollars are to be expended in running it out of its proper course, to increase the expenditure and secure ample spoils, under the pretext, which will no doubt be presented to you, of the advantages to be derived from the traffic secured, by a connection with the two inland Villages of Simcoe and Cayuga—one as old as the City of Hamilton, containing under two thousand inhabitants, the other, of some thirty years growth, and numbering under four hundred settlers. A pretext utterly falacious, ridiculous and absurd. Any number of as valuable points will spring up along the line of Road no matter where built.

But I am reminded by the Act incorporating the Company, that the Directors did not lose sight of the vast advantages of a connection with the Grand Trunk and St. Lawrence routes. A clause in the Act gives them the power to amalgamate with "the Brantford and Great South Western," a road which is not in existence, and which would, if built, be a second to the Woodstock and Lake Erie Railway and Harbor Swindle. By this imaginary road they are also allowed to connect with the Grand Trunk. To effect this object, it will be necessary to build some

seventy or eighty miles of additional road, at a cost of several millions of dollars, on the most out of the way and ridiculous route that ever entered the heads of Railway projectors, and this, while by adopting the proper line at once, for the Road, the most valuable connections are already constructed to their hands. But, however ridiculous this amalgamating and connecting project may be, the profits of Railway building are too valuable and enticing to admit of its being neglected, and, you may rely upon it, the Trunk will not be completed before this branch is commenced, and the very arguments I have adduced for a connection with the St. Lawrence and Grand Trunk, will be reiterated by the Directors, on behalf of this excessively ridiculous extension.

As I said before no honest argument exists for running the road East of Caledonia, but should the time arrive when the present roads are found inadequate to the business, and making it necessary to supply additional facilities for the work to be done, a line from Caledonia, through this section of the Peninsula, to the Suspension Bridge and Buffalo, would be very much superior for this purpose, and for the interest of the proprietors, to the route adopted. This line, it will be seen, would run central between the Buffalo and Lake Huron and the Great Western Railways, through the best settled portion of the Peninsula, and the route is so favorable for the construction of a Railway, that one of the most practical and scientific Engineers in the country, a gentleman who knows the locality, and whose opinion on a question of this kind will not be questioned here, says a first class Railway could be built on this line, for the comparatively small sum of sixteen thousand dollars per mile. But the Suspension Bridge is of itself no point for the terminus of a Railway. It has attained its present position solely through the mistake made in locating the Great Western, and the New York Central was forced to form a connection with it, to complete the chain between the East and West, Buffalo is the only point of the slightest importance for the Eastern terminus of this Road, on the Niagara frontier. Here it would connect with the New York and Erie, the Buffalo and Erie, the Buffalo and Niagara Falls, and other Railways, and by these with all the Railways to the Atlantic Seaboard, and have, besides, its terminus at a city of a hundred thousand inhabitants. When a Bridge is built at this point, across the Niagara River, a project of which there is now no doubt, the bulk of the travel, as well as nearly the whole of the freight traffic crossing the Niagara River, will unquestionably take this route, and it would be, under these circumstances a reckless waste of money to construct a Road and entail its running expenses, to the Suspension Bridge. By adopting the course I have pointed out of terminating the Road at Caledonia,

the Buffalo and Lake Huron Company, I am advised, are prepared to make the most favorable arrangements with the Company, who could also make the most satisfactory connection with the branch from Caledonia to Hamilton, to reach Lake Ontario, and the Grand Trunk, and thus the whole scheme could be completed at a cost, as I have said before, not exceeding six millions of dollars, *with honest management.*

At the first and only interview I ever had with Mr. Street the Engineer, he appeared anxious to give me to understand, while pointing out to him the ruinous route adopted for the Road, that as it was, as he said, through the instrumentality of the Grand Trunk, the Company expected to raise the funds for its construction, no connection with the St. Lawrence route would be entertained. And a letter, addressed by Mr. Buchanan, to Dr. O. F. Presby of Buffalo, under date the 31st December last, says.—“I have to thank you for the newspaper containing the proceedings of the corporation of Buffalo in regard to the International Bridge. It will be a great pity if Buffalo does not get Mr. A. N. Ross enlisted in its favor, as the English Capitalists, (the Grand Trunk party) who support him in building the Bridge, would be also directly interested in assisting to build the Southern Road. It appears to me that Buffalo has now the opportunity of reasserting the commanding position which was upset by the Great Western diverting the travel eastward, over Suspension Bridge. If the arrangement were made with Mr. Ross, I would view the property in Buffalo worth double what it will otherwise be.”—And the Directors of the project in question, offered to give the corporation of Buffalo, the sum of sixty thousand dollars per year, for fifteen years, out of the earnings of the Road, on condition that the same Mr. Ross should have the building of the Bridge at \$2,500,000, while other parties offered to erect as substantial and useful a structure for one half that sum. From this testimony, furnished by the parties themselves connected with the Road, you will, it is hoped, be prepared for the insidious course of those Grand Trunk gentlemen, who, not content with inveigling, for their own profit, the shareholders in that Road, and the Province into that mammoth swindle and folly, the Victoria Bridge, which will cost about as much as the Welland Canal, connecting Lakes Erie and Ontario, would, also, as a condition of their securing an interest in the Southern Road, lend their powerful assistance to induce the English Proprietors of the Grand Trunk to palm off on you the Bonds and Stock of a road, which they themselves, in league with the Directors of the Company, render worthless, by forcing it out of the course of traffic by the St. Lawrence and Grand Trunk Routes, for the sole purpose of lengthening it to swell the profits in construction, securing the local interests of the Vice President

and some three other Directors at the Villages of Simeco and Dover.

The capital of the Company, as defined in the Act of Incorporation, is *limited to ten millions of dollars*, while it will be seen, Morton's contract *amounts to nearly thirteen millions*. And judging from the conduct of the parties to the project, hitherto, and from what I know of them and their movements, I am well convinced the undertaking will foot up *over twenty millions* before the whole scheme is completed, and, as is the case with the investors in the Grand Trunk, a Railway which has enriched all connected with it, except its Bond and Shareholders, you will also find there will be no end to the calls on your funds, should you be so unfortunate as to be inveigled into embarking in the enterprise, an enterprise which can only be properly characterised as a mammoth swindle.

It is understood the Directors are endeavoring to negotiate with the New York Central Railway, for assistance to the project. They are offering every condition, within their power to grant, to secure a guarantee from that Company, that they will transfer their business from the Great Western to the Southern line. They fancy, if they could effect this object, they would be in a position to float off their Bonds and Stock, in the English Market, to good advantage. But the New York Central will not be likely to trammel themselves in this respect, nor would a guarantee of this nature, if obtained, afford security against repudiation by those who may succeed to the control of that Road, and I am very certain, its efficient Managers, Messrs. Corning and Richmond, gentlemen who have a character to maintain, as the head of the most important Railway in the United States, will not be likely to lend their assistance to give a value to the project which they have not the power to secure, and which, they must be aware, would only be fictitious and deceptive. Those gentlemen, also, understand Railway matters too well, and especially with regard to the necessity of economy in construction securing the most direct route between the great highways of traffic, and guarding against ruinous competition with other Roads, to afford them other aid when made acquainted with the existing facts in relation to those subjects and the general history of this Railway scheme.

When the present parties were contending, some two or three years ago, in the Legislature, for the control of the Road—not to be enabled to put anything into the project, but to be legally empowered to abstract all the money they could out of it, I addressed a circular letter, (which Mr. Buchanan had re-printed and circulated amongst the capitalists of England and Scotland to show the value of the scheme,) to each member of our Legislature, advocating the propriety of relieving the contend-

ing parties from further trouble in the matter, by giving the Charter to the Grand Trunk, believing that it would be the means of counterbalancing, in some degree, the worthless roads, which that Company had to build and assume, to buy up legislation. The deceptive course adopted up to that period by the Railway financiers of the United States, in paying large dividends out of capital, induced a general belief that this description of property was very valuable, and would pay well at almost any cost. But this bubble has burst, and it is now very evident that the schemers only were the parties realising. It is now certain, if Railways are to be sources of revenue to the investors, they must not only be laid down on the most direct routes of passenger and freight traffic, but the utmost care must be taken that not a foot of unnecessary road is built, or ruinous competition provoked, and that the money for their construction must be expended solely for this purpose, instead of going into the pockets of the projectors, managers, and wirepullers of the project. I then believed, and am yet confident, if this course were pursued, and the connection with the St. Lawrence routes and Grand Trunk, in that circular strongly advocated, were secured, the Road would pay. *But every one of these indispensable conditions is ignored by the promoters of this project.*

I have now, gentlemen, given you a history, in as few words as I could, to make the subject intelligible, of the matters and parties in connection with this Railway project, which will be submitted for the investment of your capital, and the securing of your influence. I have, also, endeavored to lay before you the absurd and utterly ruinous route adopted for the Road, and I have also pointed out the course which would be pursued, and the route which would be selected by any Board of Directors, having the interest of the Share and Bondholders in view, or by any party controlling the project as a private enterprise, in which their own capital and profits were involved; and, I have now only to add, should you, in the face of the facts here presented, be induced to place your money at the disposal of those parties, you will, I think, have but yourselves to blame, when you find your investments not worth twenty cents in the dollar. *It will be seen that 55 per cent. is above the Cash value, which the Directors themselves put upon the Company's Bonds and Stock, when Morton's tender, payable in these availables, is contrasted with Hayden & Co's. cash tender, but, even this estimate of value is far more than the security of the Road will warrant. Remembering how many have their fortunes depending on the enterprise, which will greatly curtail the amount available to be expended on the work, and remembering, besides, that the Bonds to be given to the Municipalities, with the payments to be made to Messrs. Buchanan and Rankin, amounting in all,*

30 NIAGARA & DETROIT RIVERS RAILWAY.

with the interest accrued and accruing, to over a Million and a half of dollars which will constitute an additional dead weight on the road, and add to which the millions which will be squandered in carrying the Road out of its proper course, to lengthen the line, as well as cutting it off from one of its most profitable sources of revenue, by running it out of the course of Freight and Passenger Traffic by the St. Lawrence and Grand Trunk, and I think you will be able to agree with me that the Bonds and Stock of the Company WILL BE DEPRECIATED MUCH BELOW THE DIRECTORS OWN ESTIMATE OF THEIR VALUE.

I am, Gentlemen,

Your very obedient servant,

JAMES LITTLE.

CALEDONIA, C. W.,)
June 15th 1859.)

and a
eight
quan-
gthen
table
eight
runk,
onds
elow

Niagara and Detroit Rivers Railway.

T E N D E R

For the construction of the Main Line of Railway from the Niagara River to the Detroit River, and of the Branch Lines to Fort Erie and Amherstburgh.

To the President and Directors of the Niagara and Detroit Rivers Railway Company.

of _____

do hereby offer and agree to construct and complete your Railway from the Niagara River, at the Town of Clifton, to the Detroit Rives, at the Town of Windsor, and also Branch Railways from such points on the Main Line as may be determined by the Company, to the aforesaid Rivers at Fort Erie and Amherstburgh.

The said Main and Branch Lines of Railway to be constructed, equipped, and fully completed, in strict accordance with the terms of the General Specification which has been exhibited to by your Engineer, J. C. Street, Esquire, and to be delivered to the Company free of all further charge whatsoever, for the sum of _____ Dollars per mile of Single Track Railway, including all Works of Construction Permanent Way or Superstructure, Right of Way, Stations and Rolling Stock, Engineering and all other expenses of the Company, together with Interest, at six per cent. per annum on the Capital of the Company, from time to time paid up, during the construction of the Railway.

And _____ hereby declare, that the sum which _____ propose to expend per mile of Railway, on the items included under the head of "Rolling Stock and Stations," as described in the General Specification, is _____ Dollars, and that the same is included in the aforesaid mileage rate of _____ Dollars.

32 NIAGARA & DETROIT RIVERS RAILWAY.

And provided the Company shall determine to purchase the Right of Way, hereby further agree to complete the Railway, including Stations and Rolling Stock, Engineering, and general Expenses and Interest on Capital, but exclusive of the Right of Way, for the sum of
Dollars per mile of Single Track Railway.

And should the Company resolve to construct a Second Track, on any part of the Main or Branch Lines of Railway, hereby offer to complete the same, including Engineering and general expenses of the Company, together with Interest, and all the items above enumerated, with the exception of "Rolling Stock and Stations," (the whole expenditure on which is included in the above tender for a Single Track) for the additional sum of
Dollars per mile of Second Track.

And propose to receive payment of the foregoing amounts as follows, that is to say:—Two-thirds of each amount in Stock of the Company, and one-third of each amount in Bonds of the Company.

And do hereby agree to subscribe for Two Millions of Dollars of the Capital Stock of the Company, and are ready and prepared now to pay a deposit of ten per cent. on One Million Two Hundred Thousand Dollars of such Stock into the Bank of
to the credit of this Company, and hereby undertake within one month of the acceptance of Tender, to pay the further deposit of ten per cent. on the balance of Eight Hundred Thousand Dollars of the said Stock into the aforesaid Bank.

And in case this Tender be accepted, hereby undertake, on or before the First Day of July next, to execute a Contract in accordance with the Terms of the aforesaid Specification; and that such Contract shall contain a clause whereby the same shall become void and utterly cease, without any compensation to the Contractor, on his making an Assignment of the said Contract, or any part thereof, unless the consent of the said Company, under their Corporate Seal, be first had and obtained. Also, a clause authorizing the Company to retain in their hands ten per cent. on all payments, (of what kind soever) to be made to the Contractor until the settlement on the final estimate of the Chief Engineer, or stoppage of the works. And also in conjunction with Sureties, to execute a Bond to the undermentioned amount for the due performance thereof. The said Contract and Bond to be prepared by the Solicitor of the Niagara and Detroit Rivers Railway Company.

And propose
of.....
and.....
of.....

as Sureties jointly and severally with _____ to the amount of ten per cent. on the amount of this Tender, for the due performance of the Contract; which Sureties have signified their assent by attaching their Hands and Seals to the Obligation marked with the letter "A." hereunto annexed.

Witness Hand this day of
One Thousand Eight Hundred and Fifty-nine.

NOTE—The Tender must be on this Printed Form: it must be Sealed and Endorsed "*Tender for the Construction of the Niagara and Detroit Rivers Railway*," and delivered to the Secretary of the Company at Hamilton, on or before Noon of Saturday, the 18th day of June, 1859.

[A.]

OBLIGATION TO BE EXECUTED BY THE SURETIES.

WE, the Undersigned,
of _____ and _____ hereby jointly and severally covenant, promise and agree, with the NIAGARA AND DETROIT RIVERS RAILWAY COMPANY, to become the Sureties of _____ to the amount of ten per cent. on the amount of _____ Tender hereto annexed, for the due and faithful performance of all the covenants, conditions and agreements of the said Contract for the construction and completion of their Railway, and all other matters and things relating thereto

IN WITNESS WHEREOF, we have hereto set our Hands and Seals, this _____ day of _____ 1859.

WITNESS,

Niagara and Detroit Rivers Railway.

General Specification for Works on Main Line and Bridges.

LAND—The Land to be provided by the Contractor for the Line of Railway, shall be sufficient for a Double Track and of such width as may be determined by the Engineer, the Contractor also to provide all the necessary Land for Stations, Road Approaches, Diversions of Roads, Streams, &c., and for spoil Banks and Borrowings, and Ballast Pits.

FENCING—The Line of Railway and Stations Grounds to be Fenced throughout with a good substantial Post and Board or Rail Fence, as shall be directed.

CLEARING AND GRUBBING—The Land provided for the Line of Railway and Station Grounds to be cleared throughout its whole extent, and all timber on the outside of the Company's fence which may endanger the Railway by falling, also to be cleared, all clearing, close cutting and grubbing, to be executed in strict accordance with the detailed Specifications, hereinafter referred to.

GRADING—The Excavations to be, 1st, 22 feet wide at formation level, which will be 1 foot 10½ inches below the upper surface of Rails. The slopes in ordinary soils to be 1½ to 1, and they shall be increased or diminished as the Engineer may direct. The embankment to be 18 feet wide at formation level, which will be 1 foot 10½ inches below the upper surface of Rails, the inclination of the slopes shall be 1½ to 1, but this inclination shall be altered as the nature of the material may in the opinion of the Engineer render necessary.

DRAINAGE—All Ditches which may be necessary for the perfect drainage of the Way and Works shall be cut by the Contractor as may be hereafter directed.

VIADUCTS—The Viaducts and large Bridges under the Railway to consist of Piers and abutments of Masonry or Brick Work, as may be directed by the Engineer. They shall be of sufficient width for a double track and covered with wrought iron tubes or girders, the tubes or girders to be constructed for

a single track, and according to such plans and on such principles as the Company's Engineer shall hereafter specify.

Arching of Masonry or Brick Work shall be substituted for tubes or girders where deemed expedient by the Engineer.

Draw Bridges of wrought iron and of such span as may be directed to be provided for the crossing of the Welland Canal and other navigable waters.

CULVERTS AND SMALL BRIDGES—All Culverts and Abutments of small Bridges under the Railway to be constructed for a double Track, and to be built of Masonry or Brick Work as may be directed, the tops of Bridges of small span, may at the discretion of the Engineer be constructed of timber, and open drains of masonry, brick work or timber may be adopted as he shall direct.

BRIDGES OVER THE RAILWAY—All Bridges for carrying public or private roads over the Railway shall be constructed of masonry or brick work and timber in such manner as shall be directed, and they shall be of sufficient span for a double track.

SURFACE CROSSINGS—Public Road Crossing shall be provided with proper notice boards, cattle guards, and oak guard rails, they shall also be planted in the usual way.

Approaches to Bridges and Surface Crossings shall be formed of such width and at such inclination as shall be directed by the Engineer, they shall be planted or covered with good clean gravel, or broken stone one foot in dept, and proper drains or culverts shall be constructed beneath them as may be directed.

PERMANENT WAY—The Permanent Way shall consist of a single track with sidings, as provided for under the head of Stations.

RAILS AND FASTENINGS—The iron rails for the permanent way shall be of the weight of 65 lb per lineal yard and they shall be secured at the joints by fishing plates and bolts, the rails and fastenings to be constructed in accordance with detailed plan and specifications to be furnished by the Engineer, and the weight and form of the fishing plates, bolts, chairs, and spikes, to be determined by him.

TIES—The ties shall be of white oak or tamarack, or other timber approved by the Engineer who shall also determine the number of Ties to be used. They shall be 9 feet long, 12 inches wide, and 6 inches in thickness, and they must be of these dimensions after being adzed down to a face of 9 inches width.

36 NIAGARA & DETROIT RIVERS RAILWAY.

BALLAST—The material for Ballasting shall be broken stone, clay, gravel, or coarse sand, as the Engineer shall direct, and the relative quantities of these materials shall be determined by him. No stone larger than a cube of two inches shall be used. The total quantity of Ballast shall be 2 cubic yards per lineal yard of Railway.

ROLLING STOCK AND STATIONS—The Engineer, Passenger, Freight and Platform Cars, and all other Rolling Stock, to be provided by the Contractor for working the line of Railway, shall be constructed according to plans and specifications to be furnished by the Engineer.

The Contractor shall also provide all Stations, Lands, Sidings, Switches, Signals, Turntables, Station-houses, Freight-houses, Engine-stables, Tank-houses, Woodsheds, Workshops, and Machinery, and he shall also execute all Grading, Wharfing, and all other Station Works as may be directed by the Engineer, the whole to be in accordance with plans and specifications to be provided by him.

The total amount to be expended by the Contractor with due regard to economy on items above enumerated under the head "Rolling Stock and Stations," shall be determined by the Contractor, and the relative amounts to be expended on the various items shall be determined by the Company's Engineer, whose estimate of the amount so expended shall be final and binding on the Contractor.

The Location, Gradients, and Curves of the Railway shall be determined by the Chief Engineer of the Company, and the whole of the works described in the foregoing specification shall be constructed in a substantial and workmanlike manner to his satisfaction in strict accordance with his directions, and with detailed plans and specifications to be furnished by him as the work progresses.

The Railway and Rolling Stock to be fully completed and delivered to the Company on or before the 31st day of December, 1861.

NIAGA

The
met in
in the
Mr.
that h
Merce
Mr.
of the
remar
of the
existe
sition
Judge
not at
Mr.
single
the cle
of the
everyt
Mr.
—He
ra and
Dr. So
odd-sh
which
stock.
stock.
cent. h
on the
ing at
ier of
others
deposi
in my
Mr. M
Morton

NIAGARA AND DETROIT RIVERS RAILWAY COMMITTEE.

EXAMINATION OF WITNESSES.

The Select Committee of the Legislative Council on this Bill, met in their Rooms at eleven o'clock yesterday, Hon. Mr. Ross in the chair.

Mr. STRONG (with whom was associated Mr. Blake,) stated that his learned friend and himself appeared as Counsel for the Mercer-Board, and they wished to cross-examine Mr. Smart.

Mr. FOLEY desired to be informed of the names and residences of the Directors for whom Messrs. Strong and Blake appeared, remarking that for all that was known to the contrary, many of the parties set down as alleged opponents of the bill had no existence whatever, and others repudiated altogether the opposition made in their name. One of these parties, in particular, Judge Stevens, of Buffalo, had positively declared that he was not at all opposed to the bill.

Mr. STRONG replied that even though he appeared but for a single petitioner he had a right to be heard. He would hand to the clerk a list of the names and residences of at least a majority of the Mercer-Board opposing the Bill. The petition explained everything.

Mr. SMART was then called and cross-examined by Mr. Blake—He said: I produce a list of all the Stockholders in the Niagara and Detroit Rivers Railway Company, with the exception of Dr. Southwick. It includes the Wallace stock. The 12,000-and-odd-shares which I stated yesterday had been voted on, and on which 10 per cent. had been paid, did not include the Wallace stock. There were 220 shares voted on exclusive of the Wallace stock. Of these 80 were held by Mr. Macbeth, and the 10 per cent. had been duly paid long before the meeting at St. Thomas on the 24th of August last. I acted as Secretary at the meeting at St. Thomas. A letter was then produced from the Cashier of the Bank of Upper Canada, certifying that Mr. Rae and others were entitled to vote in consequence of their having duly deposited the 10 per cent. I got it from Mr. Morton. It was in my hands at the time of the meeting, and I returned it to Mr. Morton a day or two after. This was at London. Mr. Morton and I went direct to London on that occasion. At the

time I received the letter from Mr. Morton I was aware that the claims were in force and had been subsisting long previously. At the same time I got the cheque for £30,000 from Mr. Morton. That cheque has never been honored, but the cheque substituted therefor, on the Quebec Bank, some weeks after, has been honored. During the interval of the transfer I had no other evidence than the cheque of there being funds to the credit of the Company. I received no instructions not to present the cheque on the Bank of Upper Canada. I did not present the cheque to Mr. Macbeth for endorsement. I cannot say whether or not I communicated to him the fact of the receipt of the cheque on the Bank of Upper Canada. But he was aware of it. This cheque remained in my custody till it was cancelled about the 16th of October. It was cancelled under the instructions of the Macbeth Board. There was no cheque on the Quebec Bank. But a certificate of the deposit was received from Mr. Giddings, that the £30,000 had been deposited in the Quebec Bank. Can produce that certificate. The £30,000 was produced by the President. Cannot say whether the certificate states when or by whom the deposit was made. That certificate was returned to Mr. Morton.

Mr. BLAKE asked the witness would he then say that the evidence given by him in Chancery respecting the road was correct.

Witness at first refused to answer, as he said it was an extraordinary question.

The CHAIRMAN thought the witness had better answer the question.

Witness then said—The evidence I have given on oath in the Court of Chancery was correct.

Mr. BLAKE—Do your present statements vary from it?

Witness—Not to my knowledge.

To Mr. DURNA—To the best of my knowledge, J. Mercer, Paul Salter, Joseph Mercer, and James Ferres, each hold 10 shares of the Wallace stock. That is the only qualification they have as shareholders.

To Mr. BLAKE—In November 1857, Mr. Morton qualified certain nominees of Mr. Rankin, namely, George Dart, — Cunningham, John Mercer, Paul Salter, John Ferres, Joseph Mercer, Charles Baby, Col. Askin and another, on ten shares each of the Wallace stock. This I am aware of personally. I cannot say to my knowledge whether at that time they had any other title. There were but 220 shares of the old Amherstburgh and St. Thomas Railroad stock.

Mr. FOLEY—On the morning of the election of Directors, do you remember showing Mr. Christie and myself a letter from Mr. Ridout acknowledging the £30,000 as paid into the Bank of Upper Canada,

The Chairman did not think the question material.

To Mr. FOLEY—I never heard of E. P. Stevens, E. S. Warren, or W. Stuart being connected with the Railroad or Stockholders or otherwise. But was told by Mr. Stevens they had been connected with the matter since the 17th of August previous, and wished to get out of it, having been deceived.

To the Chairman—The three persons last named live in the United States.

To Mr. BLAKE—Mr. Macbeth on the morning of the election qualified Colin Munroe and Dr. Presby to become Directors, and to my knowledge that was their only qualification. They each paid in 10 per cent. deposit. I have no doubt of the *bona fide* character of the transaction between these two parties. The transfer was only entered before the meeting.

Mr. STREET examined by Mr. Foley:—I was chief engineer on the Niagara and Detroit Rivers Railway. In February and March, 1857, I made a thorough examination of the country along the proposed line, and am in a position to state that the route indicated in the map is the best for the proposed line. In February 1858, the surveys and preliminary surveys were far advanced, and cost altogether \$40,000, of which I have received \$30,000 from the Macbeth Board. The staff employed since February is still at work, and the work of construction is now so far advanced that it might be commenced at any moment. The present Board have fitted up very extensive offices in Hamilton.

To Mr. BLAKE—About \$15,000 of the \$30,000 accrued and was paid prior to the 15th October last, and \$2,000 or \$3,000 was then owing to myself. I answer approximately. This expenditure was on the surveys.

To Mr. FOLEY—The work is still regularly prosecuted, and I receive weekly what I require. A considerable sum must have been expended on the Company's offices in Hamilton; but the amount I am unable to state. I am well aware that generally throughout the line—and indeed with the single exception of the County of Essex—there is a strong feeling of confidence in the Macbeth Board. Generally, I think the municipalities along the line of road have no confidence in the other Board.

To Mr. BLAKE—My salary as engineer is not determined. I am paid on account. Having appropriated from \$1,800 to \$2,000 of the money passing through my hands on account of my salary since the survey commenced.

The investigation having been concluded for the day, the Chairman expressed a hope that the legal gentlemen present would confine themselves as closely to the question as possible, as the Committee wished to rise the following day.

The Committee then adjourned till to-morrow.

Saturday, April 9.

Hon. Mr. Ross took the chair shortly after eleven o'clock, and stated to the Committee that application had been made to him for a copy of the Stock List put before the Committee on a previous occasion, but he had refused to give it. He would not give a copy of the list without the consent of the Committee, and he would advise the Committee to refuse to give a copy either to one party or the other.

Mr. STRONG, Counsel for Plaintiff wished to remark that in applying for the copy of the Stock List, he had no intention of using it in the Chancery proceedings now pending, he simply wished for it to help Counsel to make out the case. He would inquire however, if he would be allowed to make a short memorandum of it to assist him in making out the case.

The Chairman could not consent. But would allow him to keep the stock list in his hand when arguing the case. All the documents were at the command of both sides while in Committee, but neither party should make copies of them.

The room was then closed in order that the Committee might discuss the best means of shortening the proceedings before committee. After some delay Messrs. Strong and Blake, counsel, were called in, and a conversation ensued, which resulted in the Committee being adjourned until 11 o'clock on Monday.

April 14, 1859.

Hon. Mr. Ross took the chair at eleven o'clock.

Mr. Blake, Counsel for plaintiff, asked the Committee to provide that the stock books of the Amherstburg and St. Thomas and the Woodstock and Lake Erie, and the Niagara and Detroit Companies should be produced as evidence.

Mr. Foley demurred, as to a too scrupulous examination of those books, considering that a Chancery suit was pending, and the information would be made use of to found a case for the Mercer Board.

Mr. Blake considered that even a too scrupulous examination could not get more out of those books than was to be found in them.

It was privately agreed that the books should be produced.

The first witness called was Charles Frederick Elliot, who claimed to be the Secretary of the Niagara and Detroit Rivers Railroad Company. He said a meeting was called for the 21st August at Sandwich, by Mr. Mercer, the Board having previously adjourned to this call.— Notice was given to all the corporate directors of 1858 by the witness. The Director, John Sautler, then President, P. John Sautler, Alexander McClellnighan, John Ferres, Charles Baby, Joseph Bertheod. Mr. Henry McKenna was also present. He

was present because Mr. Bertheod had resigned previously to the passing of the act, and Mr. McKenna had been elected in his stead. In the Act passed, Mr. Bertheod was named a director, and Mr. Strong and Mr. Eccles were of opinion that he ought to be present as a director. Certain resolutions were passed at the meeting in question, and also by-laws, declaring witness in his office of Secretary of the Company. Also declaring that the Stock-book of the Niagara and Detroit Rivers Railroad Company was open to all subscribers; and that a deposit of one-tenth of one per cent. should be paid on all stock taken up. The by-law did not state any place which the stock-book should be opened. The whole payment on their per centage on their stock was £2,200, and was more actual paid-up capital than was subscribed by the other Board. At the same meeting a resolution was passed by the Niagara and Detroit Rivers Railroad Company, declaring that the stock book should be forthwith opened for the subscription of stock, and the stock-book was opened accordingly. Stock was taken up by J. H. Jones, Detroit, to the amount of 26,000 shares, by Mr. Jones in person; Edward S. Warren, Buffalo, subscribed by his attorney, Mr. Jones, for 100 shares; Augustus P. Thompson, Buffalo, by his attorney, Mr. Jones, for 100 shares; F. P. Stevens, Buffalo, subscribed by his attorney, Mr. Jones, for 10 shares; Duncan Stewart, of Detroit, subscribed by his attorney, Mr. Jones, for 10 shares; John Mercer, Chatham, in person, for 9,000 shares; John Sautler, in person, for 6,400 shares; A. Rankin, Sandwich, in person, 26,000 shares; John Ferres, Colechester, Colsted, in person, 500 shares; Alexander McClenigham, Woodstock, in person, 500 shares; H. Buchanan, Amherstburgh, 500 shares; Joseph Mercer, Sandwich, in person, 500 shares; C. F. Elliot, Sandwich, 500 shares; John O'Connor, junr., in person, 500 shares; D. A. McMullin, Sandwich, in person, 10 shares; James McKey, Sandwich, in person, 10 shares; Joseph Mercer, Sandwich, in person, 340 shares; being the second subscription. The total number of shares amounted to 80,000, of \$100 each; upon which a deposit of £2,090 was paid in to the witness as Treasurer of the Company, on the following Monday; also 10 per. cent. was paid by Mr. Jones, before named, on behalf of the Americans, who had subscribed for stock on behalf of all the stock subscribed. The amount was paid by drafts on New York and Buffalo, which were duly paid. Beyond this there was an additional deposit of 10 per cent. on stock subscribed by Mr. Warren and Mr. Stewart, paid by checks on the following Monday. The checks were cashed and the 10 per cent receipts were to qualify Mr. Warren and Mr. Stewart, as directors. On the Saturday in question, the last resolution but one passed by the Company, was one closing the books, after the subscription of the forego-

ing stock. The meeting was then adjourned to meet again at St. Thomas, on Tuesday, at nine o'clock. The directors met at St. Thomas, pursuant to the adjournment. The meetings of the Stockholders were held at St. Thomas, pursuant to the Act of 1858, at the time named in the Act, and witness, as Secretary, called on the meeting to elect a chairman. A great deal of disturbance was going on at the time—much discussion arising between Mr. Foley and Col. Prince, as to who should be chairman. The doors were kept shut until precisely twelve o'clock, the exact hour of the meeting; and all the parties were outside waiting for admittance. The people in the interest of the Macbeth Board got in first, as they had the key of the Town Hall, he thought, and those people were next the door. When witness got in, Mr. Macbeth had taken possession of one chair, in the lower part, in the centre. There was a round table, and Mr. McBeth had possession of the table in the centre. Col. Prince and others in the interest of the McBeth Board were crowded round the table. This was the state of things when witness came in. On seeing all the seats occupied, he went on the upper benches, he having being advised that as Secretary, he was the proper person to open the meeting. On having reached the bench, witness called on Stockholders then present to elect their chairman. At this point, witness thought, the discussion commenced as to who were entitled to be Stockholders, and therefore entitled to vote. A very animated discussion took place in which Messrs. Foley, Prince and Rankin took part. The discussion became more and more excited. Mr. Eccles attempted to address the meeting. During the discussion witness took an opportunity of one of the pauses to put the question as to who should be the chairman. It was then moved by Mr. Eccles, and seconded by Mr. Joseph Mercer, that John Mercer be appointed chairman. Witness does not know whether this was the commencement of the discussion. But it was the first attempt to organize the meeting. The resolution to name Mr. Mercer chairman was put by witness and declared carried by witness with the consent of those whom witness knew to be shareholders. There was no show of hands, and there were a great many in the room who were not shareholders. Consent was given by cries of "Yes, yes," to the resolution.

To Mr. Ross—It was arranged beforehand what proceedings should take place at the meeting, and who should be elected chairman, viz., Mr. Mercer. It was also resolved at the meeting in question that John O'Connor and witness should be scrutineers, which resolution was also carried in the same manner as the resolution appointing the chairman. A row then commenced, and several parties cried "put them out, put them out," and a rush was made to the Bench where witness and Mr. Mercer were standing, and after a slight resistance, witness

meet again at
directors met at
meetings of the
to the Act of
as Secretary,
great deal of dis-
discussion arising
should be chair-
twelve o'clock,
s were outside
rest of the Mac-
the Town Hall,
r. When wit-
of one chair,
was a round
e in the centre.
th Board were
f things when
ed, he went on
as Secretary,
g. On having
s then present
s thought, the
be Stockhold-
ted discussion
Rankin took
excited. Mr.
g the discus-
auses to put
It was then
a Mercer, that
es not know
ssion. But it
The resolution
and declared
whom witness
f hands, and
shareholders.
resolution.
proceedings
ld be elected
t the meeting
uld be scruti-
n manner as
men commen-
t them out,"
ness and Mr.
ance, witness

took up his books and went out. Sheriff Munroe being highly excited, was peculiarly conspicuous in urging the crowd to turn the Mercer Board out. Mr. DeBlaquiere called out to secure the books, but witness had them safe. The entire McBeth party were excited and instigated the mob to put the Mercer Board out. It looked like a preconcerted plan that the Mercer party should be put out. Witness was shoved outside the door, and was near being pitched down stairs. Came back and saw Joseph Mercer being handled roughly, in fact, being carried out. Mr. John Mercer was also roughly handled. Other directors he believed were put out at the same time. Witness thinks that a man named Mr. McHenry endeavored to restore order, and asked witness and the others who had been put out to come back again. Witness and some others went in. Witness stood in a corner of the Hall, and called the stockholders present to put their ballots in the hat. The ballots had all been arranged beforehand. Witness received ballots from different parties. Mr. O'Connor and witness prepared the ballots, or they were prepared under their supervision, and did not therefore open them for they knew what they contained. They declared to the people present the parties named in the ballot were duly elected. The names of the directors were the same in all the ballots. They are as follows;—George Southwick, of St. Thomas; Edward S. Warren, of Buffalo; Charles Baby, of Sandwich; Frederick P. Stevens, Buffalo; Joseph Stewart, Detroit; Joseph Mercer, Sandwich; John Ferros, Colchester; H. McKenna, Amherstburgh; Alexander McClennighan, Woodstock; P. H. Saulter, Sandwich; John Mercer, Chatham; Jonah Strong, Windsor; James Cuthbertson, Windsor. 90 shares of the old stock received from Mr. Morton, and 10 of Dr. Southwick's old stock; and the stock subscribed on the 21st of August, were voted upon in person, being present at the meeting. Witness could not say whether these parties put in the ballots themselves.—No votes were by proxy. Duncan Stewart, of Detroit, must, however, have voted by proxy, as he was not present. Witness saw Mr. Smart, and he thought Mr. Albert Prince, of the McBeth Board, making ballots, and putting them in a hat,—at the time the above Mercer Board was elected. But as soon as the Mercer Board was elected, witness and others left the Hall. The ballots received by witness remained in his possession, and were subsequently opened by him—he knowing the names from having to assist in making them up. On opening them subsequently they were found to be correct. The voting of the McBeth Board had not been completed when witness left the room, not more than five or six minutes had elapsed from the time witness was crushed out of the room, until they returned again, as referred to above. Twelve of the thirteen directors declared by witness to be elected met the same day at a

hotel at St. Thomas; Mr. Stewart was absent. The Directors then organized the Board, and the witness was named Secretary, Mr. Mercer being President. Casting aside the Rae, Wallace, and Woodstock stock, the paid-up capital stock of the Mercer party amounted to £2,300, which sum includes £2,000 deposited on stock, subscribed on the 21st August, and which sums exceeds the amount of the paid-up capital made by the McBeth party—if the Wallace, the Rae, and the old Woodstock stock be excluded—as appears by the share list alluded to by Mr. Smart.

Cross-examined by Mr. Miles O'Rielly, Solicitor for the McBeth Board—The meeting on the 21st of August was convened by proper notice, but would require to see original to recognize it. The notice was dated the day it was sent away—but could not say what day the notice was sent away. Was positive, however, that it was in time for the purpose for which it was sent. The following parties were not present, although notice was sent to them to be present on the 21st August:—James G. Wilson, Simcoe; George McBeth, London; John Smith, Dereham; Thomas Rae, Hamilton; Andrew Thompson, Woodhouse; John H. Cornell, South Illinois. Seven persons were present, and six not present. Could not say on what day of the week, those notices were sent.

Mr. Blake opined that as six directors present had notices sent to them, it was easy enough for opposite counsel to prove at what time the notices were sent, without losing time.

Cross-examination continued.—Mr. John Mercer gave witness instructions to issue the notices. Did not know the postal arrangements between Sandwich and Woodhouse, to calculate what time those notices would arrive—but calculated they would arrive in a few days. Does not know whether he posted such notices himself; but thinks he did after the office hours, the time he usually posted letters. Does not know that there was no public notice of the opening of the stock-books before alluded to. Some small shareholders came into the room after the meeting was over and subscribed for stock—but there was no opportunity given to the public to subscribe for stock. No stock was taken until after the passing of the by-laws before alluded to. Mr. Jones had power of attorney for the Americans, empowering him to take stock for them. Does not know how Mr. Jones came to know that the stock-books were open. Mr. Rankin would be able to tell all about that. Mr. Jones, to the best of witness' knowledge and belief, is a son of old Jones of Detroit. It was Mr. Jones who paid the witness the cheque from the 10 per cent. deposit of Messrs. Stewart and Warren.—Immediately after the subscription the stock-book was closed. It was the object of those who met on the 21st August, at Sandwich, and who subscribed the stock, to obtain control of the Company, and protect themselves—most of them having been

directors of the old St. Thomas and Amherstburgh Railroad Company, at the time the £50,000 cheque was given. Witness gave the whole £2,200 in drafts and money to Mr. Joseph Mercer, telling him to deposit it to his credit in the Bank, and to attend to the business of the company, as his (witness's) father was at the point of death, and he had to leave his business to attend to him. Was not sure that he told Mr. Mercer to deposit the amount as the banker or not—but told him to take charge of the business of the Company as Secretary and Treasurer until witness could commence his duties again. Witness never had the money back since—Mr. Mercer attending to the money part of the business from that time to the present.

At this point of the evidence, the Committee adjourned until eleven of to-morrow.

Hon. Mr. Ross took the chair at 11 o'clock.

The cross-examination of Mr. Elliott was resumed by Mr. Miles O'Rielly—witness deposed as follows:—Before we went to the meeting, it was arranged before hand, by Mr. Eccles, and another legal gentleman, who should take the chair, at the meeting at St. Thomas. There was only one room in the building. I did not look at the ballots at the time, and cannot say whether each individual put in his own ballot or not. It would be impossible to say so. Acting under the arrangements made beforehand, I declared the Mercer Board elected, at the meeting at St. Thomas, as I knew what the ballots contained, having assisted in preparing them. I should mention that I had not time to look at the ballots, since the other party kept crowding around us when they saw what we were doing, and another attempt was made to crowd us out, seeing which, we did go out. I do not think that Mr. McBeth took part in the attempt to put us out of the room, but I am under the impression that Sheriff Munroe did. I heard him say "put them out." I also heard Mr. Henry DeBlaquiere say "take his books," or something to that effect. Those directors who met on the 21st August, were qualified by Mr. Morton.

Mr. Blake—The Committee will observe that those gentlemen had been named by the Act of Parliament, irrespective of any other qualification.

The witness continued—To Mr. O'Rielly—With the exception of Dr. Southwick, Mr. Warren, and Mr. Stewart, the Directors who met on the 24th of August, as the Mercer Board, were qualified by stock derived from Mr. Morton. This notice now put into my hand, is the notice for the meeting to be held at Sandwich on the 21st August. It was posted on the 18th, and according to the postmark, arrived at Paris on the 19th. This one was directed to Andrew Thompson, director, at Port Dover. I cannot say when the notice arrived at Port Dover, as the postmark is indistinct. I cannot say whether I posted those

notices myself, or whether Mr. Mercer did so. Mr. Stevens, one of the directors, resigned on account of being interested in the International Bridge, and not wishing to prejudice the vote that was to be taken by the citizens of Buffalo upon the guarantee that they were to be asked to give to the interest of the International Bridge. This was the only reason that Mr. Stevens assigned. Mr. Joseph Mercer has charge of witness' office, keeps his books, and receives and pays out money, and transacts his general business. But witness always acted as Secretary and Treasurer, and was accountable for money paid out and received.

To Mr. Blake—Prior to the 21st August, there had been meetings of the Directors, called together by a requisition signed by seven of the Directors, being a quorum, and addressed to the whole body of the Directors. Frequent meetings were held subsequently; but the other six Directors took no notice of the requisition, and never came to the meeting. The first meeting was organized by a requisition signed by the seven Directors now known as the Mercer Board—addressed to the other six Directors—now known as the McBeth Board—for the purpose of re-organizing under the amalgamation. Mr. Mercer was President of the Amhorstburgh and St. Thomas Railroad before the amalgamation, and after the amalgamation he was chosen President of the united Companies by the majority of Directors. The seven Directors were all that attended the meeting on the 21st August, at Sandwich, although all the Directors were notified. The six Directors never did attend, although there were several meetings before the organization on the 21st August, of which they had due notice by requisition. It was said that the six Directors alluded to had met and organized a hostile Board. The only reason why the witness gave the money of the Company to Mr. Joseph Mercer, was on account of family afflictions alluded to yesterday.

To Mr. O'Rielly—The meeting under the new organization took place at Sandwich, at which only seven Directors were present. Mr. Smith was not present.

The examination of Mr. Elliott being finished, Mr. Morton was called on to give evidence, but as he was not present, the room was cleared for a short time, after which,

The Chairman announced that the Committee had unanimously resolved to have Mr. Morton's evidence, and would, therefore, adjourn until eleven o'clock, on Saturday, in order that he might be present.

SATURDAY, April 16

Hon. Mr. Ross took the chair at 11 o'clock.
The examination of witnesses was resumed.

Mr. O'Rielly laid the Stock Book of the old Woodstock and Lake Erie, subsequently the Southern Railroad, before the Committee.

Mr. Blake stated that up to a late hour last night efforts had been made to serve a person with a letter of the Committee, to produce papers, but without success.

Mr. Morton examined by Mr. Blake—I have not got any books or papers with me. I have no contracts with me. I have no letters from the McBeth Board, or on their behalf, relative to the contract, prior to putting in my tender. I have not a copy of my tender. A letter from Mr. Ridout relative to deposits is in the room. I have in my possession a letter from Mr. Foley, relative to the Bank of Upper Canada, dated 23rd August, 1858; the letter was written by T. G. Ridout, Esq., cashier of the Bank of Upper Canada, addressed to witness. It is as follows:

BANK OF UPPER CANADA,
Toronto, 23rd August, 1858.

DEAR SIR,—With reference to your application this morning, I am directed to inform you that this Bank will be willing to discount your note at 10 days for £30,000—say thirty thousand pounds currency, endorsed by George McBeth, Isaac Buchanan, Esq., and the Hon. John A. Macdonald, payable here with interest.

Yours truly,
THOMAS G. RIDOUT, *Cashier*.

James Morton, Esq.

It is the letter referred to in the evidence of Mr. Smart, as having been given to him on the morning of the 24th March, at St. Thomas. I am not aware that there is another letter.—This letter is the same that I returned to Mr. Smart, at London. On the 23rd August, I think, I left by the evening train from Toronto for St. Thomas. I received the letter from Mr. Ridout a short time before I started, during banking hours. I could not say how many hours; but it was after 12 o'clock. I did not see Mr. Ridout after I received the letter, and before my departure that day, and did not procure the discount on the note mentioned. I did not receive the discount before the election at St. Thomas; but I could have procured it. I could not say where Mr. McBeth was on the 23rd of August. Mr. Buchanan and the Hon. John A. Macdonald were in Toronto. The application for discount referred to in the letter, I think was made in meeting. I had not seen the gentlemen referred to in the application with reference to the endorsement. The first time I saw any of those gentlemen with reference to the endorsement, was at St. Thomas, before the election; I think the morning of the meeting—possibly two or three hours before the hour of meet-

ing. I came from London to St. Thomas that morning. All the gentlemen mentioned as endorsers were together when I spoke to them. They did not at any time endorse any such note as is mentioned in the letter. I did not vote on the Rae stock; but I think Mr. Rae was there and voted on it himself. I had other funds in the Bank of Upper Canada, to the amount of £20,000 to my credit on the day of the election. Included in the above sum was \$15,000, which I advanced for engineering and other purposes connected with the Company. There was also a sum of \$11,000, \$15,000, and \$12,000, the amount of bills receivable, but which were sums to my credit at the bank; one of them was at the Bank of Upper Canada and its agencies, and at the Bank of Toronto also. My check for the aggregate amount of \$65,000 is less the \$15,000 already stated as being paid Mr. Smart, as Secretary of the Company, on account of work to be done. My check on the Bank of Upper Canada at Toronto would have been honored, I have reason to believe. I would wish to say that I have no doubt it would be honored on representations which I would make to the bank. The deposits before alluded to at the Bank of Upper Canada had no connexion with the Rae stock—I will not say at the time the vote was called. If absolutely required, those funds could have been paid on the Rae stock. The amount mentioned in Mr. Ridout's letter could also have been made available if desired. The check alluded to was given prior to the election at St. Thomas, to Mr. Smart.

Mr. Blake—Then Mr. Smart was wrong in his statement that the check was given in London.

Witness continued—The check is dated on the 24th August, the morning of the election in St. Thomas. I think the letter from Mr. Ridout was given at the same time to Mr. Smart, the better to qualify the check—the check and the letter, or either of them—with the other funds, formed the qualification on which the Rae stock was voted.

Mr. Blake—the check and the letter represented all Mr. Morton's capital before alluded to—so that there could be no other funds.

To Mr. Ross—The check and the letter formed the only basis on which the Rae stock was voted. The cheque on the Bank of Upper Canada was delivered up to me by Mr. Smart, when I got the cheque on the Quebec Bank for the corresponding amount of £30,000. That cheque was paid. But I never got the cheque since. Cannot say whether I have it or not. At the time of giving the cheque I gave no voucher to Mr. Smart. I gave him the certificate of deposit in the bank. I gave up the cheque on the Bank of Upper Canada immediately after the date of the certificate of the deposit. That was the 5th of November. There was no understanding between the McBeth

Board and myself that that cheque should not be presented.

Mr. Blake—There was such an understanding, and its effect was that the funds represented by that cheque should not go into the name of the Company and be invested.

Mr. Morton said there was not any such understanding. If, however, there had been, there could be no doubt but such would have been the understanding. No individual addressed me on the subject, as to whether or not the cheque should be presented. Not one word was spoken or letter written that this cheque should not be presented in the name of the Company. The Board considered my cheque good for the amount.

Mr. Blake—Was it understood that out of the proceeds of the discount you were to honor that cheque?

Mr. Morton—I could not say. There was nothing said about that cheque being honored out of the proceeds of the discount. When the cheque and letter were presented for the consideration of the Board, Mr. McBeth, Mr. Foley, Mr. Christie, Mr. Buchanan and others were present.

Three of the members of the Committee having to leave at one o'clock, the Committee adjourned till eleven o'clock, Monday.

MONDAY, April 18.

The Committee met to-day at half-past eleven o'clock, Hon. John Ross in the chair.

Mr. Morton's examination continued by Mr. Blake—In the room at St. Thomas, when the conversation respecting the cheque and the letter took place, mentioned in my previous examination, there were present Messrs. McBeth, Buchanan, Foley, Christie, Hon. J. A. Macdonald, (as legal advisor,) Sheriff Munroe, Dr. Presby, Thompson, (I think Smart and others, including Mr. M. O'Rielly. I think Mr. T. Rae was also present.

(Here witness was answering from, or looking at, a memorandum, and Mr. Blake asked whether it was connected with the transactions under investigation, because if it was witness ought to state from what source and when the memorandum had been derived. Mr. Foley objected, stating that Mr. Morton had a right to refresh his memory by a memorandum of his own. Ultimately Mr. Morton stated that he made the memorandum unassisted.)

Examination continued—It was at the meeting I proposed the making of a cheque for the £80,000. They acceded to the proposition. I think I never inquired of Mr. Buchanan as to whether he would accede. He did not refuse to become my endorser. Did not ask him to endorse the note. I got a letter from Mr. Ridout that Mr. McBeth's name alone would be quite sufficient, as he was worth £75,000 at least, perhaps more. Mr.

McBeth, on my asking him, said that he would endorse the note for all that he was worth. I asked Mr. J. A. Macdonald to endorse, but did not ask Mr. Buchanan considering it would be negotiable paper without doing so. It was the understanding (from what Mr. Ridout said to me) that there was no necessity for Mr. Buchanan's name. The note was not then drawn—nor was there any proposition that it should be. It was not the understanding of the Board that I should get the note drawn and procure the discount at the time. The Board was informed that I had assets in the Bank of Upper Canada to the amount of \$65,000. The Board did not require me to make the amount of the note available at that time; it was optionable with themselves when the amount should be made available. They did not at any time require me to make the amount more available till about the 5th or 6th November, when the cheque was cancelled. I produced the letter from Mr. Ridout, at the meeting above alluded to, and after a conversation I drew the cheque. It was founded on that letter, produced at that meeting in St. Thomas, and they seemed perfectly satisfied with the cheque. The drawing of the cheque was not the suggestion of my own mind at the meeting, and I did not know the feelings or the wishes of the Board. Could not say who made the suggestion, but believe it to have been some of the gentlemen present, interested. I did not then ask whether the cheque was to have been at any time presented. I think there was at that period a conversation respecting the injunction on Mr. Buchanan's £50,000. At all events I knew of that transaction. My legal adviser, the Attorney General, had always advised me to be cautious against making any round sum deposit in the Bank, lest it might go into the hands of parties having a judgment against the road, such as the town of Woodstock and others.—This is my impression. But I cannot remember distinctly that anything was said about this. I think there was. But prior to that I know I had been advised to that effect. The precaution I afterwards took was to cancel the cheque in Western Canada and place it in Lower Canada, in the Quebec Bank, where it could not be reached by law. I am not aware that there was any other precaution taken. In the interval between the 24th August and the 5th November, I was not aware that the cheque had not been presented, as it had not appeared to my debit in my bank account. Do not remember having been advised that the cheque was not presented, during that time. From the necessity of the contract having to be given out on the 9th, I became aware of the fact that the cheque had not been presented on the 5th November. The Rae firm had been acting as my agents for years, and as such Mr. Rae subscribed for the stock in his name for me, to be transferred to me when required.

Mr. Blake asked why the subscription was not made in Mr. Morton's name?

Witness did not answer.

Mr. O'Rielly objected to the question.

The room was then cleared. On being again opened the question was asked.

Witness said he requested Mr. Rae to do so simply as a matter of convenience, as I resided so far from the place. I had no other reason. I have an account of \$15,000 and over, the Company, owed me as advances up to the 24th of August. The advances commenced, I think, about the latter end of March or the beginning of April, 1858. I paid them because the Company required them to prosecute the construction of the road. I subscribed my 300,000 shares of course before that. I expected to get credit for these advances, on account of the Rae stock—or rather the 10 per cent. subscription therein.

Mr. Blake—I find in the cash book of the Company that it was not applied that way, but on the day you got the contract, Dec. 9, I find they were paid back to you, and this payment covers all your prior advances except the \$120,000.

Examination continued—I understood I paid the money on account of the Rae stock. My connection with the amalgamated Company commenced in September or October, 1857, as well as I recollect. I acquired that connection through Mr. Isaac Buchanan, who then held the Wallace stock and control of the Woodstock and Lake Erie Board, and also the Amherstburg and St. Thomas Board. It was in connection with Mr. Rankin I had the interview with Mr. Isaac Buchanan.

Mr. Blake—Were you to relieve Mr. Buchanan of liability to pay the £50,000 paid in by him on account of the Amherstburg and St. Thomas Company.

At this stage of the proceedings the room was cleared while the Committee considered the advisability of inquiring into any of the proceedings prior to the act of last session. It was decided that, with the exception of the last questions asked by the Counsel, no other inquiries should be allowed into the proceedings prior to the Act of last Session, as they tended unnecessarily to prolong the proceedings.

Examination proceeded with—In answer to Counsel's question, I say yes. Among the shares of the Amherstburg and St. Thomas Co., assigned to me by Mr. Buchanan, there were certain shares, I cannot say how many, belonging to Mr. Rankin. It is very possible I voted on these shares, as well as on the others, at the election. I have the certificate of deposit, I think of the Rankin shares; I mean I have the transfer. That stock was my own conditionally, under an arrangement that a corresponding number of shares would be transferred to Mr. Ran-

kin, on the conditions set forth in the letter [already published in the *Leader*.] Mr. Rankin never required the re-transfer.— Before the St. Thomas election, I think, Messrs. McLeod & Park had transferred their stock. On the 17th of August, when I hold all my stock, I was under an agreement with Mr. Isaac Buchanan with reference to the affairs of the railway company. Mr. Buchanan had not at that time exacted payment for the transfer of that stock, but I was under an obligation to pay him, whether in writing or not, I cannot say. On payment I was to relieve him from the £50,000 he was liable to pay on the Wallace stock. I think Mr. Buchanan's prior disbursements on account of the road were also to be paid by me, and those disbursements were to be refunded out of the profits of the Eastern line, from St. Thomas to Suspension Bridge at the rate of £300 sterling a mile. I do not remember the amount of the disbursements. I think there is a document in existence by Mr. Buchanan, showing the terms of that agreement. I do not recollect that there was any new understanding between Mr. Buchanan and myself after the act of 1858 was passed, different from the prior understanding. On the 17th of August, when I was under the agreement to Mr. Buchanan; I had no expectation of getting the contract for the road. I did not at any time expect to have the tender for the road without competition; but supposed I would have an opportunity for competing for the construction of the road. I did not discuss who should be elected as directors of the McBeth Board before the election. I had been told of some of the names of those proposed to be elected directors; but I think I did not hear the names of all. I cannot say who drew my ballot. I put no ballot into the hat that day.

To Mr. Patton—I recollect, on consideration, that I put my ballot into the hat and did draw it.

Mr. Blake—Your recollection varies in a singular manner.

Examination continued—I did write out my ballot; I voted on the Wallace stock and Woodstock and Lake Erie, and old Amherstburg and St. Thomas stock. Cannot say whether I put down the number of the shares. But must have done so, as everything was done in regular order.

Here witness was shown a ballot which he said was signed by him but written in Mr. Smart's handwriting.

Mr. Blake—I thought I understood you to say you wrote your own ballot?

Witness—I signed it and dictated the names, which were suggested to me by some of the gentlemen of the Board, as being gentlemen proper to be elected. I read the names over before I signed it. I remember putting it into the hat. The ballot was made up according to the statement of the following shares:—

Mr. Blake—Do you remember the number of shares?

Witness didn't, but had no doubt the ballot was correct, and from seeing it was satisfied it was. There were in all 20,000 shares. There was no understanding, I think, arrived at before the meeting as to who should be present. I was peaceable at the meeting held by the McBeth Board immediately after the election,—on the second day. I don't remember any discussion then as to the arrangements for giving out the contract. I do not remember whether there was a meeting next day of the Macbeth Board. I have attended some of the meetings of the Board, but do not remember when. There was not, that I remember, any discussions at these meetings as to who should get the contract. Of course I was not qualified to sit at the Board. I had expectations to get the contract. There may have been conversations between the gentlemen of the Board and myself with reference to that contract. But I will not say whether or not I had any such conversations. I will say, however, that I have nothing to conceal in the matter. I do not specially recollect any conversations about tenders for the road. I say positively there was no such conversation with Mr. Buchanan.

Mr. Blake—Or anybody else as the agent of the road?

Witness—I can barely comprehend what you want. But I will say I think not. I saw Mr. Street and we talked the matter of my tender over, previous to tendering. I had a conversation with him as to the nature of the surveys and other matters in connection with the road, in order to enable me to make out my tender. I say distinctly there was then no conversation with Mr. Street as to the amount of the surveys—or at any time. I may have asked him as to what amount it would be advisable to tender for,—as I had asked others. I did not hear from any one connected with the Company as to the amount to tender for. Heard of no proposition to let out the contract without advertising. I should think the shareholders were not made aware of the contract having been given to me. As a shareholder I was not aware of the circumstance before it was publicly announced by the Board. I filled the tender up in Mr. Rae's office, Hamilton, on the day fixed for the receipt of tenders. Before the offering of the tenders I cannot say I knew who made the other tenders. My tender was for £10,000 sterling a mile. I gave two securities, Peter Langlois and Paul Lepper, of Quebec, who signed bonds to the amount of some £263,000—with of course a double penalty.

Mr. Smart—The security was 10 per cent. on the contract price to which the contractors were jointly and severally liable.

Examination resumed—That contract was not then accepted, as I was informed, other tenders at a lower figure than mine put in. That was my impression. But was not informed by

the Board. I do not recollect when the contract was awarded. But Mr. Smart tells me it was awarded and signed on the 20th of November. I was not before aware that the contract was to be given me.

Mr. Blake—You before said that you had made the deposit of £30,000 on your stock, with a view to the contract.

Witness said that it was only paid to qualify him for tendering. The Board, of course, required me to pay 10 per cent. on my stock. But I cannot recollect the day. It was in October.

The Committee then adjourned—it being half-past two.

TUESDAY, April 19.

The Hon. John Ross took the chair at eleven o'clock.

In answer to a question from the Chairman, Mr. Blake stated that he could not say at what time the examination would be concluded—as the examination of Mr. Isaac Buchanan was more important than Mr. Morton's and he had not been examined yet.

Hon. Mr. Ross said that if there was no chance of the proceedings being concluded before the end of the Session, which would be on the Friday or Saturday of next week, he did not think that there was any use in the Committee sitting any longer.

Mr. Morton's examination continued by M. Blake—I did not receive \$16,649 48 on December 9th last, mentioned in the cash book, as being put to my credit. That amount was money paid in for engineering purposes, and was deducted out of the \$120,000 of the Company—the balance, \$98,000, went to the credit of the Company. The Company did not draw the amount of \$120,000 on the Quebec Bank on the cheque I gave them. The 16,000 and odd dollars were credited to me. I remember now that I got a cheque back for 16,000 and odd dollars. I do not remember on what bank I got this latter cheque. I did not receive any other amount on the same day I received the cheque for 16,000 and odd dollars. I cannot say that I received any other sum from the Company about that time. I did receive, now I remember, a cheque from the Company at the time for \$98,000 before spoken of as the balance of the \$120,000.

Mr. Blake—I protest against Mr. O'Rielly and Mr. Foley prompting the witness.

Mr. O'Rielly—We only want to get at the truth.

Mr. Foley—I did not speak to the witness.

Examination continued—The balance of \$98,000 was paid by a cheque in advance for work to be done, as per bond.

Mr. O'Rielly—The bond alluded to was not in pursuance of the contract.

Examination continued—The arrangement took place at

Quebec, where I received a cross cheque for the \$16,000. I gave Mr. McBeth a cheque for \$120,000 which was borrowed by the bank. I do not know what were the rates of the other contracts for the construction of the road. I gave Mr. Rae a Power-of-Attorney to act for me after the deed of amalgamation.

Mr. Blake—I submit that this document is a subject for inspection.

Mr. O'Rielly—It is not. The power was given to enable Mr. Rae to do certain work, which was never done. The document is purely private.

Mr. Blake—Mr. Rae is a Director.

Mr. Ross—Mr. Rae being a Director, the power should be produced. He held it in his hand. It merely enabled Mr. Rae to vote for Mr. Morton at the election, and only contained a proviso that he should not revoke.

Mr. Blake—If that is all, I do not care to have it produced.

Cross-examination by Mr. O'Rielly—This is the bond I gave for the performance of the contract. I was present at St. Thomas during the election, and saw no persons taking ballots except those connected with the McBeth Board. I did not see Mr. Elliott put out his hat to receive ballots of stockholders on that occasion, in the room in which the election took place. I was sitting convenient to the table, and I would have been likely to see such a proceeding if it took place. None of the parties connected with the McBeth Board counselled or resorted to violence, on that occasion, that I saw. Everything was done by that Board to keep order. I know of no person connected with the Railroad as Jones. I assigned certain stock, alluded to in Mr. Elliott's evidence, gratuitously, in order to qualify nine Directors—known as the Mercer Board. I have not received any consideration from these gentlemen, although I should have received 10 per cent. I gave my obligation to Mr. Buchanan for the 10 per cent.

Isaac Buchanan, Esq., examined by Mr. Blake—There was an understanding between Mr. Morton and I previous to the amalgamation. After the passing of the Act of Amalgamation, I made a second agreement, which was after Mr. Morton got the contract. The first agreement I looked on as being swept away by the amalgamation Act. Neither Mr. Morton or I made any steps to annul the contract, otherwise than that we looked on the Act as annulling it. By the agreement first made, Mr. Morton agreed to relieve me of the liability of the £50,000 of Wallace stock. Another agreement in the same instrument was, that £30,000, being 10 per cent. of the Woodstock and Lake Erie stock, should be paid up simultaneously with the transfer of the Wallace stock. Another agreement was that I should be paid my outlay of £31,500, sterling, at the rate of

£300 per mile, being the rate of 5 per cent. out of the monthly estimate of the line. Another condition was that I was to be repaid £18,500 in first class bonds of the amalgamated company. This was a mere agreement with Mr. Rankin, and had nothing to do with the Board. I went up to St. Thomas on the 24th of August, being anxious about my money. My anxiety was relieved by the result of the election—since I only cared that the road should be built, as in that case I would be paid. I was not allowed any voice in the election, much less than my interest demanded. There were no negotiations relative to the contract subsequent to the Act. They were all before the Act. I do remember writing a letter to the Hon. J. A. Macdonald relative to the affair, stating that Mr. Morton had failed to pay in his £30,000, being a defaulter, and that unless he took steps to do so, the matter should be put into other hands. I also mentioned other persons, and said the quarrels should cease, and the road gone on with. Most of the letters I wrote appeared in the newspapers for some cause or other. I have yet a claim on the Great Western Railroad if these people do not pay up. I have a letter showing that the Great Western Railroad are bound to me for the sum. I never had a personal railroad transaction, and my name was used as the only name that could be used for the £50,000. I acted merely for the Directors of the Great Western Railroad; and all the dirt that has been thrown on me with reference to the matter is a mere tissue of lies. The letter I wrote to Mr. Macdonald contained a threat that Wm. Wythe's interest should have been given over to other people if the original agreement were not carried out. At the time I wrote the letter, negotiations were entered into by me, in reference to the contract. I mentioned in that letter that Mr. Morton should not get it unless he was able to carry it through. I was negotiating—that is, I showed the letter I wrote to Mr. Macdonald to some people—with other parties about the contract, at the time I wrote the letter. After Mr. Morton got the contract, he confirmed the agreement which had formerly existed between him and me. Mr. Morton never asked me to endorse the note for £30,000, before alluded to. I knew of the circumstance—and had not refused. I would have done so—if it was shown to me that I would be safe—as I wanted to have the works constructed.

To Mr. O'Rielly—The rate of £300 per mile was over the eastern portion of the line, and would have been equivalent to £300,000. I was at the St. Thomas meeting. Up to a certain point it was orderly. I was amongst those who took no part. All at once some laborers from the St. Thomas Railroad began to push. I saw no one instigating violence. Great exasperation existed. It was a matter of regret that violence was used.

The people seemed to be exasperated by what they heard—they seemed to think that they would lose their employment in the work. The idea of rioting being carried on in the room at the time is a mere farce. There was no such thing. The interruption was caused by Mr. Eceles and others, and the people—smart fellows who made short work of them—pushed the interrupters out of the room. Everything was done by Mr. Foley to put down the disturbance. The people seemed afraid that the bill would not be gone on with if there were any interruption. There was nothing going on at the time in the room which would indicate an election of Directors. I did not see Mr. Elliott taking any ballots. I saw one or two people—Mr. Wilson and others—return after being pushed out, but I saw no ballot. I think there were 150 people in the room—but the part near the door was vacant. It is possible that Mr. Elliott might have come in and stood in a corner of the room, but I did not see him, and I am sure that he would not have been allowed to remain in the room, for although there was no violence shown to him and his party, yet they were handed out with force, and would have been again handed out if seen in. The people who handed them out were smart men, with fustian jackets—evidently machinists on the railroad, and who in my mind looked forward to employment on the railroad, if gone on with. I did not hear Mr. Elliott announce any election of directors. The people must have known that the interruption was a heartless farce to give some people black mail. I do not think Mr. Elliott and his party could have balloted behind the backs of the people. The bill filed in Chancery contains the whole transactions in the matter. I was only acting for the Great Western Railroad, and had nothing further to do with the business.

To Mr. Blake—I was outside the bar, apart from the Directors. I had the door in view.

Mr. Ross—I have no doubt that Mr. Elliott came into the room, and that Mr. Buchanan did not see him.

Mr. Blake—He did come in, and acted under the advice of Mr. Eceles, counsel in the election of the Mercer Board.

To Mr. Blake—I heard no person say that the people who made the disturbance would lose their employment on the road. I only thought that such a motive would actuate them. I do not know that Mr. George McBeth is a Director of the London and Port Stanley road. I know he is a large landed proprietor about there.

To Mr. O'Rielly—I think that the Bill at present before Parliament had been brought up in order to get rid of the Chancery suits, and also, I think that it was necessary for the construction of the road. The public opinion is that a fraud was committed on the late Act by Mr Rankin and his friends.

NIAGARA & DETROIT RIVERS RAILWAY.

To Mr. Simpson—These £34,500 was a private transaction apart from the Board. It was to cover the preliminary expenses. I do not think I could enter into the question as to whether it was to pay Mr. DeBlaquiere.

To Mr. Blake—I know the opinion of the Stock Exchanges in London and Glasgow, and am confident that the question there is that fraud has been committed in the late Act.

Mr. Smart—The entries up to the 9th of December last were put in the cash book. The data from which the cash book was made up filled four leaves of foolscap paper, the entire of which, and then put in the cash book in question, on the 9th December. All the entries were made on one sheet of demi paper, The sheet of foolscap had not been destroyed. The entries on that sheet were not made as they occurred, and not until December, when the first entry was made. The first of the monies was paid from the 24th August upwards, direct to Mr. Street by Mr. Rae, and did not pass through my hands. Mr. Rae gave me the information as to how much was paid, and I checked it off to Mr. Street. The cash book is correct when it states that certain sums therein stated were received as 10 per cent. on the Rae Stock. Mr. Morton afterwards paid up the Rae Stock in full, by his check of £30, 00 before I added to, on the Quebec Bank. I cannot say why more money was borrowed from Mr. Morton when the Company had his check for \$120,000. I received orders on the 24th August from Mr. McBeth to treat the check as cash, and at the same time he ordered me to lock it up in the safe and to give it to no one but him, as President.

Mr. Blake formally tendered evidence which he wished to be entered on the minutes of the Committee, to prove the nature of the original Wallace Stock, the deposit on that stock, and the medium in which it was withdrawn, and the resolutions of the company affecting it; also evidence as to the manner in which the deposit on the old Woodstock and Lake Erie Railroad was made, and the position in which that stock stood at the day of the election: also evidence to prove the connection of Mr. Morgan with the amalgamated companies; also, evidence to prove the organization of the Mercer Board from the time the amalgamation took effect. Also, he requested it to be entered on the minutes that no evidence as to the state of the Chancery suit, relative to the alleged cause of delay, would be required.

Hon. Mr. Ross said that the statement relative to the delay in the Chancery suit was admitted, but with regard to the other evidence, the Committee would not take evidence of facts which occurred before the deed of amalgamation.

Mr. Mercer wished, as a man who had been roughly used at

ate transaction
liminary expen-
sion as to wh6-

ock Exchanges
at the question
e Act.

ember last were
ash book was
ntire of which,

out that day,
demi paper,
h December.

ne entries on
ot until De-

of the mo-
rect to Mr.

ands. Mr.
aid, and I

et when it
as 10 per

d up the
led to, on
s borrow-

or \$120.
McBeth
ered mo

him, as

d to be
nature

k, and
ons of
which

l was
ay of
Mor-

rove
mal-
on

ery

ay
er
h
t

the St. Thomas meeting, to contradict some statements made by Mr. Buchanan.

Mr. Ross intimated that the Committee were about to adjourn.

Mr. Rankin again claimed the privilege to be heard in his own defence, as he had no counsel.

Mr. Ross said, for his own part, he should be happy to hear Mr Rankin.

Mr. Blake wished to remark that he hoped to close his case to-morrow.

The Committee closed the investigation.

R E P O R T .

The Select Committee to whom was referred the investigation into the affairs and position of the Woodstock and Lake Erie Railway and Harbor Company, especially with reference to certain alleged bribes given to certain of the late Directors by certain of the present Directors of the said Company, to the great loss and injury of the Municipalities interested in the said Railway, beg leave to report :

That they have carefully examined the evidence taken before them relative to the subject matters of the said reference, from which they find that the original Act of Incorporation of the said Company was passed in the year 1847, but remained dormant until 1852, when efforts began to be made by the then Directors professedly to give effect to the provisions of the said Act, to obtain further time for the commencement of the works, and to enable the said Company to continue their road from Simcoe or Port Dover, in the County of Norfolk, to Dunnville, in the County of Haldimand.

That in October of the latter mentioned year, by a Report then made to the Stockholders, signed by the President and Secretary of the Company, (a copy of which is hereunto annexed, marked A,) it was represented that "the Capital Stock of the Company" (£250,000) "had been all subscribed for, and was held by parties perfectly responsible, but who would willingly transfer a portion thereof either to municipalities or individuals," and William Gray, Esquire, of Woodstock, together with the Rev. W. A. Landon, of the same place, were deputed to visit the municipalities of Norwich, Windham, Simcoe and Woodhouse, to request their assistance and co-operation in the performance of the work. That the said Landon and Gray, in pursuance of their instructions, proceeded to visit the said municipalities for the said purpose; that among other inducements to that end, it was represented to the municipalities by the said parties, "that the position, character and standing of the several members of the Board of Directors" (the *personnel* of which soon after the said Landon and Gray had entered on the objects of their mission was changed) "were such as to supply the public with the best guarantee for the faithful and honorable discharge of the affairs of the Company, there being connected with the said Board several persons then holding high posi-

"tions, high in social rank, having a character of their own to sustain, and as also being responsible for their friends, many of whom also occupied exalted positions." That it was also represented that a certain amount of *bona-fide* stock was subscribed, though the said Landon, in his evidence hereunto annexed, states, "that he never dwelt much on that fact, not placing much reliance on it himself." That the said Landon and Gray also, under the authority of the said Directors, assured the municipalities that no part of the moneys which might be advanced by them would be expended, except a small amount for surveys and preliminary expenses, until the means of completing the whole work was in the hands of the Company. That a contract had been entered into between the Directors and the late Samuel Zimmerman, Esquire, by which the latter bound himself to supply two-thirds of the money necessary to construct and equip the road, for which he was to be paid one-third in bonds of the Company, one-third in stock, and one-third in cash, and that under this arrangement, even should the road pay but two per cent. of the cost of working expenses, the municipalities would be secured in their loans because these loans reached but one-third the cost of construction. Through these and similar representations, many persons were induced to support the scheme, who were otherwise averse to it, and aided by these municipalities, who appear to have fully confided in the assurances thus made them, an application to Parliament for a renewed Charter and an extension to Dunnville was successful, an Act for these purposes having passed on the 14th June, 1853. Soon after By laws were passed by the Municipalities, granting aid by way of loan to the Company, amounting in all to £145,000. The said Landon and Gray in their evidence state that the representations made by them to the Municipalities on the faith of assurances made, and in pursuance of instructions from members of the Board of Directors in nearly every instance and on every essential particular, subsequently proved to be false. From their evidence, as well as from that of all the other witnesses examined before Your Committee having cognizance of the facts, it is distinctly proved, and indeed not attempted to be disputed, that instead of *bona fide* stock to a large amount existing, the only stock really held was to an amount barely sufficient to enable the holders, [seven or eight in number] to qualify as Directors, notwithstanding which, at the election of Directors, stock to the amount of several hundred thousand dollars was pretended to be represented and actually voted on. It also appears that even on the stock really held, not more than fifty pounds was ever paid by any one of the parties elected as Directors; that in short the subscriptions were entered into merely to delude the municipalities into the adoption of the fraudulent schemes of certain of the Directors and

others acting with them for their own advantage. Being thus successful in the accomplishment of their designs, the further proceedings of certain of the Directors and their accomplices in guilt, are marked by a degree of recklessness and violation of faith and honorable dealing, which Your Committee find it difficult to select words to characterize as they deserve. Dissensions having arisen between a majority of the Board and one of their number, the latter was ejected on the ground that, because he had not paid up his calls on the stock subscribed by him, it became forfeited. A most extraordinary ground of objection Your Committee submit, for a body to take who had themselves paid but a nominal sum on their own stock; and when it is further considered, as appears from the evidence of the Secretary of the Company, that no calls were ever officially made on the Stockholders.

This dissension led to a chancery suit, instituted by the rejected director to recover his seat, which terminated in his favor, and in the costs on both sides being paid, of course, out of the moneys of the unfortunate municipalities, as no other means were available. In pursuance of this decision of chancery, the successful litigant, Mr. Light, took his seat at the Board of Directors the day before the annual election for the year, but was turned out next day by a majority of votes, both parties voting on the fictitious stock pretended to be held by them. About this time a claim appears to have been urged by Colonel Light for certain alleged expenses incurred by him seven or eight years before; and out of the moneys of the municipalities he was paid the sum of \$5,936.

As an instance of the glaringly unscrupulous manner in which the objects of certain of the parties interested in duping the municipalities were effected, Your Committee beg to direct the attention of Your Honorable House to the following, the particulars of which will be found in the evidence of Mr. Hodge, the associate engineer of the Company. Among the municipalities granting loans to the Company was the township of Windham. After the passage of the By-law and its ratification by the rate-payers, it became the duty of the Reeve of the township to hand over to the Railway Company, under certain conditions, the necessary papers to enable them to obtain Government debentures, under the by-law. To do this the Reeve referred to had what he called "scruples," according to the statement of the witness. Means were soon found to remove them. A sub-contractor was sent to him with an envelope containing \$500, which was quietly handed to him. The scruples were removed, and, as witness states, twenty minutes after, the necessary papers were in the hands of the Secretary of the Company; subsequently the messenger carried the Reeve another envelope con-

Being thus the further complices in violation of to find it dif- ve. Disson- ard and one and that, be- scribed by ound of ob- ce who had stock; and evidence of er officially

l by the re- l in his fa- urse, out of ther means ancery, the ard of Di- ar, but was ties voting m. About onel Light n or eight palities ho

or in which uping the direct the parti- Hodge, the aicipalities Windham. y the rate- ip to hand itions, the ent deben- ed to had ent of the sub-con- ing \$500, removed, ecessary pa- y; subse- lope con-

taining an additional \$500, one hundred of which he deducted for his own services in negotiating the transaction, and the balance he handed to the Reeve as payment in full for the removal of his scruples. Your Committee have no comment to make on facts so discreditable to all parties concerned.

On the obtainment of the moneys by the means thus described from the municipalities, in direct violation of their undertaking through the said Landon and Gray, and of bonds given by them to the said effect to the municipalities, the directors, without expending a single farthing of their own means in the construction of the road, proceeded to dispose of the moneys loaned them. In the like violation of the said assurances the said directors changed the tenor of the said alleged contract by converting it from a credit to a cash one, without the knowledge or consent of the municipalities, and for his influence and exertions in obtaining the contract for Zimmerman and Company, Henry De Blaquiére, one of the directors, is distinctly proved to have received a bribe of no less a sum than \$50,000 under his contract, in which the said DeBlaquiére admits he was a secret partner to the extent of one-fifth the profits. The work on the road was at length begun, right of way to a considerable extent secured, and stations and depot grounds fixed upon. The municipalities, invigorated by this appearance of a serious intention to proceed with the operation of the works, and having their attention thus attracted from the frauds which have been practised on them, congratulated themselves on an approach to the realization of their long cherished expectations. These expectations, however, were not of long continuance.

In the fall of 1854 the works were suspended; from the evidence of Mr. Hodge it appears that the actual amount paid to sub-contractors for that part of the work done amounted to about £32,000, while the contractor received therefor, £87,000. How the remainder of the moneys were expended the testimony hereto attached will show. Throughout it exhibits unmistakable evidence of bad faith, deceit, reckless extravagance, and mal-appropriation of the moneys entrusted to the Company by the municipalities.

During the session of 1854 and 1855, a further extension of time and route was granted to the Company. Fresh promises were made, and again the hopes of the municipalities revived, and again they went to work, with a will to carry into effect, as far as they could, the objects of the amended statute. Nothing practical, however, was accomplished. On the 10th of March, 1856, delegates, appointed by the several Municipalities, met at Paris; and a proposal made by Miles O'Rielly, Esq., of Hamilton, for a settlement of the difficulties existing, was agreed upon unanimously. This proposal will be found appended to the Act

19 Victoria, chapter 74; and to confirm and legalize the agreement referred to, the said Act was passed, subject to its ratification by the ratepayers of the municipalities. Soon after, By-laws, in pursuance of its provisions, were submitted to the ratepayers. While their decision was pending, and within a short time of the period fixed upon for taking the final vote, a fresh and wholly unexpected element of confusion presented itself, in the shape of a circular to the municipalities [which is herewith annexed] from Mr. Isaac Buchanan and others, claiming to be the Directors of the Company—directing the Municipalities to withdraw the said By-laws—announcing that the Charter had passed into Mr. Buchanan's hands, that the interests of the municipalities was provided for, and effective measures taken to secure the immediate commencement and speedy completion of the road. The bewildered Municipalities, it would appear, scarcely know how to shape their course, under these new circumstances. The result, however, was the withdrawal of the By-laws, and a kind of half-way acceptance of the protection of Mr. Buchanan and his fellow Directors. But £11,000 of the interest of the Municipalities was paid. Then commenced a species of life and death struggle between Mr. Buchanan and his friends on the one side, and Mr. Zimmerman and his friends on the other—the unhappy Municipalities being, in the meantime, used as the mere playthings of both. Suffice it to say, without entering into details, which will be seen by a reference to the evidence attached to the report of Your Committee, Mr. Buchanan failed in his engagements, and once more the despairing municipalities were forced to fall back on their powers of endurance for relief. How Mr. Buchanan happened to become so much interested all at once in the affairs of a concern with which, up to the moment of his voluntary interference, he had no connection whatever, except to oppose and retard it, and how he contrived suddenly to obtain the control of the charter of the Company, became to Your Committee curious and interesting objects of enquiry. His evidence annexed, given with great candor and commendable simplicity, supplies at one and the same time the motive and the mode of effecting the object. He states that his motive was simply to obtain for the Great Western Railway Company the control of the Southern Road from the Niagara to the Detroit Rivers—that having done their utmost to oppose the obtainment of the charters, when they could no longer prevent them, he believed they desired to possess them for their own purposes, with a view to the construction of these Roads. instead of a double track on their own line. This Mr. Buchanan declared to be his only motive. His mode of obtaining this control, though singularly successful in the instance referred to, is, Your Committee trust for the honor of

public men and the sake of morality, one seldom resorted to in this country, and one which will not soon again be repeated. It simply consisted in the giving of a direct bribe of \$100,000 to obtain the removal of three of the Directors, and the substitution in their stead of three of his own nominees, he having previously succeeded in securing without purchase the remaining four to accede to and aid him in carrying out his plans for the transference of the charter to a rival Company. The correspondence on this part of the proceedings is annexed, and to its contents Your Committee beg to direct the special attention of Your Honorable House, in the hope that if no provision of law shall be found to exist, providing for the punishment of conduct so clearly iniquitous, some means will at all events be adopted to deter others from the commission of similar offenses against justice and morality. From this correspondence it appears that Mr. Buchanan having, as he believed, secured the Western Road, deemed it important also to obtain the control of the Eastern. While devising means to this end, a Mr. VanVoorhis comes most opportunely to his relief with a suggestion made by Mr. Hodge, that for a consideration the coveted object could be gained. Mr. Buchanan, after a little prudent consideration, determines as to the sum to be offered, and the proposition of Mr. VanVoorhis being reduced to writing, Mr. Buchanan accepts. The negotiations being concluded, Mr. DeBlaquiere, who up to this point appears only in the back ground, steps in, receives \$100,000, and then with his two brother directors withdraws and allows Mr. Buchanan and his two nominees to take their places; Mr. VanVoorhis, as the negotiator between the parties, receiving for his services an undertaking that he shall have a preference contract of thirty-five miles of road. Whether or not others shared in the profits of this shameless transaction, Your Committee have not been able certainly to ascertain. It is due to Messrs. Barwick, McQueen, and Deedes, who were three of the retiring holders of stock transferred, to remark that Mr. Buchanan states his belief that they did not participate in this bribe.

Since Mr. Buchannan's failure to fulfill his engagement, various steps have been taken to remedy the mishaps incident to his interference, all of which, so far as they have been stated to Your Committee, appear in annexed evidence, by which it also appears, that besides the means employed to obtain the control of the Woodstock and Lake Erie, similar measures, hardly less discreditable, were resorted to, to enlist the services of persons supposed to be influential on the Amhorstburgh and St. Thomas end.

The directory of the Woodstock and Lake Erie, as at present constituted, consists of Mr. Thomas G. Ridout, President, Mr. Isaac Buchanan, M. James C. Street, Mr. Joseph A. Woodruff, Mr. R. G. Benedict, Mr. James Kintrea, and Mr. T. Ridout,—all of whom have been recently appointed, and neither of whom, excepting Mr. Kintrea, reside in or have any connection with

66 NIAGARA & DETROIT RIVERS RAILWAY.

the municipalities whose means are invested in the road. It further appears, from the evidence submitted to Your Committee, that the others of those gentlemen have been selected as the mere nominees of Mr. Buchanan, for the protection of his interests and those of the estate of Mr. Zimmerman, of the motive of the latter of which Your Committee have no information. It also appears, from the evidence of Mr. Buchanan, that the amount of stock subscribed by the others of the said directors, is barely sufficient to qualify them, and that on that stock they had paid nothing, but that fifty dollars each, or ten per cent., has been paid for them by Mr. Buchanan himself. The claim of Mr. Buchanan on the road consists of a sum of £47,000, composed of £25,000 paid to DeBlaquiere, £11,000 as for interest to the municipalities, eight thousand pounds for debts of which Your Committee have no detailed statements; and £3,000 being Mr. Buchanan's expenses for law and Chancery costs, expenses of trips of himself and others to England, and expenditure incident to the carrying out his project to control the said charters for the benefit of the Great Western Railway.

Notwithstanding the great length of the Report of Your Committee, many facts remain to be brought to the notice of Your Honorable House, for a knowledge of which they beg to refer to the accompanying evidence and documents. That gross wrong has been practised by parties officially and otherwise in connexion with the said Company, is fully established, and that those concerned in the perpetration of such wrong, are individuals who have hitherto occupied high and honorable positions in society and in public stations, is a circumstance of a peculiarly humiliating and painful character. Your Committee have felt it to be their duty thoroughly to investigate the matters referred to them, and plainly, and faithfully to state the facts, whomsoever they might affect. They do not consider themselves called upon to offer to Your Honorable House any specific recommendation in the premises, believing as they do that the discovery of a means of punishing the parties guilty of the outrageous offences against morality, which it has been the disagreeable duty of Your Committee to bring to the notice of Your Honorable House, or the prevention of the recurrence of them, if no present remedy be found applicable, will more properly come within the province of the legal advisers of the Crown.

All of which is, nevertheless, respectfully submitted.

M. H. FOLEY, Chairman,
DAVID CHRISTIE,
GEORGE SOUTHWICK,
WILLIAM NILES,
JOHN FRASER.

Committee Room, May 20, 1857.

It was resolved by the Committee, that the Hon. Mr. Morrison, being a member of the Government, should be excused from assenting to the report.

