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REPORT  
OF THE  
COMMISSION

APPOINTED

“FOR INVESTIGATING THE BOOKS, ACCOUNTS, AND VOUCHERS  
OF THE NORTHERN RAILWAY COMPANY OF CANADA,  
AND THE DISBURSEMENTS AND EXPENDITURES  
OF THE SAID COMPANY;”

TOGETHER WITH THE

EVIDENCE TAKEN BY SAID COMMISSION.

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Printed by Order of Parliament.

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1877.

## REPORT

To His Excellency the Right Honorable Sir FREDERICK TEMPLE, Earl of DUFFERIN, Viscount and Baron Clandeboye of Clandeboye, in the County Down, in the Peerage of the United Kingdom, Baron Dufferin and Clandeboye of Ballyloidy and Killeleagh, in the County Down, in the Peerage of Ireland, and a Baronet, Knight of the Illustrious Order of St. Patrick, Knight Grand Cross of the Most Distinguished Order of St. Michael and St. George, a Knight Commander of the Most Honorable Order of the Bath, etc., etc., Governor-General of the Dominion of Canada, and Vice-Admiral of the same.

*May it please Your Excellency,—*

We, the undersigned, two of the Commissioners appointed by Your Excellency under Commission bearing date the 22nd day of July, 1876. "For investigating the Books, Accounts and Vouchers of the Northern Railway Company of Canada, and the disbursements and expenditures of the said Company," and for other purposes named in the said Commission (Mr. Adam Hope, the third Commissioner, having declined to act), have the honor to report to Your Excellency the result of our enquiry, so far as we have been enabled to proceed therewith.

At the first meeting (after the opening of the Commission), held on the 23rd day of August, 1876, for the purpose of taking evidence—the Crown and all parties being duly represented by Counsel—the Honorable the Attorney-General of Ontario on behalf of the Dominion Government, demanded that the Northern Railway Company should allow free access to the books of the said Company, or place the same at the disposal of the Commissioners for full investigation; whereupon Mr. J. D. Armour, Q.C., Counsel acting for and on behalf of the bondholders of the Northern Railway Company, and of Mr. Cumberland, the General Manager of said Company, by a written memorandum, requested that, before the investigation is proceeded with, there should be furnished a memorandum of the specific items of misappropriation, and of fraudulent entries, referred to in the preamble of the Commission, and that Mr. Cumberland should have one day for the examination of the books as to said items. After discussion, it was arranged (without prejudice to any question) that a memorandum of these items should be given; that the Commission should adjourn until Friday, the 25th August, 1876, at one o'clock, p.m.; that Mr. Miall, the Accountant in attendance on behalf of the Government, should have free access to the books on Friday morning until the meeting of the Commission, if desired, for all entries having reference to these items; that on Friday the examination of witnesses should be proceeded with, if Counsel for the Government should so desire; that Mr. Cumberland should then present himself for examination or cross-examination without being subpoenaed; and that other witnesses might also be examined. The question of the general examination of the books and affairs of the Company, apart from or in addition to the above mentioned items (or any specified items) was then discussed by Counsel, and such general examination being objected to by Mr. Armour, the subject was postponed until the next meeting without prejudice.

On Friday, the 25th August, 1876, the Commission met, pursuant to adjournments and Mr. Cumberland was examined at some length. (For evidence then given, and exhibits filed, see Appendix A.)

On Saturday, the 26th August, Mr. Cumberland's examination was resumed. At it close, the Honorable Attorney-General of Ontario, renewed his request for a general,

examination of the books, to which request the Honorable J. H. Cameron, counsel for the Northern Railway company, submitted the following written objection :

" Mr. Cameron refuses to assent to any accountant examining the books of the Company generally, and without reference to any specific charge or sum of money which the Government expect to show to be incorrect, or to which the Government claims to be entitled, as a part of the proceedings under the Commission ; also, to allow any examination unless the party examining is sworn and makes the examination before the Commission, or some statement on the part of the Government that they expect to show that they are entitled to some further sums of money than those which are specifically charged and referred to in the Commission, and to state what those sums are." He also contended that the Commission had no power to order an examination of the books by the accountant.

At the next meeting of the Commission, held on the 30th August, 1876, Mr. Cum borland was further examined, and the Honorable the Attorney-General of Ontario again resumed his request for a full investigation of the books of the Northern Railway Company, and the Honorable J. H. Cameron requested an adjournment to the following day, to enable him consult with Mr. G. D'Arcy Boulton, the solicitor of the Northern Railway Company (who had just returned from England). This request was granted.

On the following day (the 31st of August, 1876), the Honorable J. H. Cameron submitted to the Commission a written document, applying for a further adjournment to the 14th September, 1876, on grounds therein stated, as follows :

" Mr. Cameron, on behalf of the Northern Railway Company, applies for an adjournment until the 14th proximo, as he considers that he ought to have the views of the London Board of Directors, before determining upon giving or withholding the books of the Company for the purposes of a general examination. The adjournment will enable him to send a communication to the London Board by mail to-morrow, and receive an answer by cable by the day to which the proceedings are adjourned ; and, as this adjournment will thus prevent, in all probability, any necessity for his personal decision upon the question of production or non-production of the books (the point having been left by the Board here to his decision), he considers that it will be more in accordance with the views of the Government and the Company, that the adjournment shall take place ; and, if the production of the books is now pressed, he will feel it to be his duty to refuse their production."

This adjournment having, after consideration, been concurred in by the Honorable the Attorney-General, was granted.

At the meeting held on the 24th September, 1876, pursuant to adjournment, the Honorable J. H. Cameron stated that he had received no reply, as yet, from the London Board, but that, at the request of the Attorney-General, he was willing, in the meantime, that the Government accountant should investigate the books of the Northern Railway Company, as far back as the year 1868, under the heads of " Legals and Parliamentary Expenses," " Contingencies," and " Printing and Advertising," which books, for the purposes aforesaid, should be open to the said accountant not later than Tuesday morning, the 19th September, 1876.

On the 15th September, 1876, the Commission examined Messrs. G. T. Denison, jun., J. D. Edgar and F. W. Cumberland (recalled.) (For evidence, *vide* appendix A.)

On Monday, the 18th September, 1876, Mr. E. Miall, the Government accountant, attended at the office of the Northern Railway company, to inspect the books under the heads named in the minutes of the meeting of the 14th September, 1876, and was refused, under the plea of Mr. Cumberland's illness. On the 19th and the 20th September, Mr. Miall also attended the said office, with the like result. On the 21st September, Mr. Featherston and Mr. Miall attended at the office of the Northern Railway Company, and requested access to the books for the purposes aforesaid, and were refused, the secretary (Mr. Hamilton) producing a copy of a recent resolution of the Toronto Board of Directors of the said Company, prohibiting

any examination of the books, or any extract to be taken therefrom, unless by order of the president or Mr. Cumberland, or in the presence of one or other of them, unless otherwise ordered. Mr. Featherston and Mr. Miall then called on the president and Mr. Cumberland at their respective residences, and stated the result of their application for an examination of the books at the Northern Railway office, and proposed to the latter gentleman, to suit his convenience, and to facilitate the investigation, that the inspection should take place at his own residence, which offer Mr. Cumberland promised to take into consideration.

Having failed to obtain any facilities for access to the books, the Commission met on Saturday, the 23rd September, 1876 (of which notice had been given), when the Honorable J. H. Cameron, on the plea of Mr. Cumberland's continued illness, requested a still further adjournment, to enable Mr. Cumberland to be present, and submitted the following document to the commissioners:—

“ Mr. Cameron objects to any further proceeding on the examination of the new charges submitted to him, in the absence of Mr. F. W. Cumberland, who is so unwell as to be unable to attend the Commission, and he requests an adjournment on that ground, until such day as the Commission may again be called, on Mr. Cumberland being able to appear.

“ Mr. Cameron also objects to any new charges being submitted to the Commissioners which are not stated in the communication of Mr. Hamilton, the secretary of the Northern Railway Company, as they are not within the scope of the Commission, which, he contends, is confined to the recital of the charges by Mr. Hamilton.”

Mr. Cameron not producing any medical certificate, accounting for Mr. Cumberland's absence, and it appearing to the Commissioners that it was not desirable to grant any further delay, in view of the impediments which had already been raised to the progress of the Commission, declined to accede to Mr. Cameron's request; whereupon, as he had previously intimated, he withdrew, leaving Mr. G. D'Arcy Boulton to take his place as counsel for his clients; and the Commissioners proceeded to take the evidence of Messrs. F. H. Heward, Noah Barnhart, Patrick Burns, Alexander Manning, John Ginty, William Rowland, and William H. Lockhart Gordon (for which see Appendix A), and afterwards adjourned to Monday, the 25th September, 1876, when Mr. Archibald F. Campbell, counsel for Mr. Cumberland, stated that his client was still too ill to attend for investigation of the books, or to be present at the meetings under the Commission. Upon the Attorney-General's declaring his intention to call Messrs. Ball, Douglas, and Wood, and others who had been subpoenaed to give evidence in regard to commissions paid to Mr. Barlow Cumberland on premiums of insurance on Northern Railway property, Mr. A. F. Campbell, on behalf of Mr. Cumberland, undertook to produce a statement from his client, admitting the receipt of the commissions by Mr. Barlow Cumberland and other employés (which was subsequently filed as exhibit No. 1 of the 27th September, 1876.—See Appendix A.), and the above named witnesses were not examined.

In view of the continued obstructions placed in the way of the Commission, to prevent a complete investigation into the affairs of the Northern Railway Company in the general way and to the extent contemplated by the Commission, and Mr. Cumberland's illness having created a pause in the proceedings, and he having admitted the correctness of the most important of the representations referred to in the preamble of the Commission, we deem it advisable at this stage to report the progress that has been made, and to solicit Your Excellency's instructions for our future guidance.

We have the honor, then, to report that, out of the moneys which, under the Statutes in that behalf were payable, and should have been paid to the Government in respect of the Government lien, the following items were, on the contrary, paid in the manner, and for the purposes, hereinafter mentioned:—

1. We find that various sums, amounting together to \$5,440.68, were paid out o

the Railway funds for the election expenses of the Honorable J. B. Robinson, as a candidate for the District of Algoma (the said Robinson being at that time President of the Northern Railway Company), and that, under Mr. Cumberland's direction, the said amount was thus charged in the books of the said Company, viz.: one-third to "Contingencies," one-third to "Parliamentary Expenses," and one-third to "Legal Expenses," in instalments of one-twenty-fourth per month,—making in all seventy-two instalments. (The details of these entries will be found in Appendix A, Exhibit 1, filed 25th August, 1876.)

2. We further find, that the Honorable J. B. Robinson, whilst President of the said Company, overdraw his account to the extent of about \$4,900.00, which sum is in addition to the sum of \$5,440.68 above mentioned, and is, with interest, still unpaid.

3. We further find, that there was paid out of the funds of the Northern Railway Company the sum of \$1,000.00 for stock in the *Mail* newspaper, which Mr. Cumberland subscribed for, and still holds, in his own name, and the amount of the same was, by his direction, charged in the books of the Northern Railway Company to the accounts of "Legal and Parliamentary Expenses" and "Printing and Advertising," but no value therefor, in printing and advertising was to be given.

4. We further find, that Mr. F. W. Cumberland, on the 25th February, 1873, drew upon the treasurer of the Northern Railway Company for the sum of \$8,000.00, which was paid, and, out of the funds arising from the proceeds of this draft, he paid \$7,600.00 towards his share in the steamer *Chicora*, which was purchased by him jointly with the Honorable Frank Smith and Noah Barnhart, Esquire, but in the name of these two gentlemen alone; and that he directed the said sum of \$8,000.00 to be charged to "Parliamentary Expenses" (suspense account); that subsequently the president of the Company, Mr. William Thomson, directed this sum of \$8,000.00 to be charged to Mr. Cumberland's individual account, by the following entry:—(Vide Appendix A, exhibit 6, of 25th August, 1876.)

1876.

February 26—F. W. Cumberland (special) Dr.

To Parliamentary Expenses.

" For this amount, representing a portion of Mr. Cumberland's investment in steamer <i>Chicora</i> , which sum is	
" to be represented by an assignment of his interest in	
" said steamer to the above extent, and held by the	
" Company as a security for such advance, the said	
" investment to be made matter of enquiry with a view	
" to adjustment.....	\$8,000.00"

and that said sum, with interest, has not been repaid to the said Company.

5. We further find, in reference to a sum of \$9,665.68, paid to the secretary of a committee of shareholders of the Northern Railway Company, by four promissory notes, in June, July, August, and September 1875, by the direction of Mr. Cumberland, that it was paid out for the various purposes detailed in Mr. Campbell's "Explanatory Memorandum," filed on the 14th September, 1876, as Exhibit No. 4, in Appendix A; that, of this sum, Messrs. Morrison, Wells and Gordon received, for services rendered to the committee of shareholders of the Northern Railway Company, in their endeavour to raise a sum of 300,000 pounds sterling by way of new capital, to meet the requirements of the said railway; in assisting to prepare the bill to re-arrange the capital of the said Company, and for other purposes; and to get the same allowed—including

frequent journeys and attendances at Ottawa, New York, and England, for the foregoing purposes, extending over a period of eighteen months and upwards .....	\$5,000.00
For their disbursements, which includes fee to London Agents, 200 pounds sterling.....	\$1,866.47
That Mr. G. T. Denison, as secretary to the committee of shareholders, received for his services, extending over eighteen months.....	2,000.00
And for sundry disbursements made by him, including a sum of \$200.00 paid to the Estate of the late Secretary (Mr. Henderson).....	404.29
That Mr. C. J. Campbell received for his disbursements, including travelling expenses to Ottawa and New York, in connection with the shareholders' legislation, etc.....	276.92
And that Messrs. Morrison, Wells & Gordon also received the amount of their bill of costs, in the Chancery suit of R. L. Denison vs. the Northern Railway (afterwards withdrawn).....	98.00
	\$9,665.68
	\$9,665.68

On the investigation of this account, the evidence was taken of Mr. Cumberland, Mr. C. J. Campbell, Col. Denison, and Mr. Gordon. (*Vide Appendix A*)

In reference to the first of these items, although the fee appears excessive, the services rendered are stated to have been valuable, and to have extended over a lengthened period, involving, for a considerable portion of it, the services of two professional gentlemen.

The second item requires no comment, being for actual disbursements.

As regards the third item, it appears by the evidence that this charge was specifically made by virtue of an agreement entered into with the committee of shareholders, before Mr. Denison accepted the position of Secretary.

The fourth item is for money actually disbursed by Mr. Denison, whilst acting as Secretary.

The fifth item is for actual disbursements made by Mr. C. J. Campbell, whilst acting on the committee of shareholders, and by their authority.

The last item is for costs incurred in Chancery proceedings, instituted by Col. R. L. Denison against the Northern Railway Company, and withdrawn by arrangement with said Company.

And we further find, in regard to said sum of \$9,665.68, that, although it was paid out as above by the Northern Railway Company, with the apparent consent of the Stock and Bondholders, it does not appear that the Dominion Government were consulted on the subject, or that their interests, as the largest creditors of the said Company, were considered in the matter.

6. We further find, that a sum of \$2,500.00, charged in the books of the Northern Railway Company to the Honorable D. L. Macpherson, was not money due to or by that gentleman, or for which the Company had received, or was to receive, value; but was a subscription paid by Mr. Cumberland to the said Honorable D. L. Macpherson, as Treasurer of a fund raised as a testimonial to the Right Honorable Sir John A. Macdonald, and was so paid out of the funds of the Northern Railway Company; that the said sum was falsely made to appear in the books as an asset of the Company, until the amalgamation of the said Company with the Northern Extensions Companies was completed.

That the sum of \$2,616.00, charged in the said books to the debit of William Hamilton & Son, and made to appear as an asset of the Company, is a sum paid out of the funds of the said Company, in discharge of a note of the said Company, in favor of William Hamilton & Son, and given by order of Mr. Cumberland, and the proceeds of which were paid out for "the expenses and remuneration of various deputations into the country, and local expenses of opposing the Midland Railway Company." It does not appear by the evidence that this purpose was not in the commercial interest of the Northern Railway, or that, in view of such interest, the outlay was excessive;

That a further sum of \$12,593.21, to which our enquiries were directed, consists of the notes of \$2,181.29 and \$10,411.92 respectively, given on the 30th June, 1869, and the 15th April, 1873, by Mr. F. W. Cumberland to the Northern Railway Company, to cover so much of his private account, which he alleges to have been overdrawn—partly in payment of his election expenses as a Parliamentary candidate for Algema and Cardwell, and partly in payment of his share in the steamer *Chicora*. The sum for the former is \$4,166.90, and which Mr. Cumberland claims the Company should justly have paid.

We find, in connection with the foregoing items of \$2,616, \$2,500, and \$12,593.21 (see Appendix—exhibit 2, filed 25th August, 1876), a journal entry to the following effect:—

Northern Extension Railway: "new account," Dr.

To Sundries, viz:—

To William Hamilton & Son .....	\$ 2,616 00
D. L. Macpherson.....	2,500 00
Bills receivable. ....	12,593 21
	<hr/>
	\$17,709 21

And, as there appears to have been two sets of books in use—the one containing transactions of the Northern Railway Company (proper), and the other containing transactions of the Extension Companies—the effect of this entry was to expunge these items, as assets, from the books of the Northern Railway Company (proper), and to place them to the debit of an account which did not represent assets, but rather *expenditures*, or, in other words, *losses*, in the books of the Extension Companies.

Simultaneously an entry appears to have been made in the Extension books, as follows:—

Municipal bonus and government subsidies expenses, Dr.

To Northern Railway (new account), viz:

For amounts transferred by Northern Railway Company, being items standing to debit of the following in their books, 30th June, 1875:—

Wm. Hamilton & Son.....	\$2,616 00
D. L. Macpherson.....	2,500 00
Bills receivable.....	12,593 21
	<hr/>
	\$17,709 21

The effect of the last entry was to change the nature, as well as the position or location, of these accounts.

Subsequently, on the 29th of February, 1876, a further entry appears to have

been made under the direction of the President, Mr. William Thomson, upon his attention having been called to the foregoing entries by the Secretary, as follows:—

(See Appendix A.—Exhibit 3, filed 25th August, 1876.)

Sundries, Dr.

To Municipal bonus and Government subsidies expenses, for the following amounts:—

W. Hamilton & Son (being the note of the Northern Railway Co., to W. Hamilton & Son, dated 31st October 1871).....	\$2,916 00
D. L. Macpherson.....	2,500 00
F. W. Cumberland, adjustment, represented by two notes:	
One dated the 30th June, 1869, at 4 months... \$	2,181 29
The other dated 15th April, 1873, at 6 months..	10,411 92
	12,593 21
	\$17,709 21

Thus re-establishing the amount as the apparent asset in the books of the Extension companies, in which position, we presume, it now stands.

7. In consequence of rumors that other parties had received sums of money for improper purposes out of the funds of the Northern Railway Company, and that Mr. J. D. Edgar had been the recipient of some for his election expenses, it was considered proper to have Messrs. Cumberland and Edgar examined in relation thereto; and this having been done, we find that there is no ground for such rumor; but that whatever moneys Mr. Edgar received from the Northern Railway Company, were so received in his professional capacity, for legal and parliamentary services rendered the Company in 1874-75, when he had no seat in Parliament, and that the remuneration for his services had the sanction of the Board of Directors for the time being.

8. It having been reported to us that a practice had obtained in the Northern Railway Office, of permitting employes to receive, for their own benefit, from the agents of Insurance Companies, commissions upon the premiums of insurance effected with said companies, we called and intended to examine several of the leading Insurance Agents in Toronto on the subject; but, having ascertained from the evidence of Messrs. Frank Howard and William Rowland, that such practice did prevail, and, inasmuch as Mr. Cumberland justified the practice on the ground (as he stated) that such commissions were taken into account in fixing the salaries of officials so employed, further investigation on this matter was not pressed. We therefore find, on this head, that Mr. Barlow Cumberland and Mr. Telfer, in the employ of the Northern Railway Company as salaried officers, have received, and are still in the receipt of, commissions on all premiums of insurance effected by them upon the property of the said railway, and that such commissions usually amount to about ten per cent. upon the premiums paid. (We refer to Appendix A—to the evidence of Messrs. Frank Howard and William Rowland, taken on the 23rd September, 1876, and to exhibit 1, filed on the 27th September, 1876.)

9. Having been informed that Mr. Cumberland or his son, Mr. Barlow Cumberland, may have derived advantages in commissions from parties contracting with the Northern Railway Company, we examined Mr. Patrick Burns, a wood and coal dealer in the city of Toronto, also Messrs. Alexander Manning and John Ginty, contractors, who had held contracts for the construction of the Northern extension lines of railway. In the former case, there was no evidence to substantiate any such



charge. In the latter, it appeared that no sums, in the way of bonus, or in any way whatever, had been paid to either Mr. Cumberland or his son; that after Messrs. Manning and Ginty obtained the contract to build the North Grey line to Meaford (a distinct line at that time from the Northern Railway), Mr. Barlow Cumberland was associated with them as a partner for a short time, with one-half interest in the profits; but this arrangement was never completed, and he subsequently remained at a salary—and Messrs Manning and Ginty both stated that Mr. F. W. Cumberland objected to his son's having any interest in the profits of the contract as a partner. (See Appendix A for the evidence of Messrs Patrick Burns, Alexander Manning, and John Ginty, under date of the 23rd September 1876.)

We further find, that all payments of moneys referred to in items 1, 2, 3, 4, 5, 6, 7, 8 and 9, above mentioned, were so made in all cases by the authority of Mr. Cumberland, and without the sanction of the Board of Directors of the Northern Railway Company for the time being, and that the entries in the books of the Northern Railway Company were made in like manner, excepting those made under the direction of the President, Mr. Wm. Thomson, and specially referred to.

We have also further to report, that, up to the present time, we have had no communication from the Northern Railway Company, or their counsel, to intimate whether the London Board of Directors are willing or unwilling to place the books of the Company at our disposal, for the purpose of a general examination, notwithstanding that such information was promised us by the 14th September last.

Before closing our interim report we feel it to be our duty to state, that we consider that much credit is due to the Secretary of the Northern Railway Company (Mr. Thomas Hamilton), who was instrumental in bringing the charges under the notice of your Excellency's Government, for his conduct in this matter, the course adopted by him being in our judgment, exceedingly proper, and in strict accordance with his duty.

In conclusion we take the opportunity of acknowledging the valuable assistance afforded by Mr. Miall, the efficient Government accountant, in the various matters which have come under our consideration.

All which is respectfully submitted.

(Signed)

LARRATT W. SMITH,  
*Commissioner.*

(Signed)

JOHN P. FEATHERSTON,  
*Commissioner.*

## APPENDIX A.

## INVESTIGATION RE NORTHERN RAILWAY COMPANY.

TORONTO, August 25, 1876.

Mr. F. W. CUMBERLAND, SWORN.

Examined by *Mr. Mowat* :—

Q.—Have you brought with you the books of the Northern Railway Company ?

A.—I have not.

Q.—None of them ?

A.—None of them.

Q.—Were you served with a subpoena to bring them ?

A.—No.

Q.—You are the Managing Director of the Railway Co. ?

A.—The General Manager.

Q.—How long have you occupied that one position ?

A.—I have held two offices, as Managing Director, and at another time and now as General Manager, and both offices since 1851.

Q.—That is, one or other of these offices ?

A.—One or other dependent upon my having a seat at the Board. If I had a seat at the Board I was Managing Director, otherwise I was General Manager and not Managing Director.

Q.—With reference to the item of \$2,500, said to have been paid as a subscription to a testimonial to Sir John Macdonald, is that correct ?

A.—Yes.

Q.—Was that paid out of the regular funds of the Company ?

A.—Yes.

Q.—About what time ?

A.—The 14th of January 1871.

Q.—That was the date of the cheque ?

A.—Yes.

Q.—Have you got the cheque ?

A.—Yes.

Q.—Is it here ?

A.—The cheque is not here, but I produced it to Mr. Miall this morning.

Q.—Was it a cheque of the Company ?

A.—It was.

Q.—It was payable to whom ?

A.—The Hon. D. L. Macpherson, Treasurer of the Macdonald fund.

Q.—Was that the only sum paid by the Company to that fund ?

A.—The only sum.

Q.—Was there any other sum paid towards a like fund for Sir John Macdonald ?

A.—None, that was the only sum so paid.

Q.—What fund was that ?

A.—It was a fund, as I understood, raised in consideration of the eminent public services of Sir John Macdonald.

Q.—How was the entry made in the books for payment ?

A.—We produced the cheque, and the order of myself to the Treasurer to pay \$2,500 to the Hon. D. L. Macpherson, and to hold the same in suspense until further orders.

Q.—That was your order ?

A.—That was my order.

Q.—Have you the order here ?

A.—I do not think I have a copy of the order, but I have given you it in almost the exact words as it reads.

Q.—Was there a subscription list ?

A.—I never saw a subscription list.

*By the Chairman :—*

Q.—On whom was the order ?

A.—The order was to the Treasurer, Mr. Thos. Hamilton, to issue the cheque.

*By Mr. Mocat :—*

Q.—Was there any order of the Board for that subscription ?

A.—None.

Q.—Did they know of it ? or was it by their desire or concurrence ?

A.—Not corporately as a Board.

Q.—Was it with the knowledge and concurrence of individual members of the Board ?

A.—I cannot say that it was with the knowledge or concurrence of all the individual members of the Board ; but I think I can say that it was with the knowledge and concurrence of some members of the Board.

Q.—How many members of the Board were there then ?

A.—There were then I think five, with two corporation members. Those were the members for the City of Toronto, and the County of Simcoe.

Q.—Making seven altogether ?

A.—I think so.

Q.—And which of those members had authorized the subscription ?

A.—I could not say now, for I really do not remember who were on the Board then.

Q.—Can you say how many of them had sanctioned it ?

A.—No, I could not.

Q.—But you are quite sure that some of them did ?

A.—Quite sure.

Q.—Was that sanction given before the subscription, or afterwards ?

A.—Before.

Q.—So that you knew at the time of giving the cheque that it had the concurrence of some of the Directors ?

A.—Yes.

Q.—The majority of them ?

A.—I could not say.

Q.—Would you give a cheque without the concurrence of the majority of them for such a purpose ?

A.—Yes, at that time the management was to a large degree personal, and I was not afraid to take upon myself responsibilities in the interest of the Company.

Q.—Sir John A. Macdonald was at that time Premier of the Dominion ?

A.—I think he was.

Q.—You know he was, I suppose ?

A.—Yes, I know he was.

Q.—And you thought it to be in the interest of the company to give him a subscription of \$2,500 ? Did you give this subscription because you thought it was in the interest of the Company to do so ?

A.—Not so much that it was in the interest of the Company, as that I thought all parties interested in the Public Works of the country should recognize his eminent services.

Q.—Then you gave it because of the services of Sir John Macdonald and not because you thought it in the interest of the Company ?

A.—I did not give it with any view to the interest of the Company at all—to the future interest of the Company.

Q.—Did you give it with any view to the interest of the Company?

A.—Certainly not.

Q.—Then I understand you to say that you gave a subscription of \$2,500 to Sir John Macdonald's testimonial without the authority of the Directors, and without thinking it was in the interest of the company?

A.—Without the official authority of the Directors, and without any view to the future interests of the Company.

Q.—Did you consider it was for the interest of the Company that you should give that subscription?

A.—I had no such thought.

Q.—Then I understand you gave that subscription without the authority of the Directors as a body, and without any thought of the interest of the company.

A.—Yes.

Q.—How soon afterwards did those Directors who had not sanctioned the payment beforehand become aware of it?

A.—Not for a considerable time.

Q.—How long?

A.—I could not fix a date.

Mr. WILLIAM ELLIOTT, sworn.

Examined by *Mr. Mowat*.

Q.—You are the acting president of the Northern Railway Company?

A.—No I am not the acting President, I have simply acted as chairman of the meetings of the board,—appointed *pro tem*.

Q.—Where is the President now?

A.—He is out of town.

Q.—Who is the President?

A.—Mr. William Thomson.

Q.—Mr. William Thomson is out of town, at Philadelphia?

A.—Yes.

Q.—How long has he been at Philadelphia?

A.—Four or five days.

Q.—Where you subpoenaed to attend, and were you required to produce the books of the Company?

A.—I was.

Q.—Have you produced them?

A.—No, Sir.

Q.—Are they with you?

A.—No, Sir.

Q.—Why?

A.—I have no authority over them any more than any other Director.

Q.—Who has the authority over them?

A.—They are in the possession of the General Manager or the Treasurer. I think the General Manager has the custody of them.

Q.—Then Mr. Cumberland is the person who has the authority to produce them?

A.—Yes, sir.

Mr. F. W. CUMBERLAND—resumed.

Q.—You don't recollect when the other Directors became aware of the subscription?

A.—No. I would not say that they were not all aware, but I do not know that they were.

Q.—Had you any conversation with them afterwards about it?

- A.—Well, the thing dropped.
- Q.—Was there any reason for concealing it from the other Directors, or any of them?
- A.—None.
- Q.—You had no intention of concealing it from them?
- A.—No.
- Q.—You did not conceal it, then? You thought if they were not actual parties to it beforehand they were quite willing to sanction it?
- A.—I have no doubt they would have sanctioned it.
- Q.—In January 1871, I think you said the transaction took place? The Board of directors met frequently, I suppose every week?
- A.—No, our board meetings at that time were very infrequent.
- Q.—How often did they meet?
- A.—They met on call.
- Q.—How often, taking one month with another, or one quarter with another?
- A.—Perhaps once in three weeks or a month.
- Q.—When does your annual meeting take place?
- A.—The semi-annual meeting generally takes place early in August.
- Q.—Did the meeting of 1871 take place in August?
- A.—I think so.
- Q.—Where does the meeting take place?
- A.—In Toronto.
- Q.—Were the Directors all aware of it before that semi-annual meeting at all events?
- A.—I am not sure, I do not know.
- Q.—You do not know that they were aware of it, up to the semi-annual meeting?
- A.—I could not say.
- Q.—Any belief as to that?
- A.—I should be better able to speak if I refreshed my memory with a knowledge of the gentlemen who were then members of the Board.
- Q.—You cannot therefore say, whether they all were aware, then, at the time of the next semi-annual meeting, whether this transaction had taken place?
- A.—I could not say.
- Q.—How was it entered in the books originally?
- A.—It was simply entered against the Hon. D. L. Macpherson as a payment to him.
- Q.—It was not entered, then, to the suspense account?
- A.—It was not entered or classified to any service.
- Q.—Have you got a suspense account in the ledger?
- A.—We have various suspense accounts—but no general suspense account.
- Q.—Why was it charged to D. L. Macpherson?
- A.—Because he was treasurer of the fund and received the money.
- Q.—But he was not a debtor of the Company?
- A.—It was kept in the suspense account until it could be charged to some specific service.
- Q.—How long did it remain at the debit of D. L. Macpherson?
- A.—Until the 30th June 1875. It remains there still.
- Q.—Why did you name the 30th June 1875, if it remains to his debit still?
- A.—Because on the 30th June 1875, it was carried to the account which was made in connection with the amalgamation of the Northern Extension Railway, which had the effect of giving us for the first time a capital account.
- Q.—What was done with it then?
- A.—It was then entered on the 30th June 1875, to municipal bonuses, government subsidies, expenses of the Northern Railway Company, new account.
- Q.—Are you giving me now the entry in regard to this item in the Northern Railway books?
- A.—No.

- Q.—Tell me first how that was disposed of.  
 A.—It was by a voucher.
- Q.—How was the entry in June, 1875, made in the Northern Railway books of this item?  
 A.—“Northern Railway Extension, new account, Dr. to Sundries.”
- Q.—One of these sundries, was this item?  
 A.—Yes.
- Q.—Thereby closing the account of D. L. Macpherson in the Northern Railway books?  
 A.—Yes.
- Q.—Is that the way the matter stands now in the Northern Railway books?  
 A.—Yes. Since the amalgamation on the 3rd of June, what is called the Northern Extension Special Account has been just as much the Northern Railway Company's account as the other; the opening of the Northern Extension Railway special account took place at the time of amalgamation, by Deed, on the 3rd of June 1875, and the Extension then became part and parcel of the Northern Company; but in order to keep that purchase as a capital account separate from revenue, the burdens and liabilities that we took over of the Extension Railway at the time of amalgamation, have been continued in the account that we call the Northern Extension Special or New account.
- Q.—Have you since that date had a separate set of books for the Northern Extension Railway?  
 A.—Yes.
- Q.—You have a separate set of books, the amalgamation account being in effect the Northern Extension Railway, I suppose?  
 A.—Yes, it is the account coming to us by amalgamation.
- Q.—Upon that date you charged this item to the Northern Extension Railway new account, you say?  
 A.—That's it.
- Q.—Were there any other Northern Railway items transferred on that day to that account?  
 A.—There were two others. One was a note of William Hamilton & Sons, of \$2,616, and one was a note of my own of \$12,593.21.
- Q.—Did those other items stand respectively to the debit of Hamilton & Sons and yourself in these accounts?  
 A.—Yes.
- Q.—By whose direction were those entries made?  
 A.—By my own.
- Q.—Had these entries been ordered by the Board?  
 A.—No.
- Q.—Were they made with the concurrence of the Board?  
 A.—No.
- Q.—They knew nothing of them beforehand?  
 A.—No, I directed the entries in the exercises of my own authority.
- Q.—Without any communication with the Board whatever?  
 A.—Yes.
- Q.—And without the knowledge of the Board?  
 A.—That is, without any knowledge that I am aware of.
- Q.—Did any members of the Board know that you were going to make these entries?  
 A.—I do not think so; I did not consult any of them.
- Q.—Did the members of the Board know that those three items were standing to the debit of the respective parties, previous to this?  
 A.—I do not think they did.
- Q.—You do not think, then, that the Board knew that there was that sum of \$2,500 standing to the debit of D. L. Macpherson?  
 A.—Unless they examined the balance sheet.

- Q.—Did it appear in the balance sheet ?  
 A.—Yes.  
 Q.—Charged in that way ?  
 A.—Yes.  
 Q.—Have you got that balance sheet here ?  
 A.—No, but I will produce it.  
 Q.—Did the Board know that that sum of \$2,616, was standing to the debit of Hamilton & Sons ?  
 A.—In the same way, only by the balance sheet.  
 Q.—Did they know of the \$12,593.21.  
 A.—In the same way.  
 Q.—Did they ever enquire what these entries meant ?  
 A.—I could not say.  
 Q.—Is the balance sheet a large document or not. How many items or how many sheets, speaking roughly ?  
 A.—I should say perhaps four pages of foolscap.  
 Q.—That is, the items of the debits ?  
 A.—Yes.  
 Q.—And these were amongst them ?  
 A.—Yes.  
 Q.—Does that item of \$2,500 now stand as one of the items of that Northern Extension Railway new account ?  
 A.—Yes, it stands there in suspense.  
 Q.—Another item you mention as having been transferred on that day was the note of William Hamilton & Sons of \$2,616. Did they owe that sum ?  
 A.—No.  
 Q.—How long had it been standing to their debit ?  
 A.—Since the 21st October 1871.  
 Q.—Had they been paid that sum ?  
 A.—They had been given a note.  
 Q.—By the Company ?  
 A.—By the Company.  
 Q.—And that note was paid by the Company ?  
 A.—Yes.  
 Q.—And the Company received value for that note ?  
 A.—Well, the Company did receive value for it.  
 Q.—Had the Company any transactions with Hamilton & Sons at or before the time that note was given ?  
 A.—Yes, from early in 1871 down to 1873, a good many transactions.  
 Q.—Had you a settlement with them at that time of the accounts up to that time ?  
 A.—From 1871 to 1873 we had numerous transactions and contracts with Hamilton & Sons.  
 Q.—Had you a settlement with them about the 21st October, 1871, when that note was given ?  
 A.—I don't remember, I think there was a balance struck every half year with them.  
 Q.—This sum, however, was always left to their debit ?  
 A.—Yes, a little more or a little less, every half year.  
 Q.—Why was that left ?  
 A.—Because the proceeds of that note were applied to various purposes of the Company.  
 Q.—Then they did not give value for it ?  
 A.—Hamilton & Sons did not give value for it.  
 Q.—Then the note was for some other purpose ?  
 A.—It was for bonus purposes.  
 Q.—To whom ?

A.—I could not tell; I mean to say that the distribution of moneys applied to those purposes was at the time when we were fighting the Midland Railway.

Q.—What was the money paid for?

A.—It was paid for the expense and remuneration of various deputations into the country, and local expenses of the opposition to the Midland.

Q.—Have you any account of the particulars to which the money was paid?

A.—I have not.

Q.—Why was it left as a debit to Wm. Hamilton & Sons, when they did not owe any such sum?

A.—Because it was for confidential services.

Q.—And it has waited from that time until now?

A.—Until there was an opportunity to place it in capital account. To adjust it then and provide for it from capital, we were working for a capital account at that very time.

Q.—What do you mean?

A.—We were seeking legislation by which the Northern Railway Company could raise new money for various purposes; we had no capital account at the time of these transactions, and we suspended the entries in anticipation of the powers we have since received.

Q.—Was it Hamilton & Sons who disbursed this money?

A.—No, it was disbursed under the control of a number of gentlemen who were interested with myself.

Q.—Had Hamilton & Sons received this money?

A.—They received a note, and the proceeds were appropriated under the control of the parties connected with the Muskoka and the Northern Railway and were paid out to local persons on the line of the disputed territories, and individuals who went on deputations from Toronto for that purpose.

Q.—Who was it that made these appropriations?

A.—The President of the Northern Railway at that time, Mr. Robinson, Mr. Wilson, the late partner of the Hon. Frank Smith, and quite a number of people—Mr. Smith, collector of Customs, who had been a director of our road, was one.

Q.—Was he a Director at this time?

A.—I am not sure, at that time; he was immediately before, at any rate.

Q.—And he assisted in appropriating this money?

A.—I do not know that he assisted, but we were all cognizant of the way the money was placed.

Q.—Was the money paid to him?

A.—No, not to my knowledge.

Q.—Did he get any of it?

A.—I think he did.

Q.—How much did he get?

A.—He went like all the others out to canvass and work, and our expenses were paid. I do not know how much he got, and I do not know that he personally got any. His services were gratuitous.

Q.—Were any expenses incurred in the same matter besides the proceeds of that note?

A.—Not by the Northern Company.

Q.—No other moneys out of the funds of the Northern Company?

A.—That was the sole amount of money of the Northern funds disbursed in that battle.

Q.—With respect to the next item of \$12,593.21—How long had that been standing at your debit in the books of the Northern Railway Company?

A.—Since early in 1873.

Q.—Can you give me the particulars of the notes making up that sum?

A.—There were two notes, one was given on the 30th June, 1869, of \$2,181.29, the other on the 15th April, 1873, of \$10,411.92.

Q.—These were notes of yours to the Company?



A.—These were notes of mine to the Company.

Q.—What was the occasion of the first of these notes—that of \$2,181.29?

A.—The occasion of both of these notes was the charging to my account expenses which, in truth belonged to the Company, but which I had carried, and still carry, but which was owing to me, as I contend, at those dates, for services the expenditure for which had been charged to my personal account, and it was to relieve my personal account from the appearance of being overdrawn, and to provide, in fact, for my personal requirements, which were embarrassed by these charges.

Q.—Did the Board take the same view of these items as you did?

A.—The Board has never been asked, because it was premature to discuss these matters until the capital account to which I have before referred was at our hand, and I declined to exercise my official powers to relieve my own account and therefore gave a note.

Q.—Was there an account opened against you to which these notes were charged?

A.—Those are the notes which, with the Macpherson and the Hamilton items, were transferred on the 30th June, 1875, from the Northern accounts to the Northern Extension account.

Q.—How did these notes stand before that transfer?

A.—They were in bills receivable account.

Q.—So that they did not appear at your debit?

A.—No.

Q.—Did any of the Directors know you had given these notes?

A.—I could not say, I did it on my own responsibility the same as the others.

Q.—You do not know that they knew at the time you gave the notes. Did they ever know?

A.—I do not know that they knew, I do not think they knew until the president Mr. Thomson, on the 20th of March of the present year, became aware of it, and looked into the whole matter.

Q.—Am I to understand that over and above salary and so on, you had drawn to the amount of both of these notes without the Directors knowing it, to the amount of \$12,593?

A.—It was an overdrawn account previously.

Q.—Previous to what date?

A.—Of both notes.

Q.—Then your account was overdrawn to the extent of \$12,593 without the Directors knowing of it?

*By Mr. Cameron:—*

Q.—Doesn't it appear always in the semi-annual balance sheet?

A.—It did until it took the form of notes.

*By Mr. Mowat:—*

Q.—But these items did not appear against you individually in the balance sheet after they took the form of notes?

A.—No.

*By Mr. Cameron:—*

Q.—They appeared then in bills receivable?

A.—Yes.

*By Mr. Mowat:—*

Q.—Then I am to understand that that over-drawing took place without the Directors being aware that you had overdrawn?

A.—I think so. I do not know whether they knew or not. I never reported it.

Q.—To any of them?

A.—I do not think to any of them. I might possibly to the President. The presidents of the day are always in close communication with me.

Q.—Who were the Presidents at this period?

A.—From 1869 to 1873 Mr. Beverley Robinson was president, until he was succeeded about two years ago by Mr. Thomson.

Q.—Mr. Thomson became president in 1874?

A.—I think so.

Q.—Where have these notes been since the making of them?

A.—In the custody of the Company.

Q.—What do you mean by the custody of the Company?

A.—They have been in the custody of Mr. Hamilton up to the time the transfer was made to the Extension Company, and since then they have been in the custody of the clerk keeping the Northern Extension account.

Q.—Then the same notes are still in existence?

A.—Yes.

Q.—Are they stamped notes?

A.—No.

Q.—The accounts of the Company have been audited from time to time?

A.—Yes.

Q.—Once a year, or how often?

A.—Every half-year.

Q.—How many auditors are there now?

A.—Two.

Q.—Who are they?

A.—Mr. Gamble and Mr. Graham.

Q.—How long have they been auditors?

A.—Mr. Gamble has been auditor for a good many years.

Q.—Before 1869?

A.—I fancy so.

Q.—And Mr. Graham?

A.—Mr. Graham for two years.

Q.—Whom did Mr. Graham succeed?

A.—Mr. Osler.

Q.—After these entries were made, did the auditors—any of them—ask any explanation of these items?

A.—No.

Q.—Were you never called upon to make any explanation of them until Mr. Thomson made the enquiries during the present year?

A.—No.

Q.—The entry you had directed to be made on the 30th June, 1875, was to charge these against capital account?

A.—No, it was to transfer them from the revenue books of the Northern proper to the Extension special account.

Q.—These were overdrawings on account of the Company, and not on account of yourself?

A.—These were overdrawings on expenditures which I had made on behalf of the Company, and which had been entered in my personal account, and for which I had relieved the accumulated pressure by making them in the form of notes.

Q.—In your personal account there were two classes of charges—one of them was in connection with the purchase of the steamer *Chicora*, and the other in connection with political expenditure. Have you got the particulars of these items?

A.—I have.

Q.—Got them here

A.—No.

Q.—The items making up the \$12,593, the expenditure which you consider you should be relieved from?

A.—I have got the item with regard to the *Chicora*, and I have got the items which go to make up the amounts of these notes in my own personal accounts.

Q.—Therefore you could furnish the details, I suppose, if they were required?

A.—I have got the details.

Q.—You say part was on account of the purchase of the steamer *Chicora*. Was that purchase made on behalf of the Company?

A.—In 1871, the steamer *Chicora* having been running for several years in the Collingwood and Lake Superior line, was about to be sold to Colonel Sibley, of Silver Islet, to be put on between the head of Lake Superior and Detroit, an opposition line, and I conceived, she being the best of our steamers on these waters, that it would be equivalent to the breaking up of our line if we were to lose her; and I considered how it was possible to retain her in the line and the only method of doing that was to buy her over Sibley's head.

Q.—Did you become the purchaser, then?

A.—It was my anxiety to get her bought, so as to retain her in the line, and with that view I organized a party to subscribe and buy this steamer, of which party I undertook to find one-third of the capital.

Q.—What was the whole capital to be?

A.—The whole purchase was somewhere about \$60,000.

Q.—How much of that came out of the funds of the Company?

A.—The proposition at that time was, not that I should take upon myself the burden, but the manner of it was this:—the Company could not, according to law, itself become the proprietor of the boat, therefore I went in to save her to the line, taking own-third in my one name, which, however, I proposed to carry for the Company. That is to say, the Company was to find me half the money for the one-third interest which I had assumed.

Q.—Then the purchase money was \$60,000, your third was to be \$20,000, and the Company was to furnish half of the \$20,000?

A.—Yes.

Q.—Did the Company furnish half the money?

A.—No.

Q.—How much?

A.—\$7,600.

Q.—Do you mean the Directors of the Company agreed to furnish that?

A.—No, the programme was this—first, secure the boat; second, that, in order to do that, I was to assume one-third of the purchase. I had not the means to assume that one-third, and I took it upon myself, as representing the Company, to assume at least half.

Q.—Then did you assign one half of your purchase to the Company?

A.—What I mean is that, after the Company had paid \$7,600, I had to find the balance independent of the Company altogether.

Q.—The Company were not purchasers of the boat, so they had no interest in the boat?

A.—They had every interest.

Q.—How was the \$7,600 paid?

A.—It was paid by a cheque of the Company, by a draft made by myself.

Q.—That is, you drew upon the Company, and the Company cashed the draft? And that is the only money that went into the *Chicora* of the funds of the Company?

A.—Yes.

Q.—Is the *Chicora* on that route still.

A.—She is, but she is laid up.

Q.—How was that \$7,600 charged in the books?

A.—It was charged to Parliamentary Expenses.

Q.—Parliamentary Expenses? when was that charge made?

A.—At the time of the draft.

Q.—What was the date of that?

A.—The 28th of February, 1873.

Q.—That is to say, a draft on the Treasurer of the Company in your own favor?

A.—No, in favor of my son. I was at Montreal.

Q.—Did this draft direct it to be charged to Parliamentary Expenses Account?

A.—It directed the amount to be charged to Parliamentary Expenses.

Q.—And that was done accordingly?

A.—That was done accordingly.

Q.—Was that reported to the Board ?

A.—I had better go on to say that the object was to put the payment by the Company on account of the *Chicora* into suspense, and there was no item of any classification to which it could be carried. It had simply to be put somewhere until it could be provided for. One account is just as good as another for that purpose, and it remains under suspense in that account until now.

*By the Chairman :—*

Q.—I suppose there was an account open at that time for Parliamentary Expenses ?

A.—There is always an account open for Parliamentary Expenses.

*By Mr. Mowat :—*

Q.—You got a bill of sale of the boat, I suppose, from the former owners, from whom was the purchase made ?

A.—From Milloys.

Q.—And to whom was the boat conveyed ?

A.—To the Hon. Frank Smith, Mr. Noah Barnhart and myself. (This was afterwards corrected, *see post*).

Q.—You were the three partners ?

A.—Yes.

Q.—Was Mr. Frank Smith a member of the Board then ?

A.—No, he has only been a member since the time of amalgamation.

Q.—Was Mr. Barnhart a member of the Board ?

A.—No.

Q.—Never so ?

A.—Yes, he was, under an act of Parliament after the date of amalgamation for a few months.

Q.—This note was not charged to you ? It is mentioned as \$8,000.

A.—Yes, there was a draft of \$8,000, but the payment made on the boat was only \$7,600.

Q.—So you got \$8,000 on account of the Company ?

A.—Yes.

Q.—But that was never charged to you ?

A.—No, it was charged to Parliamentary Expenses.

Q.—But, as I understand, this \$12,593 was charged to you ?

A.—Yes, but this \$8,000 is no part of the notes. I had paid the first two instalments on the boat, being together \$9,166.34, as part of my share of the instalments falling due on the purchase in 1872. Then in March, 1873, came the instalment for which the draft was made, and for which the Company provided the funds. That was the \$7,600, which has been referred to as \$8,000.

Q.—Do you now say that the \$8,000 is or is not included in the \$10,411.92 ?

A.—It is not.

Q.—Was there any payment in the account of the *Chicora* included in that sum of 10,411.92 ?

A.—Yes. On the 31st of December, 1873, the Company's cheque was given for \$6,245.02 on account of the instalment falling due on that date.

Q.—Do you say this was included in the expenditure ?

A.—I say that was charged and was included in my personal account on the date of the cheque, the 31st December, 1873.

Q.—Is that part of the note for \$10,411.92 ?

A.—Yes.

Q.—That note is dated 15th April, 1873, and the note you now speak of was made in December of that year. How could it be included in the \$10,411 ?

A.—If I am wrong, it is because my clerk has misled me. (The witness here consulted his clerk) Yes, it is a clerical error—the date of December. The payment was made on the 10th of January, 1873.

Q.—What payment ?

A.—The \$6,245.02 which was paid by the Company's cheque, and charged to my account.

Q.—Of what other item did the \$10,411 note consist?

A.—Services charged to my account.

Q.—What were they?

A.—They were connected with my elections for Algoma and Cardwell, which I considered the Company should pay.

Q.—How much of the balance was on that service?

A.—The whole balance of the \$10,411.

Q.—You were candidate for Algoma?

A.—I was and became member.

Q.—That was the election of 1867?

A.—It was the first election after Confederation.

Q.—Was it the same year as when you ran for Cardwell?

A.—No, I ran for Cardwell in 1871.

Q.—Was that for the House of Commons?

A.—No, that was for Ontario.

Q.—Were there any other sums paid out of the accounts of the Company towards your election expenses except the balance of the \$10,411?

A.—The Company have really paid none of my election expenses, I have paid them, and have given a note for them.

Q.—That is, you have given this note of \$10,411.92?

A.—Yes.

Q.—The money was first taken from the funds of the Company, charged to you, and then it was included in the note you gave?

A.—The cheques were upon my salary. I drew upon the Company, and the sums were charged regularly to my private account.

Q.—During the election?

A.—Yes.

Q.—How much of the \$10,411.92 was for election expenses which you thought the Company should relieve you from?

A.—I think that my claim upon the Company would prove to be larger than the balance, after deducting the charge for the *Chicora*, viz., \$4,166.

Q.—How much would the excess be over that amount?

A.—Well, probably \$800 or \$1,000 more.

Q.—That is over and above the \$4,166?

A.—Yes, I think I have under-estimated rather than over.

Q.—Were there any other moneys of the Company that went to election expenses, besides the sums you have now mentioned?

A.—Yes.

Q.—What others?

A.—We paid the expenses of Mr. Robinson as a candidate for Algoma in the election of 1872.

Q.—How much did those expenses amount to?

A.—About \$5,060.

Q.—Was it exactly \$5,000?

A.—No, \$5,440.68.

Q.—Was that all paid, in one sum?

A.—No, various sums.

Q.—Drafts?

A.—Yes, and payments of accounts for legitimate expenses.

Q.—Drafts drawn by whom?

A.—Drafts from Algoma, cheques of particular accounts, expenses incurred, &c.

Q.—When were the payments made, making up that sum—between what dates?

A.—Between the 22nd July, 1872, and October, 1872.

Q.—Have you the particulars here?

A.—Yes.

(The witness handed a memorandum to Mr. Mowat.)

Q.—This memorandum is headed "Algoma Election." Is the account entered in that way in the books?

A.—Yes.

Q.—Is there an account in the books for the Algoma election—that is, in the books of the Northern Railway Company?

A.—Yes.

*By the Chairman :—*

Q.—Was the account opened at the time?

A.—It is a voucher.

*By Mr. Mowat :—*

Q.—When were the entries made?

A.—On the 31st October, 1872.

Q.—They were on the one date?

A.—Yes.

Q.—Was all the money paid before that date?

A.—Yes.

Q.—Have no more moneys been paid since on the same account?

A.—No.

Q.—Were the expenses of your election entered in the same way?

A.—No, they were charged to myself.

Q.—Was there any arrangement made beforehand that Mr. Robinson's expenses should be paid by the Company?

A.—I invited Mr. Robinson, being our president, to seek the seat of Algoma, and I proposed to him that if he did, we would pay the election expenses.

Q.—Was there any resolution of the Board on that subject?

A.—None.

Q.—Was it discussed at the Board?

A.—No.

Q.—Did you confer with any other members of the Board except the president?

A.—No, I did it myself.

Q.—Was Mr. Robinson president at the time he ran?

A.—Yes.

Q.—And continued so for some time afterwards?

A.—Yes.

Q.—These entries were made on the 31st October, 1872, in that way?

A.—Yes.

(The document here shown to the witness was put in, and marked "Exhibit A" *vide infra*.)

Q.—That is a correct statement taken from the books?

A.—Yes.

Q.—You say this entry was made in October, 1872, but some of the cheques are dated as early as July—one in July, and one in August?

A.—These all went through my personal account.

Q.—And they were all transferred from your personal account in October, 1872?

A.—Yes.

Q.—Is this Algoma election account now in the books?

A.—That voucher is now in the books, as you see it.

Q.—Does it now appear in the books as "Algoma Election, \$5,440.68"?

A.—It has been transferred to Legal and Parliamentary Expenses.

Q.—When was that done?

A.—On the 31st of October, 1872, it was carried to these expenses—Contingencies, Parliamentary Expenses, and Legal Expenses, and a portion charged in monthly, one-third to each of these accounts.

Q.—For how many months?

- A.—For about two years I think.
- Q.—It is now all wiped off
- A.—Yes.
- Q.—Is there an account against Mr. Robinson now in the books?
- A.—Yes.
- Q.—What is that for?
- A.—As President, as long as he was President, and now as Director. We have opened an account with each Director.
- Q.—Is there not a considerable balance at his debit?
- A.—Yes.
- Q.—Does he owe that balance?
- A.—Well, he disputes it.
- Q.—Why does he dispute it?
- A.—First of all, because part of that amount he claims to have expended on the Company's services, and chiefly, because he has been paid less than his predecessor, in the presidency.
- Q.—What is the balance at his debit now?
- A.—About \$4,900.
- Q.—What portion of that does he claim as having been expended on the Company's services?
- A.—I don't know.
- Q.—Have you had any conversation with him about it?
- A.—I have had several conversations and correspondence with reference to his claims for expenditure and services for the Company, and also with reference to his getting the same pay as his predecessor obtained. If he had got the same pay, he would be in credit instead of in debit.
- Q.—How much does he claim for services from which the Company should relieve him?
- A.—I do not know.
- Q.—How long has this sum of \$4,900 been at his debit?
- A.—It has been accumulating for some years.
- Q.—Have you the particulars of that account here?
- A.—No, I showed it to Mr. Miall this morning.
- Q.—I see from this memorandum that in 1871, 1872 and 1873, each of these years there are some large items of bills payable; that there are six notes of considerable amounts charged to Mr. Robinson during these three years. Were these notes of the Company?
- A.—Yes.
- Q.—All of them.
- A.—Yes.
- Q.—What salary was he to get?
- A.—\$1,000 a year, that is, \$500 a year as President, and \$500 as Director.
- Q.—Was that credited to him from time to time?
- A.—Yes.
- Q.—What was the first of these notes, viz: \$1,000 on October 27th 1871 for?
- A.—The Company gave it to him on account of his claims.
- Q.—Was that for some services performed for the Company?
- A.—I do not know.
- Q.—Who gave him this note?
- A.—It was given by my authority, I presume.
- Q.—Do you not know what it was given for? Was it for some purpose of the Company?
- A.—I suppose it was allowing him to overdraw his account—payment in advance of his salary.
- Q.—You think he was going to use that for his own private purposes?
- A.—I think so.
- Q.—Then you gave him in May, 1872, \$500; what was that for?

A.—I could not say to what that refers. I suppose it was in the same way.

Q.—Then, October 1st, 1872, \$1,000; what was that given for?

A.—In the same way. You will observe that the whole of these notes, taking the aggregate amount, would be the same as was paid to Mr. Justice Morrison when he was our president.

Q.—But you were not paying Mr. Robinsen the same as Mr. Justice Morrison?

A.—No, but it was my intention that he should be paid the same as his predecessor.

Q.—And on account of that intention you paid him these amounts?

A.—I won't say that it was an absolute intention; but I saw and recognized his claim, and when the time arrived when I could exercise my influence, I would see that he was paid.

Q.—And therefore you gave him these notes from time to time?

A.—Yes, that was the reason.

Q.—Did you tell the Board you were doing this?

A.—I do not think the Board knew.

Q.—It was a more matter between you and Mr. Robinson?

A.—I did it myself; that is, I presume I did. He may have obtained some notes from the Secretary without my knowledge.

Q.—Then I find on the 11th September, 1872, another note was given him of \$400; what was that for?

A.—My previous observations will apply to that.

Q.—On the 15th July, 1873, \$1,050?

A.—The same observation will apply.

Q.—On the 1st October, 1873, you gave him a note for \$2,000?

A.—My impression is that this refers in part to expenditures as our President—  
**Parliamentary Expenses.**

Q.—Were you seeking legislation then?

A.—Yes.

Q.—Were any of the other sums for Parliamentary Expenses?

A.—I could not speak from memory, but I have no doubt that part of them were. It was necessary to incur certain expenses at Ottawa which we deemed it our duty to pay.

Q.—But there were no entries of these in the books?

A.—No, they were charged to Mr. Robinson individually.

Q.—Did any of these sums go to election expenses?

A.—No.

Q.—In exhibit A, which shows a number of election expenses for Algoma, I see the name of a Mr. Cameron mentioned. After that election did you pay any sums to a person living there named Cameron?

A.—Cameron kept a tavern at which our agent boarded. I have no doubt that is a tavern bill!

Q.—You paid \$70 per month to some Mr. Cameron after the election?

A.—Yes, that is the same man—he was our agent.

Q.—How long did you pay him?

A.—During the season of navigation, so long as he acted for us as the agent of line at Sault Ste. Marie.

Q.—How long did he act for you?

A.—I could not say from memory.

Q.—And you paid him \$70 per month?

A.—I do not know how much we paid. It is in our account, I know, because Cameron served as our agent on my own appointment.

Q.—Will you be good enough to look for that?

A.—Yes. Cameron is dead now.

Q.—Have you told me the whole amount that went out of the funds of the Company to pay for the *Chicora*?

A.—Yes.

Q.—That is the \$7,600 and the \$6,245?



- A.—Yes.
- Q.—Was there a subscription to the *Mail* newspaper paid out of the funds of the Company?
- A.—Yes.
- Q.—How much?
- A.—\$1,000.
- Q.—No more?
- A.—No, not to my knowledge.
- Q.—Was there only one payment?
- A.—No, it was made in two or three payments.
- Q.—Was that for subscription or stock?
- A.—For stock.
- Q.—Is the Company now a stockholder in the *Mail* newspaper?
- A.—I don't know how one corporation could take stock in another.
- Q.—You don't know whether this stock is in the name of the Company?
- A.—I think it is not—it is in my own name.
- Q.—When was the payment made?
- A.—It was made in three payments.
- Q.—What dates?
- A.—I don't know.
- Q.—Was there an account opened in the books of the Company for *Mail* stock?
- A.—No, there was not.
- Q.—How were the payments to the *Mail* Company entered?
- A.—They were charged to several services, Legal and Parliamentary Expenses, Printing and Advertising, I think.
- Q.—But that was not for any account of Printing and Advertising?
- A.—No.
- Q.—You have an account in the books under the head of Printing and Advertising?
- A.—Yes.
- Q.—And part of this subscription you charged in the books to the account for Legal and Parliamentary Expenses, and part to the account for Printing and Advertising, making altogether \$1,000?
- A.—Yes. There were three payments: \$500, \$100 and \$400.
- By Mr. Armour:—
- Q.—You speak of the *Chicora* being held in your own name. Did you hold your interest in the steamer in trust for the Company?
- A.—Yes, I so considered it.
- Mr. Cameron said that he had no questions to ask on behalf of the Company; that the witness had explained his transactions as his own, and so far as the Company was concerned he (Mr. Cameron) had no questions to ask.
- By Mr. Armour:—
- Q.—Apart from that subscription of \$2,500, were all these moneys advanced by you for the best interests of the Company?
- A.—Yes.
- By Mr. Mowat:—
- Q.—When you say that all these payments, with that exception, were in the interests of the Company, does that include all the sums paid for election expenses?
- A.—Everything that I have consented to take and pay was in the interests of the Company.
- Q.—Including these election expenses?
- A.—Yes, sir.
- In answer to Mr. Mowat, the witness said:—The papers marked, Appendix A, Appendix B, Appendix C, Appendix D, and Appendix E, (which were put in) are correctly taken from the books of the Company by officers of the Company.
- The Commission then adjourned.

TORONTO, August 26, 1876.

Mr. F. W. CUMBERLAND was re-called.

Examined by *Mr. Mowat*.

Q.—I see from this paper marked "Appendix C," that on the 29th of February, 1876, a cross entry appears to have been made, by which these items we have been speaking of, viz., Hamilton & Sons, \$2,616, Hon. D. I. Macpherson, \$2,500, and F. W. Cumberland, \$12,593.21, were re-charged to the respective parties. How did that happen?

A.—That occurred by reason of the secretary, Mr. Hamilton, having brought these amounts to the notice of the President, and he suggested and made the cross-entry.

Q.—Mr. William Thomson is the President?

A.—Yes.

Q.—How long has he been President?

A.—I think two years. He is in his second year.

Q.—Does he get a salary?

A.—Yes.

Q.—How much?

A.—He gets £100 sterling as President, and the same amount as the other directors.

Q.—That is a little less than Mr. Robinson got?

A.—No, the same.

Q.—Do you make advances to him, as you did to Mr. Robinson, over and above his salary, in anticipation of future increase?

A.—No, I am not aware of it.

Q.—Appendix E, I see, shows that on the same day—February 29th, 1876—the sum of \$8,000 was transferred from the account "Parliamentary Expenses" to the account of "F. W. Cumberland, special," when was that entry made?

A.—That was at the same time done by the President. I should like to be allowed to explain that. The President, acting in consequence of information conveyed to him by the secretary, on the 20th of March, 1876, requested me to meet him, with the secretary and the auditor, in order that the matters brought to his notice by the secretary might be looked into,—and we met accordingly. At the close of the half year ending 30th June, 1875, I, as is my habit, looked over the draft balance sheet, with the view of giving instructions with regard to any particular items that I considered ought to be dealt with, as, for instance, profit and loss, suing for some accounts, and so on, and as to charging certain items, and classifying them according to my discretion. I had done so with the balance sheet for the half year ending the 30th June, 1875, and directed that the accounts you now mention—these three—should be carried to "Amalgamation Special Account, Government Lien, and Corporate Account." That is, we amalgamated the Extension's road on the 3rd of June by the new Act of Parliament, and we continued the Extension accounts as "Amalgamation Special Account," so as to keep them separate from the ordinary and previous accounts of the Northern Railway itself, and they have always been kept in that way down to the present date, and are now so kept. And in that memorandum the term, "Amalgamation Account" means the continuity of the account of the Extension railways on their being amalgamated on the 3rd of June. I directed them to be carried to that account and by a comparison of that memorandum with voucher number 3107 in voucher book, number 46, it will be found that I directed the "transfer" of these items to the "Northern Extension, new account," and that they were now to be "taken into" the Special Account, by order of the Managing Director. What I desire to explain is, that, in directing that they should be in the first instance "carried to" that first memorandum was with the view to the preparation of a voucher. That they should be "carried into" the Special Account, was that they should be bodily transferred into the Special Account, and the voucher which I explained before contains the words, "transfer of these items to new account," and says that they are

"now to be taken into" that Special Account. Moreover, the clerk who drew the voucher upon the instruction of the first memorandum, drew it originally with the words, "now chargeable to Special Account," and before I had attached my initials and passed that voucher, the clerk, by my direction, passed his pen through the words "now chargeable," and inserted the words, by my instruction, "now taken into," and it was thus that the voucher was left, and has since remained. Now, the whole intention of my original memorandum, and of the voucher which was based upon it—my whole object in getting the clerk to change the words, "now chargeable," to the words, "now taken into,"—was that the debits and the credit should go together—that the accounts should be bodily transferred into the Special Account, which was a capital account and be there held in suspense, both credit and debit, until they should be dealt with under the capital account to be raised under the Act of Parliament of last Session.

Q.—That, in fact, they were to be taken out of the capital to be raised by the Act of last Session?

A.—Yes, the reason I trouble you with that explanation is that I wish to acquit myself of the suggestion that at the time transfer was made, there was any intention on my part to change the *form* of the account. I wanted to change the *place* of the account, but not the *form*, and it was therefore that the words "now chargeable," were taken out, and the words, "taken into" put in. I never saw the voucher again, and I never saw the entries in the account to which it was carried, or the account which it was "taken into" until that day, the 20th of March, when the President and myself looked into them. I had not the slightest suspicion but that my instructions were carried out, and that the entry was properly made. I never saw the entry until the 20th of March in the presence of Mr. Thomson, and he then pointed out to me very much to my surprise, that the effect of the entry was to change the nature of the account.

Q.—What change was made?

A.—Releasing the debits.

Q.—Do you mean to say you did not intend that an entry was to be made by which the debits were to be wiped out?

A.—Certainly not. I gave no such instruction. I am not a skilled book-keeper, and I have to be guided by those who are. It was not until the time we are now speaking of that it came to my knowledge that there was any change in the form of the accounts. My intention was to change the *place* and not the *form*.

Q.—What place did you mean to change?

A.—To carry them from the revenue account of the Northern, and take them into the Special Account of the Extension, and hold them in suspense.

Q.—What were the entries which you meant to be made from the voucher marked "Appendix I"?

A.—I meant, that they should be "transferred," "carried over," "taken into," just as they stood in the previous books.

Q.—What entry would have carried out your idea?

A.—That I could not say, because I am not a sufficient book-keeper, and I do not remember how they stood. You know that yesterday we referred to these items as standing to the debit of the respective parties. Taking them as they stood on the 30th June, 1875, my intention, order and direction was to transfer them from the account where they stood in the Northern account to the Special Extension Account, not to change their form, but to take them from one set of books and put them in another.

Q.—I thought you said there was only one set of books?

A.—Although there are two sets of books, there is only one account.

Q.—Have you got the entry here?

A.—I have a copy. I produce a copy of the original—that is, of my first order. Exhibit No. 1 is a copy of the original instruction I gave to the clerk in charge "of the Special Account."

(This document was here put in, and marked "No. 1." *Vide infra.*)

Q.—Have you the original paper here ?

A.—This is a correct copy of it, but I will bring the original. In Appendix I, or voucher No. 2 here produced, the words, "now chargeable" were struck out, and the words "taken into" substituted by the clerk before I initialled the voucher.

Q.—You initialled this voucher, (No. 2) as amended ?

A.—Yes.

Q.—And it was not until you initialled this voucher as amended, that the entries were made in the books ?

A.—No.

Mr. Mowat, after comparing the voucher with the entry, said that they were identical.

Q.—You see that the entry in the books exactly corresponds with the voucher ?

A.—What I submit is this : my order and voucher was a direction to change the *place*, and not to change the *form*, of the account. But the effect of the entries, as made, was to do that which I did not intend to do.

Q.—Then do you mean that the secretary did not carry out your instructions ?

A.—I mean to say that there must have been a misconception of my order, and that I neither was appealed to for instruction nor explanation, and until in the presence of the secretary, on the 20th of March, the effect of that entry was explained to me by Mr. Thomson, I had supposed that these charges, which stood to individual debits when I gave that voucher, stood to individual debits still.

Q.—Then I understand—not that the secretary did not carry out your instruction, but that you did not give the right instruction ?

A.—I say that if the language of my original order for the preparation of a voucher had been obeyed, the subsequent entries would not have the effect of changing the accounts.

Q.—I understand you to say that the paper marked "Appendix I" is the voucher which you initialled ? Is this the voucher which constituted the instruction of the secretary, as to what he was to enter in the books ?

A.—Yes.

Q.—Point out where that entry which he did make, varies from the voucher telling him to enter the difference between what you told him to do, and what he did ?

A.—I say the effect has been wholly different from what I intended. I never spoke to the secretary on or about these entries or vouchers between the 30th of June, 1875, and the 20th of the succeeding March. No conversation, no enquiry, no suggestion of a change was made to me by anybody. It was not the subject of a word between the secretary and myself, and it was only therefore, on the 20th of March, 1876, when the President, in the presence of Mr. Hamilton, said that the effect of the entries was to release the individual debits, that I invited the President to see whether that was the case, and he said it was the case, and then the cross-entry was made.

Q.—How long have you been Manager of the Railway ?

A.—Since 1851.

Q.—As a book-keeper, I don't see how the secretary could have done anything else than he did ?

A.—I do not say that he could ; but I would say that if the secretary found that he was instructed to make entries by which individual debits would be released he would naturally, and as his duty, enquire whether that instruction was given with that intention. If the secretary had explained to me the effect of the entries contained in appendix A, they would not have been made.

Q.—You mentioned yesterday that a person of the name of Cameron was employed as agent for the *Chicora* at the Sault ?

A.—He was employed, if I remember rightly, as agent of the Collingwood and Lake Superior Royal Mail Line, for the sale of tickets both on the American and the Canadian side, and especially with the intention of getting passengers off the American line and on the Canadian line.

Q.—When was he first employed in that office ?

A.—I could not tell.

Q.—Would your books show?

A.—The books of the Collingwood and Lake Superior Line would. My impression is that the Line paid half of his salary and the Railway Company the other half. I really don't know whether the steamboat line paid the whole or whether we paid part.

Q.—Had there been an agent there at the expense or part of the expense of the Company before this Cameron was employed?

A.—I do not think there was. There had been an agent at the Bruce Mines, and another agent at Thunder Bay, and we were of the opinion, as were the steamboat line, that it would be desirable to have an agent also at the Sault Ste. Marie.

Q.—And Cameron was accordingly the first person appointed there?

A.—I think so.

Q.—I think you say he was employed for the rest of that season?

A.—Yes. It only runs while the boats are running.

Q.—Was there an agent employed for the same purpose at the Sault the following year?

A.—I do not think so. I think when he ceased to be agent, we found that it did not produce much advantage, and we stopped it at the end of that season.

Q.—When did the election take place there?

A.—I do not know, I think it was after the other elections.

Q.—Speaking of elections, you gave us, I think, about \$4,000 as the amount of expenses for your own three elections?

A.—They came to more than that. What I said was that the difference between the \$6,245 and the amount of the note for \$10,411-92 was election expenses, including all my elections.

Q.—Was that the only amount for election expenses?

A.—Certainly. That is the only amount, as being taken from my personal account. If I spent more on my elections, that is my own matter. It has not yet come out of the Company, but assuming that the Company will, as I assume, they will, relieve me from the pressure of those election expenses, then it is clear that all they can relieve me from is the difference of the note.

Q.—Were there no other election expenses that were borne by the Company but those you have mentioned?

A.—No other.

Q.—Whatever else there was was out of your own pocket?

A.—Yes.

Q.—You said that you could give the particulars of some of these sums we were talking of yesterday. Have you provided yourself with the means of doing so? Speaking of the Algoma election, most of the items there are drafts, and so on. Have you got the particulars showing how they were expended?

A.—That was all charged to my personal account.

Q.—Can you give me the particulars of the note of \$2,616 given to Hamilton & Sons?

A.—I told you yesterday that I could not. I told you it was involved in expenditures for deputations, &c.

Q.—I understood you to say yesterday that you got the proceeds of that note and they were disbursed by the parties who were working the opposition to the Midland road?

A.—Yes.

Q.—And from whom did they get the money?

A.—From Hamilton. He, I suppose, discounted that note, and the proceeds of it were taken by the parties working.

Q.—Did the proceeds not pass through your hands?

A.—I believe there was a bundle of bank notes—I never opened it. It was sent or taken to my office by Hamilton.

Q.—When the bundle of bank notes was brought into your office, what did you do with them ?

A.—I sent them down to the city within two minutes after receiving them.

Q.—Did you divide the money before sending it down ?

A.—No, I did not open it.

Q.—Then you sent the bulk down without making any division at all ?

A.—I never broke the seal.

Q.—Did you give directions as to how it was to be divided ?

A.—I had nothing to do with any division of it.

Q.—To whom, then, did you send it ?

A.—To Mr. Wilson, Mr. Frank Smith's partner.

Q.—Is he living now ?

A.—He died about two years ago.

Q.—Did you send him the money just as you received it

A.—Yes, just as Hamilton sent it to me.

Q.—By whom did you send it ?

A.—By my son.

Q.—Did you give him any instructions as to what he was to do with it ?

A.—He knew what was to be done with it.

Q.—What kind of notes ?

A.—I don't know.

Q.—Did you give any directions as to what kind of notes ?

A.—No, I didn't know anything about them.

Q.—Were you aware how the money was to be divided before you sent it to Wilson ?

A.—I was only aware that it was to be disbursed in the campaign in which were engaged.

Q.—How came it to be an uneven sum—\$2,616 ?

A.—The note was \$2,600. The \$16 must have been interest or something of that kind.

Q.—I think you said you could get the particulars of the \$2,181.29 ?

A.—I think you quite misunderstood me. That was the overdraw of my personal account—the exact amount of my overdraw at that date.

Q.—Is it therefore impossible to say what the particulars of that note consist of ?

A.—Certainly, without reference to my personal accounts.

*By Mr. Cameron :—*

Q.—I understood Mr. Cumberland to say he gave no instructions to make any entry to wipe out these debits, and he had no such intention ?

A.—It was against my intention, and against my order as expressed in my voucher.

Q.—Is this statement correct : "I gave no instruction to make my entry to wipe out these debits, and if such was the effect, such was against my intention and against my order as expressed in my voucher ?"

A.—Yes.

*By Mr. Armour :—*

Q.—What was done with the notes that represented these debits, were they transferred from the Northern into the Northern Extension account ?

A.—Yes; and the notes were handed over to the clerk who kept the last mentioned account, and who now produces them.

Mr. Mcwat here proposed a general examination of the books by the accountant.

Mr. Cameron refused to assent to any accountant examining the books of the Company generally, and without reference to any specific charge, or sum of money which the Government expects to show to be incorrect, or to which the Government claim to be entitled, as a part of the proceedings under this Commission; also, to allow any examination unless the party examining is sworn, and makes the examination before the Commission, on some statement on the part of the Government, that they expect to show that they are entitled to some further sums of money than those

which are specifically charged and referred to in the Commission, and to state what those sums are. He also contended that the Commission has no power to order an examination of the books.

TORONTO, August 30th, 1876.

Mr. Cumberland's evidence as taken down by the stenographer, having been read over and corrected,

Mr. Cumberland desired to make the following explanation with reference to two sets of books :—

When I spoke of two sets of books, my meaning was this: Those are the books of the Northern Railway, and when the Northern Extension railways were purchased we thought it better to continue the purchase and amalgamation as a separate account, and in the hands of the clerk who had previously kept the Extension account. Both books are Northern, the distinction being that the Extension special account deals with transactions arising out of amalgamation, and is a capital account, whilst the Northern accounts are all revenue accounts. I desire to add, with reference to the transfer of the *Chicora*, that, although the purchase was made as I have already stated, the transfer or bill of sale was in fact made to Mr. Frank Smith and Mr. Noah Barnhart only. I was in error in saying that my name was included. She stands in their names still.

(Signed)

FRED. CUMBERLAND.

The Commission then adjourned.

(Exhibit A. Filed 25th August, 1876.)

## ALGOMA ELECTION.

1872.

July 22—	To	Cheque self .....	\$ 400 00
August 10.	"	" .....	500 00
do 17.	"	" .....	600 00
Sept. 7.	"	drafts of Mr. Shortiss on G.D.B .....	500 00
do 10.	"	cheque in payment of Plum- mer's accounts.....	1,468 68
do 10.	"	cheque, draft of Mr. Charch...	50 00
do 31.	"	amount paid from F. W. C's. private account N. Jones draft..	150 00
do 18.	"	cheque I. B. R.....	226 00
do 18.	"	" N. I. sundry accounts.	345 00*

Mr. Boulton's draft.....	4,239 68
	200 00

Str. Algoma.....	4,439 68	
Thro' tickets.....	730 00	F.W.C { At close
J. T. Rolphs, account.....	263 50	F.W.C { of season
	7 50	F.W.C { account.

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\$5,440 68

Carry to suspense account and let  $\frac{1}{4}$  per month be transferred.

Monthly $\frac{1}{3}$ contingencies.
do $\frac{1}{3}$ Parliamentary expenses.
do $\frac{1}{3}$ Legal expenses.

(Signed) F. W. C.

F. W. Cumberland to be credited with.....	\$4,239 68
G. D. Boulton do .....	200 00
	\$4,439 68

*A. Cameron.....	\$ 50 00
Bampton.....	143 00
Luxton.....	20 00
Jones.....	122 00
Corbould .....	10 00

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\$345 00

For this Voucher see Voucher Book No. 38, No. 3,417.  
 Toronto, 31st October 1872.



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 APPENDIX A.
 

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Northern Extension Railway, New Account, Dr.

To Sundries.

For transfer of these amounts, being items standing at the debit of the following accounts on 30th June 1875, and now taken into special account, the former by order of the Managing Director pp. No. 3,107.

To William Hamilton & Son, Note of 21st October, 1871, and discount.....	\$2,616 00
D. L. Macpherson, p. cheque of 14th January 1871..	2,500 00
Bills Receivable. F. W. Cumberland's Note of 30th June, 1869.....	\$ 2,181 29
And Note of 15th April, 1873.....	10,411 92
	<hr/> 12,593 21
	\$17,709 21

For the above entry see Journal No. 8, folio 497 of 30th June 1875,—Carried into Ledger No. 7, folios 569, 895, and 559.

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 APPENDIX B.
 

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Municipal Bonus &amp; Government Subsidies Expenses, Dr.

To Northern Railway Company "New Account."

For amounts transferred by Northern Railway Company, being items standing to debit of the following in their books 30th June, 1875, by order of Managing Director.

Wm. Hamilton & Son .....	2,616 00
D. L. Macpherson.....	2,500 00
Bills Receivable.....	12,593 21
	<hr/> \$17,709 21

For the above see Voucher Book "Special Account" Voucher No. 49.

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 APPENDIX.
 

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Municipal Bonus &amp; Government Subsidies Expenses, Dr.

To Northern Railway Company "New Account."

For amounts transferred by Northern Railway Company, being items standing to debit of the following in their books 30th June, 1875:

Wm. Hamilton & Son.....	2,616 00
D. L. Macpherson.....	2,500 00
Bills Receivable.....	12,593 21
	<hr/> \$17,709 21

For the above entry see Journal "Special Account" folio No. 9 of 30th June, 1875.

## APPENDIX C.

## SUNDRIES, Dr.

To Municipal Bonus & Government Subsidies Expenses for the following amounts :

W. Hamilton & Son, being the note of the Northern Railway Company	
To W. Hamilton & Son, dated 21st October 1871....	2,616 00
D. L. Macpherson.....	2,500 00
F. W. Cumberland, adjustment account, represented	
by 2 notes, one dated 30th June, 1869 @ 47.....	2,181 29
the other dated 15th April, 1873 @ 67..	10,411 92
	<hr/>
	12,593 21
	<hr/>
	\$17,709 21

For the above entry see "Special Account," Journal folio No. 39, February 29th, 1876. Ledger folios 60, 340, 341.

## APPENDIX D.

[" MONTREAL, 25th February 1873.

THOS. HAMILTON, Esq.,  
Sec. Northern Railway of Canada,  
Toronto.

On demand pay to the order of Fred. B. Cumberland, or himself, eight thousand dollars (\$8,000) and charge the same to "*Parliamentary Expenses Suspense Account,*"

Received payment,	(Signed)	FRED. B. CUMBERLAND.
	(Signed)	FRED. B. CUMBERLAND.

For the above see Draft Book No. 11.

## APPENDIX.

1873.  
February 28.

By Parliamentary Expenses paid F. W. Cumberland's	
sight draft of 25th February.....	\$8,000 00

For the above entry see Cash Book No. 40 of 28th February, 1873, folio 287.

## APPENDIX E.

1876.  
February 29.

F. W. Cumberland "Special Account" Dr.

To Parliamentary Expenses:

For this amount representing a portion of Mr. Cumberland's investment in steamer *Chicora* which sum is to be represented by an assignment of his interest in said steamer to the above extent and held by this Company as a security for such advance, the said investment to be made matter of enquiry with a view to adjustment, No. 5,592.....\$8,000 00

For the above entry see Journal No. 8, folio No. 608, 29th February, 1876, and Ledger No. 7, folio 965.

NORTHERN RAILWAY OF CANADA.  
GENERAL MANAGER'S OFFICE.

Memorandum.

Toronto,

187 .

Accts. 1, 3 and 4 to be carried to Amalgamation—Special Acct. "Government Lien and Corporate Account" (to be opened.)

No. 1. Hamilton & Son.....	\$ 2,616.
No. 3. D. L. Macpherson.....	2,509.
No. 4. Bills Receivable.....	12,000.

## APPENDIX I.

Voucher.

Northern Extension "New Account," Dr.

To Sundries:

For transfer of these amounts, being items standing to the debit of the following accounts, 30th June, 1875, and now taken into Special account by order of Managing Director.

To William Hamilton & Son—balance of account.....	\$2,616.00
D. L. Macpherson.....	2,500.00
Bills Receivable. F. W. C's Note 30th June, 1869 \$ 2,181.29	
do 15th April, 1873 10,411.92	
	<u>12,593.21</u>
	<u>\$17,709.21</u>

For above see Voucher Book No. 46, Voucher No. 3107.

TORONTO, September 14, 1876.

Mr. C. J. CAMPBELL, sworn.

Examined by *Mr. Bethune*.

Q.—You were a stockholder in the Northern Railway Company?

A.—I was.

Q.—And I believe that a certain number of the stockholders were at one time dissatisfied with the management of the road?

A.—They were.

Q.—And an arrangement was come to between the stockholders and the Company that they would take some steps with a view of having the affairs of the road properly investigated?

A.—There was. A meeting of the shareholders was held, and a committee was appointed to look after the interests of the shareholders.

Q.—Were you a member of that committee?

A.—I was not at that time a shareholder. Subsequently I became a shareholder, and I joined the committee.

Q.—What did that Committee do?

A.—They held meetings from time to time, and discussed the proposed bill which we understood was to be brought before Parliament.

Q.—Did you retain solicitors on behalf of the shareholders?

A.—The committee appointed Mr. Gordon solicitor on behalf of the committee and the shareholders, and they agreed to pay his expenses.

Q.—Was any fee to be paid to him?

A.—No special fee was named, but he was to be paid by the shareholders through this committee.

Q.—I believe that some settlement took place between this committee of shareholders and Mr. Cumberland representing the road at the time this bill was before Parliament?

A.—They finally agreed upon a bill, which they took to Ottawa to endeavour to get passed, but in which they failed.

Q.—That was in 1874?

A.—No, that was in 1875. And then, finding we could not get what we wanted, we applied for what we could get.

Q.—At the time you came to this basis of agreement with the Northern Railway Company, was there any understanding as to indemnifying the committee in regard to expenses to which they were put in Ottawa?

A.—No understanding.

Q.—Was there any agreement with the Railway Company for paying Morrison, Wells & Gordon?

A.—Not that I am aware of.

Q.—I believe that a sum of money was afterwards paid to Morrison, Wells & Gordon, a sum paid to their agents in England, and a sum paid to yourself and Mr. Denison?

A.—After the matter was closed, we discussed the question of costs, and as the shareholders were liable for the costs, and as the legislation was the general desire of the shareholders and the Company, we thought that the Railway Company should pay the bill. Mr. Gordon made out a statement of the costs, and Mr. Cumberland agreed that the costs should be paid by the Company.

*By the Chairman:—*

Q.—Is it a fact that the committee wished Mr. Gordon to go to England and obtain 300,000 pounds?

A.—Yes. If he negotiated that amount of stock, he was to get one per cent on it.

Q.—How was the amount fixed at about \$5,000?

A.—It was a fee for his services during the whole period.

The witness desired to make the following correction:—

With regard to the costs, Mr. Cumberland acquiesced in the principle of the Company paying them without saying what the costs would be, and it was understood that that matter was to be left between Mr. Gordon, Mr. Denison and myself, and that two of us could decide what was to be paid by the Company, Mr. Denison and myself.

*By Mr. Bethune:—*

Q.—Were was this understanding come to ?

A.—At the Company's Office at Toronto.

Q.—At what period ? Before the bill was passed ?

A.—After the bill was agreed to.

Q.—Up to that period was there any liability on the part of the Company for the payment of these costs ?

A.—Not that I am aware of.

Q.—Who were liable for the payment at that time ?

A.—The shareholders were to be assessed *pro rata*, according to the amount of stock they held.

Q.—That is, the dissentient shareholders ?

A.—Yes, originally, it was the understanding between the committee and Mr. Gordon that the shareholders, whom the committee represented should pay the costs.

Q.—Up to that time no bill had been rendered to you by Morrison, Wells and Gordon ?

A.—No.

Q.—Had you any idea of what their claim amounted to ?

A.—None whatever.

Q.—At the time the arrangement was made between Mr. Cumberland, yourself, and Mr. Denison, was an approximation of the amount of the bill mentioned ?

A.—I think not.

Q.—When did you first know the amount of the bill ?

A.—At the meeting which took place at the Northern Railway offices Mr. Denison and I discussed the matter, and then the items came up.

Q.—Were you aware what was the size of the bill ?

A.—I was not. I should say that it had been agreed to pay Mr. Denison \$2,000 as secretary of the committee.

Q.—At what time ?

A.—When he was appointed secretary of the committee.

Q.—Was that agreement in writing ?

A.—I think it was a resolution passed by this committee.

Q.—Was there any writing signed by you, Mr. Denison, and Mr. Cumberland at the time you discussed this matter in the office.

A.—I think there was not.

Q.—Upon what principle was it thought that the Company was liable—they had not discussed this agreement, and they had not discussed these costs until the Bill was passed ?

A.—The general principle that where litigation takes place between shareholders and a public company, the costs follow the Bill.

Q.—But the Bill usually provides for the costs in such cases ?

A.—I do not know, I am sure.

Q.—Did this Bill provide for any ?

A.—They did not appear.

Q.—Can you explain how the shareholders were liable ?

A.—Mr. Cumberland can tell you that.

Q.—Can you give any principle ?

A.—By the same principle I mentioned.

Q.—Did Mr. Cumberland raise any objections to the payment ?

A.—Not that I am aware of.

Q.—A statement has been put in here by Mr. Gordon, which was furnished to

yourself, and which goes to show the principle and the amount of the Bill. Do you know anything as to the statement of facts regarding the amount of work done by Morrison, Wells and Gordon?

A.—I know as to the number of meetings held, the large number of documents prepared by Mr. Gordon, and as to his going to England. There was a great deal of work arising out of this English mission.

Q.—Have you any doubt as to the facts in this letter of the 6th of April, 1876?

A.—I have not.

Q.—When did you first submit to Mr. Cumberland the Bill of costs referred to?

A.—I cannot recollect the date.

Q.—It was submitted by whom?

A.—It was a certificate submitted by me in pursuance of the arrangement.

Q.—Was it a verbal communication that passed between you and Mr. Cumberland when you submitted the account, or was it a written statement?

A.—It was a written statement furnished by me showing the accounts.

Q.—Have you that statement here?

(Exhibit marked "No. 3" was here put in.)

Q.—This seems to have been certified by "C. J. Campbell, 10th May, 1875." Did Mr. Cumberland raise any objection to the account?

A.—No, he did not.

Q.—Are you quite sure that there was no arrangement made before the Bill was passed?

A.—There was no arrangement before this Bill was agreed to.

Q.—Then the first arrangement made was this verbal arrangement after the bill was agreed to, and before it was finally passed?

A.—Yes.

Q.—Then it was before the bill was passed that this arrangement was come to?

A.—I do not remember exactly in what month the arrangement was come to. It was after we had agreed upon the basis, but before the Bill was actually passed.

Q.—Was the payment made after the Bill was passed?

A.—Yes, some time after the Bill was passed.

Q.—How was the payment made?

A.—It was made by four notes.

Q.—Payable to whom?

A.—I am not certain whether they were payable to myself or Mr. Denison. I should like to say that I had no interest in these charges except the amount I received for my own disbursements, \$276.92, my actual expenditure.

*By Mr. Mowat :—*

Q.—Are you able to say whether the statements in this letter of Mr. Gordon to you are correct or not?

A.—I cannot say absolutely that they are correct, but I believe to the best of my knowledge they are correct. Of course I have had no opportunity of checking the number of meetings, &c., but I believe generally that that statement is correct. I know Mr. Gordon devoted a great deal of time to the affairs of the Railway. He is very anxious to be examined himself on the matter.

Q.—What was the total amount of the costs?

A.—The total amount of the costs is \$9,665.68, and the amount charged in favor of myself is part of that.

Q.—Was any agreement, in writing, so far as you know, made between Morrison, Wells and Gordon and the dissentient shareholders about the payment of this money?

A.—Not that I recollect.

Q.—Have you heard of any agreement being in the custody of Col. Denison?

A.—I have not.

Q.—I see in the examination there is a reference to a sum of \$276.92. Did that cover your entire expenses, or were you paid any part of the \$5,000?

A.—None whatever. I have explained that before.

Q.—And that \$276.92 was the only sum which you received ?

A.—Yes.

*By the Chairman :—*

Q.—Then you have not charged your expenses to England ?

A.—That has nothing to do with this whatever. That sum was simply my disbursements between Ottawa, here, and New York.

Q.—But you did go to England on the business of the Northern Railway ?

A.—Yes, I went last winter.

Q.—On what business ?

A.—It had nothing to do at all with the proceedings of the shareholders' committee.

(Signed) . F. CAMPBELL.

Mr. F. W. CUMBERLAND was recalled.

*Examined by Mr. Mowat.*

Q.—You sent a memorandum on the subject of this item of \$9,655.68 to the Government. When was that ?

A.—The date of it was the 17th April, 1876. A letter of explanation accompanied it.

Q.—Do that letter and memorandum state correctly what you know with regard to this item ?

A.—Yes.

Q.—Is there any addition which you would like to make with regard to that statement, or any explanation ?

A.—I should like to read it over before doing so.

(The witness then read a portion of the letter.)

Q.—That memorandum is a correct statement of fact, and contains a correct statement of your views ?

A.—Yes.

Q.—Are these still your views ?

A.—Quite so.

Q.—I observe two documents are mentioned, and one is a letter of Mr. Campbell to the shareholders' committee. Is that Mr. Campbell's "Explanatory Memorandum ?"

A.—Yes. Of course, I had nothing to do with that. In my letter to the Government, I simply enclosed a copy of that.

(This memorandum was here put in, and marked "No. 4.")

Q.—Was this payment made with the authority of the Board—this sum of \$9,665.68 ?

A.—It was made on my own authority.

Q.—And the reasons of your making it are those which you state in your memorandum to the Government ?

A.—Yes.

(Signed) FRED. CUMBERLAND.

(Exhibit 1. Filed 14th September, 1875.)

*Private.*

TORONTO 5th April, 1876.

DEAR GORDON,—

I would feel obliged by your furnishing me with a full statement of the grounds upon which you founded your claim for the compensation which was paid your firm by the Shareholders Committee of the Northern Railway.

If I remember rightly, the matter was only discussed in a general way when I certified the bill and I should now be glad to have the items of the claim in detail.

Yours faithfully,

(Signed) C. J. CAMPBELL.

W. H. LOCKHART GORDON, Esq.

(Exhibit .)

TORONTO, 6th April 1876.

DEAR MR. CAMPBELL,—

In reply to your letter of the 5th instant, asking me to give you in writing a full statement of the grounds upon which we founded our claim against the Committee of the Shareholders of the Northern Railway which was afterwards settled at \$5000; I have to say that if I remember rightly at the time you certified the bill the different services rendered and the claims we had against the shareholders were discussed in a general way and the sum referred to was then fixed as a proper amount to be paid to us in settlement of these services and claims.

However, as you wish me to mention to you again the services rendered and the circumstances under which I acted for the Committee, I am very happy to do so.

You will remember that the Shareholders' Committee authorized me to go to England and raise the £300,000 of new capital for them, and for this I was to receive one per cent, or say \$15,000. On this understanding I crossed the Atlantic in June, 1874, and was absent three months, endeavouring to raise this new capital, I would have successfully accomplished this and had found parties ready to place the loan on the market had the Shareholders obtained for me the co-operation of the other parties interested in the road. On my return to Canada in September, 1874, the Committee acknowledged the services I rendered them by passing the following resolution:

MEETING.

22nd September, 1874.

"Mr. Gordon reported verbally the result of his mission to England which was most satisfactory to the Committee, and it was moved by Mr. Scarth and seconded by Mr. Shortiss, that Mr. Gordon's efforts and operations in England meet with the hearty approval of the Committee, and that the Committee hereby tender thanks to Mr. Gordon for his exertions in the interests of the Shareholders."

The shareholders having subsequently failed in obtaining for me the powers required before the new capital could be placed, and having subsequently made arrangements with the Executive of the Northern Railway which took the negotiation of this loan out of my hands, I believe I was legally entitled to claim the \$15,000 promised to me by them in writing. At any rate, I was entitled to some considerable compensation when the matter was taken out of my hands.

With regard to the other services: they are very numerous and extend over a period of two years. It probably will be best for me therefore to divide them under separate headings.

*Attendances and Services at Ottawa.*

I find on referring to our books that Mr. Wells and I paid no less than ten visits to Ottawa between April, 1874 and April, 1875. On some of these occasions, we were there three weeks at a time, on others a fortnight and at other times ten days and a week. I think only on two occasions did we remain less than five or six days. I would be glad to give you the exact number of days we were absent on each occasion, but inasmuch as we expected to be remunerated by a fee for our attendances during each of the two Sessions of Parliament we have only kept an account of our expenditure on each of these visits, and not of the time, and without referring to the



books of the hotel where we stopped on each occasion I cannot see how I can furnish you with any more definite information on this point. In addition to the visits to Ottawa during the two Sessions referred to Mr. Wells and I were there on the two other occasions on Northern Railway business, on each of which time, I think, we were absent from Toronto four days at least. I believe I am within the mark when I say that the time given by us to the business at Ottawa could not have been less than three months altogether. During pretty nearly the whole of each of the two Sessions either Mr. Wells or I was watching the interests of the shareholders of the Northern Railway at Ottawa, which was a considerable service in itself.

*Attendances on the Committee.*

Since April, 1874, until October, 1875, I have been in constant attendance on the Shareholders' Committee, being present I think at about twenty meetings, and each meeting generally lasted about two or three hours. I have prepared all the important papers, letters and notices published or sent out by this Committee. I have on two occasions drawn Bills for the committee to be submitted to Parliament in the interests of the Shareholders and prepared petitions regarding the same.

*Attendances before the Municipal Councils of Toronto and Simcoe.*

I have on several occasions attended before committees of the City Council with a view to procuring the co-operation of the City of Toronto, and have also gone to Barrie to obtain the assistance of the County of Simcoe.

*Attendances at the Northern Railway and on Committees appointed by the Company.*

You are also aware that last year, after the annual meeting of the Northern Railway at which I was present in the interests of the shareholders, I was, with you and Col. Denison, appointed on a special joint committee of shareholders and bondholders which had for its object a settlement of the differences between the two parties. These committees met at least half a dozen times, each meeting lasting nearly the whole of a day, and on each of these occasions I was present in the interests of the shareholders and acting for them.

*Legislation.*

You also know that the Northern Railway Bill of 1875, was the production of Mr. Edgar acting for the company, and of myself acting for the shareholders. Mr. Edgar drew the Bill but I spent many hours over it both alone and in conjunction with him and Mr. Cumberland in endeavouring to make it acceptable to all parties. You will understand that before I could properly examine this Bill I had to thoroughly acquaint myself with all the previous Acts of the Company and also of the Extension Companies and to be thoroughly posted on the question of amalgamation which was one of the subjects dealt with by the Bill. The obtaining of this information alone was no inconsiderable labor.

*Correspondence.*

I find that in letters alone I have at different times, during the two years, written over one hundred large sheets of letter paper. It would be quite impossible for me to mention in this letter the numerous pamphlets, papers and documents I have prepared in support of the shareholders' views, but if you desire it I can show you some of these, copies of which I have retained.

From this statement you will see the large amount of work that has been done and the large amount of time that Mr. Wells and I have been necessarily absent from the office. I consider that this cannot be reckoned at less than six months in

all, and as a business man you will readily understand how six months' absence from the office must necessarily affect the business of the firm.

We felt this matter was a very important one for the shareholders, and that the interests involved in these Parliamentary contests were large. We therefore spared no time or trouble in our endeavours to get the shareholders recognized, and when a favorable arrangement was made for them at Ottawa, we think, looking at all the circumstances of the case, and the arrangement under which we took the matter up, were entitled to be well remunerated for our services, whereas we have received from the shareholders what, as you know, I always thought was considerably less than we might fairly have claimed.

In conclusion, I may mention that in addition to the services above set out, I appeared for you before the arbitrators appointed to value the stock, and also for the shareholders at the Special General Meeting called by Mr. Cumberland, with a view of carrying the commutation of the stock at the price fixed by the arbitrators.

I hope this statement is what you desire. If any thing requires further explanation, I shall be most happy to give you all the explanation you may ask.

I am, dear Sir,  
Yours faithfully,

(Signed)

W. H. LOCKHART GORDON.

C. J. CAMPBELL, Esq.,  
Toronto.

(Exhibit 3.)

The Committee of the Shareholders of the Northern Railway of Canada.  
To Morrison, Wells & Gordon, Dr.

1874.		\$	cts.	\$	cts.
March 12	Paid cablegram to Agents in London.....	17	00		
18	do do do .....	13	00		
27	do to them again.....	4	00		
April 27	Mr. Gordon's expenses to Ottawa.....	31	50		
May 26	do do do .....	62	00		
26	Mr. Wells do do .....	60	25		
	Mr. Gordon's expenses in Ottawa, New-York and England.....	454	17		
Sept. 24	Cab hire.....	0	75		
Oct. 21	Paid for Printing Powers of attorney from Shareholders .....	5	00		
30	Expenses of Mr. Wells and Mr. Gordon at Ottawa .....	54	00		
1875.					
February 22	Mr. Gordon's expenses at Ottawa.....	32	00		
March 1	Expenses at Ottawa going to and returning therefrom .....	41	00		
2	Mr. Gordon's expenses at Ottawa a second time.....	41	00		
10	Cab hire .....	0	50		
13	do .....	0	25		
15	Paid telegram from Mr. Campbell .....	0	67		
	Paid reply to him .....	0	30		
17	Telegram to Mr. Wells.....	0	42		
19	Reply from him .....	0	26		
22	Mr. Wells' expenses at Ottawa .....	74	50		
23	Paid express charges on parcel of reports from England.....	2	90		
29	Paid cab hire.....	1	00		
	Postage.....	5	00		
	Cheque to get draft for £200 stig., to send Agents in London for their charges.....	995	00		
				1,886	47
April 6	Fee for services rendered by Mr. Gordon.....	5,000	00	5,000	00
				6,886	47
	Add G. T. Denison, Secretary, claim.....	2,404	29		
	Add C. J. Campbell do .....	276	92		
	Add R. L. Denison do .....	98	00		
				2,779	21
				\$9,665	68

Received payment by the Northern Railway Company's notes as follows:—

\$2,697 61	due	10th June, 1875.
2,322 69	"	10th July, 1875.
2,322 69	"	10th Aug., 1875.
2,322 69	"	10th Sept., 1875.

\$9,665 68

For the Committee of Shareholders.

(Signed)

GEORGE T. DENISON,  
Sect. of Committee.

"

C. J. CAMPBELL.

May 10, 1875.

" Legal and Parliamentary expenses."  
(Signed)

F. W. C.

NORTHERN RAILWAY OF CANADA,  
GENERAL MANAGER'S OFFICE,

TORONTO, 11th May, 1875.

THOS. HAMILTON, Esq.,  
Secretary.

Make and execute to the Company's own order, four notes as follow :—

\$2,697 61	payable	10th June, 1875.
2,322 69	"	10th July, 1875.
2,322 69	"	10th August, 1875.
2,322 69	"	10th September, 1875.

\$9,665 68 and charge the same to "New Capital Account Parliamentary Expenses" upon which consult me.

(Signed.)

FRED. CUMBERLAND.

(Exhibit No. 4 filed 14th Sept., 1875.)

No. 2.

N. R. C.

"LEGAL AND PARLIAMENTARY EXPENSES, 1875."

*Memorandum.*

Adverting to the letter of Mr. Buckingham, Private Secretary to the First Minister, dated Ottawa, 31st March, 1876, and requesting explanations as to an alleged "irregular payment during the past year, said to have been made by the "Board, to certain shareholders in Toronto for alleged services rendered by them," I beg to report as follows:

The private shareholders held a meeting at Toronto, on 11th March, 1874, and then appointed a committee to watch the interests of the stock in connection with certain legislation then contemplated by the Directors.

Such committee being composed of a majority of persons not shareholders in the Company, was not recognized by the Board.

Such committee, nevertheless, continued to act, and did act in hostility to the Directors and (and as they seemed to think) in promotion of the interests of the share capital.

Due in great measure to such hostility, no legislation was obtained in 1874..

The opposition of the committee was conducted under the guidance of counsel, and an Agent was sent to London, England, to promote the financial scheme adopted by the committee with a view to the raising of the new capital.

A draft Bill was presented by the Board at the annual general meeting, held on Wednesday, the 10th February, 1875, which encountered the opposition of the shareholders, but was ultimately approved by a majority vote of the Company, the shareholders voting in the negative.

It was, nevertheless, felt that the passage of the Bill would be greatly hindered, if not absolutely endangered, unless some arrangement could be come to with the shareholders, and a committee of shareholders was appointed to that meeting "with a view to an agreement upon the proposed Bill, such committee consisting of Mr. "C. J. Campbell and Col. Denison (with their solicitor, Mr. Gordon)" representing an absolute majority, by proxies, of the whole share capital of the Company in personal holding.

A meeting was held with that committee on Saturday, the 13th February, when the draft Bill was discussed and an effort made so to reframe some of its clauses as to satisfy alike the views of the Board and of the shareholders.

At that meeting, Mr. Cumberland with the Parliamentary counsel (Mr. Edgar) was present on behalf of the Board.

After great labor and long discussion, the Bill was re-drawn in the clauses causing the difference, and the difficulties so far compromised and adjusted as to lead to its final adoption by all parties and in mutual interest. Thereupon, and on the same night, all the parties to the Bill proceeded together to Ottawa to promote the measure.

When a final solution had been reached and before separating, the question of the payment of expenses was raised on behalf of the shareholders, and it was urged that in all like cases of hostility in regard to legislation between the Directorate and the shareholders of a Company, and when a settlement was reached by mutual concessions, all precedent charged the expenses to the Company and not to the individual shareholders.

After some discussion this view was assented to by Mr. Cumberland and Mr. Edgar.

The question of amount was then raised by Mr. Cumberland, but as no accounts had been prepared, and as there were further expenses yet to be incurred in regard to the Bill, it was impossible to state then: and it was then expressly agreed that no charges should be made excepting such as the shareholders would have been legally liable for and must have paid if no arrangements had been concluded with the Company. Mr. Cumberland under advice of Mr. Edgar then consented that the expenses thus limited should follow the settlement and be paid by the Company, provided further that all accounts should first be approved and certified by Mr. Campbell and Col. Denison on behalf of the shareholders.

Having regard to the interests of the shareholders, as represented by Messrs. Campbell and Denison, to the reputation of those gentlemen, and to the high standing of the firm of Morrison Wells and Gordon with whom the expenses had mainly been incurred, it was felt that the Company was fully protected by that arrangement.

The Bill as mutually adopted was promoted at Ottawa by all the parties, acting in concert, and (with some amendments made in Committee) was ultimately passed, and became law on the 8th April, 1875.

Some time thereafter an account of the expenses was presented to Mr. Cumberland through Mr. Campbell, but not being certified in accordance with the above understanding it was returned to Messrs. Campbell and Denison for their examination and audit.

Those gentlemen having satisfied themselves as to the charges, returned the account certified by them for payment.

And on the 10th May, 1875, the account was adjusted at \$9,665.68 and was immediately passed, *under ordinary routine*, into the Treasurer's office for payment and record, where it still is, with all similar vouchers, and where it has been entered and classified to "*Legal and Parliamentary Expenses*," a charge on new capital raised under the provisions of the Act.

It is submitted that the principle of the settlement was wholly legitimate, that it was in accordance with all precedent in such cases, and was directly beneficial, if not absolutely essential, to the objects and interests of the Company in regard to legislation.

The question of the *amount* of the expenses charged is of course open to challenge, upon this I attach the explanations given to Messrs. Campbell and Denison by Morrison, Wells and Gordon when the account was certified; as well also as a copy of an explanatory memorandum which Mr. Campbell presented to the shareholders.

Experience of similar accounts of this Company and of others in connection with Parliamentary proceedings and contests in legislation, would seem to suggest that having regard to the nature and the amount of the services as stated, to the long time (nearly two years) over which they were rendered, to the special mission to England, and to the attendances at Ottawa and elsewhere, the amount although large in the aggregate, would not (as I am advised) be considered by the legal profession as unusual and excessive; upon this I am not competent to express an opinion, but I

think that having regard to the protective arrangements previously made and which were complied with, it would have been utterly inconsistent with good faith, if after the Bill by combined effort and mutual concessions had become law, I, as acting for the Company, had ignored its liability for the expenses, and cast them back upon the individual shareholders who were primarily responsible.

On a review of the whole transaction the only portion of it which I regard with regret is the responsibility and authority I personally assumed in connection with the final adjustment and passing of this account. In that particular, and in that only I think I erred in judgment, but harassed as the Company and myself had long been, by the hostilities of shareholders; anxious as I was (after repeated previous failures) to secure final legislation, and sensitive as the credit of the Company was, and still is in connection with the raising of new capital, I drifted into a course which whilst technically irregular has in my judgment been based upon wise and legitimate policy with good practical results. The effect has been to re-unite the previously discordant elements of the Company (share and bondholders) in a mutual policy and in strenuous effort to avail of the Act of 1875, especially in regard to the extinguishment of the Dominion Lien.

This is apparent from the fact that the present Board of Directors was elected by ... unanimous vote composed of nearly equal numbers of share and bond votes.

(Signed)

FRED. CUMBERLAND,

*General Manager.*

TORONTO, 17th April 1876.

#### MR. CAMPBELL'S EXPLANATORY MEMORANDUM.

Memorandum of Moneys paid for claims against the Shareholders' Committee Northern Railway.

Morrison Wells & Gordon, fee.....	\$5,000 00
do do disbursements.....	891 47
London Agents of Morrison Wells & Gordon.....	995 00
G. T. Denison, Secretary for services.....	2,000 00
do disbursements.....	404 29
C. J. Campbell, do .....	276 92
R. L. Denison vs. Cumberland, cost of suit.....	98 00
	<hr/>
	\$9,665 68

The fee to solicitors was in lieu of commission which the Committee agreed to pay in the event of the stock being floated, but as they failed in their negotiations for the want of the authority of the Company, they of course could not claim the commission which was fixed at one per cent and would have yielded them £3,000 sterling. The fee of \$5,000 was therefore not considered excessive. Their disbursements included Mr. Gordon's expenses to England and several trips to and from Ottawa. The legal Agents in London sent in a claim of £200 sterling for services rendered, which was allowed and paid.

The Secretary was paid \$2,000 in accordance with his agreement with the Committee. The disbursements made by him include what was paid to the late R. L. Henderson.

Mr. Campbell's disbursements merely include travelling expenses.

The item of \$98 paid R. L. Denison was for cost of suit vs. Cumberland.

To cover the foregoing account of \$9,665 68 the Northern Railway gave the following notes, some of which are still current.

\$2,697 61
2,322 69
2,322 69
2,322 69
\$9,665 68

TORONTO, 26th November, 1875.

(Signed) C. J. CAMPBELL.

TORONTO, September 15, 1876.

Mr. GEORGE T. DENISON, sworn.

Examined by *Mr. Mowat*.

Q.—Amongst some moneys that were paid by the Northern Railway Company, I find a sum of \$2,000, said to have been paid to G. T. Denison, Secretary, for services. Are you the G. T. Denison there mentioned?

A.—I am.

Q.—What was that sum paid for?

A.—It was paid for my services as secretary of the committee, during a period of about a year and a half.

Q.—What committee?

A.—A committee of the private shareholders. That was the agreement upon which I was employed by the committee. Mr. Campbell made the arrangement with me, and agreed to give me that amount. At the end of the time he got it from the Company, and paid it to me.

Q.—For whom was Mr. Campbell acting?

A.—He was one of the committee. He was not regularly appointed on the committee, but he was virtually appointed, inasmuch as he acted during the whole period.

A.—Was this a committee of the private shareholders?

A.—Yes.

Q.—What services were you to render?

A.—I was to act as the paid secretary of the committee, to attend all the meetings, to keep all the minutes, &c. They were to have the use of my office in which to hold meetings. I was in fact under the orders of the committee to do what was necessary to be done during that period.

Q.—When was the bargain made?

A.—It was before I took the position at all. I did not wish to take it at the outset, but they came to me several times about it. My uncle was the Chairman of the committee.

Q.—How long was that before an arrangement was come to between the shareholders and the directors of the Company?

A.—I think it must have been nearly a year afterwards before we settled upon the terms of legislation, and then there was a great deal to be done after that. I went to Ottawa on several occasions after that.

Q.—Upon the business of the committee?

A.—Yes, I was sent down under the orders of the Committee.

Q.—Was your compensation for this included in that \$2,000?

A.—Yes, that included everything except actual disbursements.

*By the Chairman :—*

Q.—There was another item for disbursements ?

A.—I do not remember the particulars of that, but about \$200 out of that were the disbursements of the former secretary of the Committee, the late Mr. Henderson.

*By Mr. Cameron :—*

Q.—What was the amount of the disbursements ?

A.—\$404.29. Some of that was my travelling expenses down to Ottawa on four or five occasions. Mr. Campbell has got the particulars, and I think there is a copy among the papers my uncle has got. I think I furnished Mr. Campbell with a memorandum of these items in detail. He was aware of nearly all the sums that were paid, and was satisfied with that amount. About \$200 was paid to the estate of the late Mr. Henderson.

*By Mr. Mowat :—*

Q.—Was the rest actual disbursements ?

A.—Yes, all actual disbursements. I may just mention that I was not a member of the committee nor a shareholder.

Q.—Can you inform me how many shares were represented by the shareholders on whose behalf the committee was acting ?

A.—I could not tell you from memory, but Mr. Campbell represented a very large sum, over \$200,000. He represented very much more than all the rest put together. I think the rest represented only from \$10,000 to \$20,000.

Q.—Who were the other members of the committee ?

A.—They varied somewhat. The original committee was not exactly the same as when I was appointed secretary.

Q.—Who were the members of the committee when you were appointed secretary ?

A.—It was in this way :—The Committee had power to add to their number, and they asked Mr. Campbell to come there. There was my uncle as Chairman, Mr. Campbell, Mr. Thomas H. Lee, Mr. Scarth, and Mr. Thomas Shortiss. M. G. P. Dickson was appointed on the committee the same day I was appointed secretary. Later on, after the Bill was passed, Mr. James S. M'Murray was appointed a member of the committee, and then some time after that Mr. John Beverly Robinson. I think Mr. Robinson only attended perhaps one or two meetings before we reported.

(Signed) GEORGE T. DENISON.

Mr. F. W. CUMBERLAND, re-called.

*Examined by Mr. Mowat :—*

Q.—I was told yesterday of a rumour that money had been paid to Mr. J. D. Edgar for his election expenses out of the Northern Railway funds. Is that true ?

A.—No, it is not true.

Q.—Mr. Edgar was a member of Parliament at one time ?

A.—Yes.

Q.—And has been a candidate more than once ?

A.—Yes.

Q.—And was nothing contributed towards his election expenses out of the Northern Railway funds on any of these occasions ?

A.—Nothing.

Q.—On none of these occasions, either directly or indirectly ?

A.—Neither directly nor indirectly, not a dollar.

Q.—Was he ever employed professionally by the Northern Railway Company ?

A.—He was employed professionally by the Northern Extension Railways Company.

Q.—Was that a distinct Company ?

A.—Yes.



Q.—Is that the Company which was afterwards amalgamated with the Northern Company?

A.—Yes.

Q.—Was it before the amalgamation that he was employed?

A.—He was solicitor to that Company.

Q.—Did he never act as Parliamentary Counsel for the Northern Railway?

A.—He did.

Q.—When was that?

A.—That was during the Session of 1875. It was when we were carrying our last Bill through.

Q.—Was that the only professional employment which Mr. Edgar had from the Northern Railway Company that you remember?

A.—I think so. I do not remember any other. He was associated with me in London one time, but he was then acting for the Extension Company.

Q.—He was in London with you, but acting for the Northern Extension while you were effecting some business for the Northern Railway there?

A.—Yes. I was acting at the time for both Companies.

Q.—Did he do any work there for the Northern Railway Company?

A.—Our Directors in London, I think, invited him to draft a Bill.

Q.—When did that occur?

A.—It was in 1872 or 1873.

Q.—You say he was asked to draft a Bill?

A.—He was asked to draft a Bill by my London Board.

Q.—What Bill?

A.—A Bill that was to be introduced into the Canadian House of Commons. We were then seeking legislation, and they thought they would take advantage of his presence in London and get him to frame the Bill.

Q.—Did he draft the Bill?

A.—He did not. He declined to give us any professional assistance.

Q.—When you say he declined to give us, you mean the Northern Railway Company?

A.—Yes.

Q.—Why did he decline?

A.—On the ground that he was holding a seat in Parliament.

Q.—Did he hold a seat in Parliament at the time he was Parliamentary Counsel for the Northern Railway in 1874-75?

A.—He was out of Parliament at that time.

Q.—How much did he get for his services as Parliamentary Counsel in 1874-75?

A.—For services in drafting a Bill and attending at Ottawa, and in that matter of the re-arrangement of the terms of the Bill, to which we testified yesterday,—for the whole, I think, \$2,500.

Q.—Was the fee passed by the Board?

A.—It was.

*By the Chairman:—*

Q.—The Board of the Northern Railway Company?

A.—Yes.

*By Mr. Mowat:—*

Q.—Had this payment anything to do with election expenses?

A.—Nothing whatever.

Q.—Was there any Election fund to which you have contributed out of the Northern Railway funds besides what you have mentioned before?

A.—None. In my original evidence I gave you all the election expenses we have paid.

Q.—In the Pacific Railway enquiry an election fund was mentioned, and I think it was mentioned that you were a contributor to the fund?

A.—Nothing whatever. It is quite untrue. Neither corporately nor individually had I anything to do with that fund.

Q.—Did you contribute individually to any election fund for Mr. Edgar?

A.—I did not.

(Signed)

FRED. CUMBERLAND.

Mr. J. D. EDGAR, sworn.

Examined by *Mr. Mowat*:—

Q.—Was any contribution made by the Northern Railway Company towards any election expenses of yours?

A.—Not at any time.

Q.—Was any such contribution made indirectly out of the funds of the Northern Company?

A.—Neither directly nor indirectly by that company nor any other.

Q.—Have you ever been employed professionally by the Northern Railway Company?

A.—Yes, in connection with the legislation of 1875, negotiating with the Government on behalf of the Company, and helping afterwards to carry out the amalgamation clauses in the Bill.

Q.—Were you in Parliament at that time?

A.—I was not.

Q.—Was your account settled by the Company?

A.—It was, I understood, passed by the Board. At least, I was told I could not get it settled until the Board passed it.

Q.—What was the amount?

A.—\$2,500.

Q.—Had that anything to do with election expenses?

A.—Nothing whatever.

Q.—Was any part of that sum in consideration of election matters?

A.—No, it had nothing to do with them.

Q.—Did Mr. Cumberland contribute personally towards your election expenses?

A.—No. Mr. Cumberland's sympathies I understood to be on the other side of politics, and in consequence I would not have asked him.

Q.—Were you solicitor at one time for the Northern Extension Company?

A.—I was until amalgamation, and, in fact, am so still, in closing up any matters of right of way in connection with that Company.

Q.—Were you ever in England with Mr. Cumberland about the affairs of the Extension Company?

A.—I was. I was solicitor of the Extension Company, and was sent to England by the Extension Company's Board to try and enforce a contract which had been made by cable with Messrs. McEwen, of London, for the sale of bonds of the Extension Company, which contract the McEwens were not carrying out.

Q.—Did you do any professional work there for the Northern Railway Company?

A.—None at all. I was asked if I would draft a bill by the London Directors of the Northern Railway Company, but I declined because I was elected to the House of Commons then, and the Bill would come before the Legislature.

Q.—You say that no contribution was made out of the funds of the Northern Railway Company towards any election expenses of yours? Was any such contribution made out of the funds of the Extension Company?

A.—No, not a cent. I may say also that from December, 1874, until the amalgamation in June 1875, the larger part of my professional time was occupied either at Ottawa or here in connection with the Bill on the amalgamation; and also that during the time I had a seat in Parliament neither I nor my partners received any fee whatever in connection with Dominion Legislation.

(Signed)

J. D. EDGAR.

TORONTO, September 23rd, 1876.

Mr. FRANCIS HARRIS HEWARD, sworn.

Examined by Mr. Bethune:—

Q.—You are agent for the Royal Insurance Company?

A.—I am.

Q.—And have been for a number of years?

A.—25 years.

Q.—Have you effected on behalf of the Company risks, policies of insurance—on the property of the Northern Railway Company?

A.—Never for the Company.

Q.—Are the policies in the name of the Company?

A.—There are no policies in existence.

Q.—Had you no policies at any time?

A.—None. I had offers.

R.—And never effected insurance on the property of the Northern Railway Company at all?

A.—No. I had offers, but I declined them.

Q.—Then you never had any policies on the plant or the buildings?

A.—No.

Q.—Did you have any on stores, wheat in the elevator, or something of that kind?

A.—Not with the Northern Railway Company directly, but for other parties.

Q.—Was that effected through the medium of Mr. Cumberland or his son?

A.—No. I had offers from Mr. Barlow Cumberland verbally, for insurance on the plant, &amp;c.

Q.—Why were these offers not accepted?

A.—We agreed to rates, and he wanted a commission of ten per cent. on the premium, which I could not give him. With the last offer, we agreed upon the terms, and he said he would be satisfied with five per cent, but I could not afford to give him even that.

Q.—I believe that commission was to have been paid to him personally?

A.—I believe it was.

Q.—Was it to be on property held in trust by the Company?

A.—Yes.

Q.—Did that consist of buildings and plant, or the stores which the Company held?

A.—I believe the stations, the buildings and plant, including cars, &amp;c.

Q.—Was the total amount of the risk mentioned?

A.—It was at the time, but I really can't recollect it. He offered me, I think, in the first two instances, one-third of the entire amount to be insured, which I agreed to take, the premium on which would have amounted to about \$1,500, upon which he wanted a commission of ten per cent.

Q.—What were the annual premiums to be?

A.—I think one-third would have been something like \$1,500 in each instance.

Q.—Then the ten per cent, or five per cent, would have been on that?

A.—Yes, whatever the premium was. Of course it would be ten per cent. on the \$1,500, for the premium was that.

Q.—Was it declined?

A.—I declined, because I told him I could not give the commission, for it would leave me without anything at all.

Q.—Do you know any Companies which effected insurance for the Northern Railway Company?

A.—I think the Etna was one, and the British America, and the Western. I am not sure; but I know, so far as I was concerned, I was given to understand that the Etna had taken the amount offered to me.

Q.—Did you have any conversation with Mr. F. W. Cumberland himself?

A.—No, it was only with Mr. Barlow Cumberland. He was clerk in the Northern Railway Office, and managed all the insurance, I think.

Q.—How late was the last offer?

A.—I think within three years.

Q.—Did you understand that he was then in the Northern Railway Office?

A.—I certainly did.

(Signed)

F. H. HEWARD.

Mr. NOAH BARNHART, sworn.

Examined by *Mr. Bethune* :—

Q.—Were you a Director of the Northern Railway?

A.—For a very short time.

Q.—It extended over what period?

A.—I think it was about six months.

Q.—In what year?

A.—It was just after the amalgamation took place.

Q.—Are you interested in any Insurance Companies in the city?

A.—I am a director in the Western Insurance Company.

Q.—Is that the only one?

A.—Yes.

Q.—Do you know anything of an insurance being effected in the Western on the property of the Northern Railway Company?

A.—I do not know anything further than an application for a certain portion of the insurance over the whole of the rolling stock of the Company, and the stations on the road.

Q.—Do you know that that insurance was effected?

A.—I really do not know. It came before our Board, but I do not know whether they took the policy or not.

Q.—Do you know if anything was paid to Mr. Cumberland or his son in connection with these insurances by the Company?

A.—I do not.

Q.—Do you know anything about a contract which was let to Messrs. Manning and Ginty in connection with the Meaford or North Grey Railway Extension?

Mr. Boulton objected to the question on the ground that the Meaford Company was a Company distinct from the Northern Railway Company, and this enquiry concerned only the latter.

Q.—What was the connection existing between the North Grey Railway and the Northern Railway Company?

A.—None whatever, until the former was leased to the Northern Railway.

Q.—Do the Northern Railway Company own that Branch now?

A.—They own that now under the Amalgamation Act.

Q.—They furnished, in fact, the funds that built that road?

A.—They did not.

Q.—They guaranteed the interest?

A.—They guaranteed the interest on 2,000 pounds per mile for the Muskoka Branch and the North Grey Branch.

Q.—Were these amalgamated before the North Grey (or Meaford Branch) was built?

A.—No, long after it was built.

Q.—Was Mr. Cumberland connected with that road in any way?

A.—He was the consulting engineer of both the North Grey and the Muskoka.

Q.—Was that in virtue of his being Manager of the Northern Railway?

A.—Not that I am aware of.

Q.—Do you know anything of the payment of a commission to Messrs. Manning and Ginty?

A.—No, I do not.

Q.—Do you know anything about the purchase of the steamers *Chicora* and *Cumberland*?

A.—I do.

Q.—Were you interested in the *Cumberland*?

A.—Not at all.

Q.—You don't know anything about the *Cumberland*?

A.—Nothing at all.

Q.—Do you know anything about the *Chicora*?

A.—Yes.

Q.—From whom was she purchased?

A.—From the Milloys.

Q.—For how much?

A.—\$32,500.

Q.—By whose agency was this purchase made?

A.—It was through Mr. Frank Smith and Mr. Cumberland. Mr. Frank Smith paid one-third, Mr. Cumberland one-third, and I one-third.

Q.—That would be about \$18,000 apiece?

A.—Yes, but there was a charge on the boat at the time, and I paid about \$30,000 in cash. I have lost more than \$45,000 on that boat including interest.

Q.—How much has Mr. Cumberland paid?

A.—Mr. Frank Smith and I have paid off the whole, and there is now no liability on the boat. Mr. Cumberland is in arrear about \$500 or \$600.

Q.—How much would that make the payment made by him? \$30,000?

A.—I don't know. I think he has paid something like \$28,000.

Q.—Have you any knowledge as to how much of that was paid out of the funds of the Northern Railway Company?

A.—I never had any idea of that.

Q.—Did the steamer stand in his name?

A.—It did not. We were not going to give him any interest in it until he was all paid up.

Q.—You did not know his purchase was on behalf of the Northern Railway?

A.—No. The agreement was with Mr. Cumberland personally.

Q.—How many years since you bought the boat?

A.—It was in 1872 that we bought her.

Q.—Have you run her since on your own account, or has she been chartered?

A.—She was chartered last year and this to the Northern Railway Company.

Q.—When was the charter fixed?

A.—In the spring.

Q.—At what sum?

A.—All that we got for her running last year was some \$3,800.

Q.—Was that for several years?

A.—No, only for that season.

Q.—Was that charter in writing?

A.—I don't know.

Q.—Was there any resolution of the Board, or was it by arrangement with Mr. Cumberland?

A.—I think there was a resolution of the Board.

Q.—Who made the bargain between the Company and you?

A.—Both Mr. Smith and myself.

Q.—Who represented the Company in making the bargain?

A.—Mr. Cumberland.

Q.—How was it that Mr. Cumberland, being interested in the boat, made a bargain of that kind?

A.—We refused to run the boat. We got her in the hope, as Mr. Cumberland represented, that there would be money in her, everything we have done has been for the benefit of the Northern Railway, and we have lost our money.

Q.—Do you know anything of a contract for building the elevator in Toronto?

A.—I do not.

*By the Chairman :—*

Q.—Who got the \$3,800?

A.—Mr. Smith and I.

Q.—Did Mr. Cumberland get nothing?

A.—Nothing at all.

*By Mr. Bethune :—*

Q.—Did he get the benefit of the one-third, because he was connected with the liability to that extent?

A.—I think Mr. Smith and I carried that liability.

Q.—Do you know anything of a purchase from Captain Isaac May of some plant in Simcoe? Did they purchase the steamer *Emily May*?

A.—I don't remember a great deal about it. She was bought by the Extension Company. Mr. Henry Howland made the bargain.

Q.—You were not personally concerned?

A.—I was interested in the paying of money.

Q.—What was paid for her?

A.—I think it was \$15,000.

Q.—Was that considered her value?

A.—I think so. That has not been paid off yet.

Q.—Was there a mortgage on her?

A.—Acting upon what were assumed to be the powers conferred by the Amalgamation Act, the Company took the steamer at what she cost the Extension Company.

Q.—Do you know anything about any dealings between Mr. Patrick Burns and the Northern Railway Company for the carriage of coal?

A.—No.

(Signed)

NOAH BARNHART.

Mr. PATRICK BURNS, sworn.

*Examined by Mr. Bethune :—*

Q.—You are a dealer in coal and wood in the City of Toronto?

A.—Yes, Sir.

Q.—And have been for some years?

A.—Yes, Sir.

Q.—Within some years have you had a contract with the Northern Railway Company for the carrying of wood over the Northern Railway?

A.—They carried wood, but I had no contract with them.

Q.—Had you a verbal arrangement?

A.—Yes.

Q.—How many years has that been going on?

A.—Ten or twelve years.

Q.—Was there any arrangement—this year or last year?

A.—No. I got some wood down last year, in the ordinary way.

Q.—About what quantity?

A.—I could not say exactly. I don't think I got over three or four hundred cords.

Q.—Did you make any arrangement with any person in connection with the Company for the carrying of that down?

A.—I don't think so. It was ordinary freight.

Q.—Was there any arrangement made at all?

A.—I bought the wood on the place and brought it down.

Q.—Did you make any arrangement with Mr. Barlow Cumberland—did you have any talk with him?

A.—I think I had some talk with him last winter.

Q.—Where was this talk?

A.—I think it was in his office.

Q.—What was the result of the talk? Did he say he would bring the wood down?

A.—Yes.

Q.—What rates did you pay?

A.—I don't know. I think I paid the regular rates.

Q.—Was there any bonus paid to him or any one else?

A.—Never, at any time.

Q.—How did you pay, by cheque?

A.—I paid it to the freight agent, Mr. McDonald, but the cheque was always to the Northern Railway Company.

Q.—But there was nothing extra to be given to Mr. Barlow Cumberland, either in that or any other year?

A.—Neither the elder nor the younger Mr. Cumberland, never.

*By the Chairman:—*

Q.—Did he get any commission in any way, in wood, or anything of that kind?

A.—Nothing whatever.

(Signed)

P. BURNS.

Mr. ALEXANDER MANNING, SWORN.

*Examined by Mr. Bethune:—*

Q.—You are a contractor, Mr. Manning?

A.—I am.

Q.—I believe you and Mr. Ginty have been from time to time in partnership?

A.—We have.

Q.—Had you a contract for the building of a railway to Meaford?

A.—Yes, a contract for the North Grey of the Northern Extension Company.

Q.—Was there, directly or indirectly, any sum of money paid to Mr. Cumberland in connection with that contract, either in the way of a bonus, or in any way whatever?

Mr. Boulton objected.

A.—Never, in any shape. We never had any contracts with the Northern Railway Company. This contract was with another company altogether.

Q.—But it has since become a part of the Northern Company?

A.—That I understand.

Q.—You say that nothing was ever paid by you or Mr. Ginty to Mr. Cumberland. Was anything paid to Mr. Cumberland's son, or any one for him?

A.—Nothing whatever, as a bonus.

Q.—Was Mr. Cumberland's son a partner with you?

A.—The son was a partner after we got the contract.

Q.—Mr. Barlow Cumberland?

A.—Yes.

Q.—How much was he to have?

A.—He was to have one half interest in the profits. That contract was never completed.

Q.—Was anything paid to him to buy out his interest?

A.—No.

Q.—Why was it never completed, then?

A.—It was Mr. Ginty who first spoke about the arrangement. I was dissatisfied with an arrangement of that kind, and after some time I spoke to Mr. Cumberland about it, and I paid him for his services by salary.

Q.—How much?

A.—\$65 a month.

Q.—What services did he render ?

A.—He looked after the contracts and the work. He lived where the work was going on. But he gave up before the work was completed, at the desire of his father.

Q.—Was he employed at that time in the Northern Railway Company ?

A.—No, not to my knowledge. His whole time was given up to us. He went from us to the Great Western, I think.

Q.—Who negotiated the contract on behalf of the Railway ? Was it Mr. Cumberland ?

A.—No. I tendered for the work, and I understood that my bid was the lowest by \$14,000, and the contract was awarded to me. It was decided by the Directors—Mr. Frank Smith, Mr. Brauhart, Mr. Turner and other Directors and so far as I recollect, Mr. Cumberland was consulting engineer.

Q.—Then the employment of the son had no connection with your getting the contract ?

A.—None whatever. I speak frankly as to how I felt respecting the partnership with Mr. Barlow Cumberland. I was very much annoyed. Mr. Ginty first spoke about this matter, and I was very much dissatisfied with it.

Q.—Were you interested in the building of the Northorn Railway elevator ?

A.—No.

Q.—Did young Mr. Cumberland get any more besides the \$65 a month ?

A.—I could not tell you how much he did get.

Q.—Did he get anything but his proper salary ?

A.—I think not. He was two years with me, and he got \$4,000.

Q.—That would be more than \$65 a month ?

A.—It included his expenses outside. He kept a horse, and paid all his travelling and other personal expenses connected with the work.

Q.—But the travelling expenses would not amount to \$1,220 per annum.

A. There was a great deal of expenses connected with it. I could tell you if I looked at the books.

Q.—\$4,000 was the whole amount he got including salary and expenses ?

A.—Yes, the whole amount, so far as I recollect.

Q.—You say you will furnish a statement of the whole expenses ?

A.—I will furnish a statement.

Q.—Were you interested in the building of the Northern Railway elevator here.

A.—I had no interest whatever. I think Mr. Reekie was the contractor.

Q.—Were any debentures given to young Mr. Cumberland in any way ? How was he paid ?

A.—He was paid in money.

Q.—You did not give debentures, then ?

A.—No. We were paid in money, and never received any debentures. I may say that I complained to Mr. Cumberland about his son having anything to do with this work. I did not think there was anything wrong in his son coming into any partnership, but I had a decided objection to getting only one-quarter interest. Mr. Cumberland also objected strongly to his son's continuing in the partnership.

*By Mr. Mowat :—*

Q.—Was any paper signed by Mr. Barlow Cumberland ?

A.—No. The paper was signed by myself and Mr. Ginty, but never by Mr. Barlow Cumberland ?

*By Mr. Bethune :—*

Q.—Who had the negotiations in the matter of the contract between you and Mr. Ginty on the one part, and the Railway Company on the other ?

A.—Mr. Edgar as solicitor for the Extension Company prepared the contract, and Mr. Ginty and myself executed the same at his office. I never entered into this or any other contract by buying it or giving a bonus.

(Signed)

ALEX. MANNING.



Mr. JOHN GINTY, sworn.

Examined by *Mr. Bethune* :—

Q.—You were a partner with Mr. Manning, contractor for the building of the North Grey Railway to Meaford ?

A.—Yes.

Q.—Had you any other partner besides Mr. Manning ?

A.—I made a verbal agreement first with Mr. Cumberland, but I will explain that. I was thinking it strange that I had to do all the work, and I wanted to get an active partner to take some of the work off my hands ; for I was attending to the Muskoka road.

Q.—You had another partner then. Who was it ?

A.—Mr. Cumberland was to have an interest in it,—the young man.

Q.—How was it that he was to have an interest ?

A.—At my suggestion.

Q.—Where did you make the arrangement with him ?

A.—It was after we commenced work.

Q.—Where ?

A.—It must have been in Toronto.

Q.—What was Mr. Barlow Cumberland doing at that time ?

A.—The first conversation I had with him was in Toronto. He was studying law, and I told him he had better quit studying law, and come into partnership.

Q.—How long was this after the contract was let ?

A.—I think about two months.

Q.—Had you commenced work ?

A.—I think so.

Q.—Had the contract been signed by the Company ?

A.—Yes, all completed.

Q.—Had you any conversation with his father about the proposed partnership.

A.—Never, directly nor indirectly.

Q.—Did any one suggest Mr. Barlow Cumberland's name to you ?

A.—Never, directly nor indirectly. It was my own suggestion.

Q.—What share of the profits was he to get ?

A.—I could not tell.

Q.—But you did fix some share ?

A.—Yes, but it is so long ago that I forget all about it. The memorandum of agreement was signed by me.

Q.—What did you do with this memorandum, did you give it to Mr. Barlow Cumberland ?

A.—No. I think it must have been Mr. Edgar or Mr. Boulton that I gave it to ; at all events Mr. Manning and I signed it together and left it with the witness whoever he was.

Q.—But you haven't got it now ?

A.—No, I have never seen it since.

Q.—How long did matters go on the footing of his being a partner with you ?

A.—I could not tell. It is so long ago. The first arrangement was made with Mr. Barlow Cumberland and myself.

Q.—When was that arrangement ended ?

A.—I think it was a year afterwards.

Q.—Then he was about a year a partner with you ?

A.—I think so.

Q.—What did you give him for his year's share of the profits ?

A.—I am not aware that he got a dollar.

Q.—But he didn't work a year for nothing ?

A.—If Mr. Manning has given him more than his salary, I am not aware of it.

Q.—How long did that work go on ?

A.—I think it was three years.

Q.—Have you any idea of what was paid to Mr. Barlow Cumberland ?

A.—I don't know. Mr. Manning paid it. I have not seen the books since. I understood from Mr. Manning that he was just to get his salary.

Q.—What salary was he to get ?

A.—I don't know. I think it was something like \$100 per month and his expenses.

Q.—The books, I suppose, would show ?

A.—Yes.

Q.—Have you the books ?

A.—No, Mr. Manning has them.

Q.—How long was Mr. Barlow Cumberland employed at a salary—during the balance of the time ?

A.—No, he left before we were through, and went to the Great Western.

Q.—Were you interested in the building of the Toronto Elevator ?

A.—Not at all, directly nor indirectly. I never did any work for the Northern Railway Company. I might say that when we tendered, we first tendered for the Muskoka road and got it, and I think it pleased the Directors, for they went over it, before they had decided the tenders for the other road. Mr. F. W. Cumberland, in two conversations with me, said, "if you don't tender low, you will not get the work because we are going to give the contract to the lowest tender."

*By the Chairman :—*

Q.—You do not know whether Mr. Barlow Cumberland got \$4,000 for two years ?

A.—I could not tell. I never saw the books of the North Grey Road. I had charge of the Muskoka Road altogether.

*By Mr. Bethune :—*

Q.—Was Mr. Barlow Cumberland interested in the Muskoka Branch at all.

A.—No, decidedly not.

Q.—He had no connection with it ?

A.—Neither directly nor indirectly.

Q.—And he was consequently never paid anything whatever on that ?

A.—Never, neither directly nor indirectly. I wish to add that in a conversation with Mr. F. W. Cumberland about a year after his son had been connected with us he said that if his son had any interest in the road, beyond his salary, it must cease.

(Signed)

JOHN GINTY.

Mr. WILLIAM ROWLAND, SWORN.

*Examined by Mr. Bethune :—*

Q.—You are the agent of the Queen Insurance Company ?

A.—Yes, the Liverpool Company.

Q.—How long have you been agent ?

A.—About thirteen years.

Q.—Has your Company any risk on the Northern Railway property ?

A.—Not at present.

Q.—Had you last year ?

A.—No.

Q.—How long since you had any risk ?

A.—I don't think we have had any risk since 1871.

Q.—What amount ?

A.—I think it was \$10,000, on the Northern Elevator at Collingwood.

Q.—With whom did you make the arrangement for that risk ?

A.—Mr. Barlow Cumberland.

Q.—Was any commission paid to him at that time ?

A.—Not at all.

Q.—At what rate was the insurance effected?

A.—The premium was \$90 on \$10,000 for three months. It was while the Elevator was in course of erection. It was a builder's risk.

Q.—That was paid by a cheque of the Northern Railway, I suppose.

A.—Yes.

Q.—And no part was handed back to Mr. Barlow Cumberland?

A.—No.

Q.—And that was the only insurance you had for the Northern Railway?

A.—Yes. We have had Insurances on the Northern Railway property, but they were re-insurances for other Companies, and not directly for the Northern Company.

(Signed)

WILLIAM ROWLAND.

MR. WILLIAM HENRY LOCKHART GORDON, SWORN.

Examined by *Mr. Bethune* :—

Q.—Have you seen the written statement, or the correspondence which passed between you, Mr. Campbell, and the Government?

A.—I read a statement of work done by us, prepared for the purpose, I understood, of being furnished to the Government.

Q.—Did that truly state matters in which you were interested in behalf of the dissentient shareholders?

A.—Yes, it did. It did not fully state the amount of work that was done by us, because Mr. Campbell was anxious to get it immediately, and I had not time to set out completely all the work done.

Q.—A good deal has been said in the way of discussion to the effect that the charge of \$5,000 seemed extravagant for the services which were rendered?

A.—All I can say is this—that if I had known the amount of work that had to be done, and the time that had to be given, and the way we had to neglect the other work of the office to carry on this, I certainly would never have undertaken it for any sum like that. Perhaps it would be as well for me to state how the fee was arrived at. When the shareholders engaged me to undertake this matter, they asked me if I would go to England and raise the capital that was required to pay off the Government claim, and for other purposes of the road. We had previously been at Ottawa, and we understood from Mr. Mackenzie that if the shareholders could do that the matter would be handed over to the shareholders, and they would have the financing of the scheme. The shareholders requested me to raise this money, and I undertook to do it at a commission of one per cent.

Q.—Was that in writing?

A.—Yes.

(The Document was here put in, and marked "No. 1.")

The witness continued:—I thought that before I went to England, it was better to have the terms of my undertaking the financial business in writing, and that was drawn up and signed by the Chairman and the Secretary, and with that I went to England. And I think I may say that I made arrangements with one of the first firms in London to raise this capital. There was one obstacle, however, in the way, and that was that they required the co-operation of the bondholders; but they said that if I got the co-operation of the bondholders, they would have no difficulty in raising the capital. They requested me to communicate with Mr. Cumberland to get him to say whether the bondholders would co-operate. I think I waited there for six weeks, corresponding with the committee and my own firm on this side, and waiting for Mr. Cumberland to go over to England. When I found that Mr. Cumberland could not come, I came over to Canada on the advice of the gentlemen I was acting with, to see if I could not get the Board to agree to co-operate with us, and then go back and complete the arrangement. When I came back here, I found that Mr. Cumberland, very naturally, did not want to be interfered with by the shareholders, and he

refused to assist us in our attempt to raise the new capital, so Colonel Denison went down with me to Ottawa to see if we could get Mr. Mackenzie to use his influence, and we understood from the correspondence that Mr. Mackenzie thought it unreasonable that the bondholders should be an obstacle in the way, and there was official correspondence, asking if it would not be possible for the Board to co-operate with us. Mr. Cumberland had been to England in the meantime, and, after he came back, the first thing he did was to send for Mr. Campbell and me and some others, to see if we could not come to some compromise. The result was that my clients agreed to a compromise. That being so, they took the thing out of my hands. If they had been able to furnish the authority of the bondholders, I would have been able to raise the money. I had been to England, and had incurred a great deal of expense. I employed a firm of solicitors there, who afterwards rendered a bill of 200 pounds stg. I mention that to show what I did there.

Q.—I observe in this contract the one per cent. was to be paid to you only in the event of your raising the sum required, and I perceive also that the committee did not make themselves personally responsible?

A.—But they pledged themselves on behalf of the shareholders to pay me the one per cent.

Q.—What amount were you proposing to raise in England?

A.—300,000 pounds. In addition to that, there was work at Ottawa during the Session of 1874-75. This business was commenced in February, 1874, and it was not closed until July, 1875, about eighteen months.

Q.—Had you any instruction from the shareholders for the work done at Ottawa, or was the whole work done on this contract?

A.—No. I got special instructions from the committee. I attended meetings of the committee, and drew up three Bills and revised the draft of a Bill which Mr. Edgar drew up for the road.

Q.—Were the shareholders liable to you for that work?

A.—I think the committee was.

Q.—Had you any written instructions which would make them liable?

A.—I had simply instructions to go to Ottawa and do this work.

Q.—May that be considered as based on the liability of this letter?

A.—No. I consider I had two claims on them—one in a financial capacity and one as legal adviser.

Q.—Had you anything in your books as to that?

A.—We had entries in our books as to our expenses at Ottawa.

Q.—Were any charges made upon the Northern Railway?

A.—The entry was against the committee of private shareholders of the Northern Railway.

Q.—Had you any other letter of instructions besides this letter from the private shareholders?

A.—No. But over and over again there were resolutions passed by the committee, authorizing Mr. Campbell, Colonel Denison and myself to act for them. In the book kept by the committee I can get copies of all these. I also had verbal instructions from them.

Q.—How did you fix on the \$5,000 paid for your services?

A.—Mr. Campbell and Colonel Denison knew the work I had done. They had been with me the whole time, and the committee of shareholders at one of their meetings passed a resolution to the effect that the committee should be relieved of all responsibility for costs, and also disbursements, and it was left to Mr. Campbell and Colonel Denison to decide.

Q.—By whom were they to be relieved?

A.—I think the resolution was to this effect—that the committee consider that the Northern Railway ought to pay all the costs incurred by the committee. I did not think the settlement was to have been made subject to the costs being paid, but it was put in the shape above mentioned, and Mr. Campbell asked Mr. Cumberland to relieve them of that responsibility.

Q.—Did you understand at the time the Bill was settled on that basis, that the settlement took place irrespective of the liability of the Company to pay this sum for costs and disbursements?

A.—I did not look to the Northern Railway company at all for my disbursements. I looked to the committee.

Q.—Did you render an account to the committee before that settlement?

A.—No account had been asked for, but we rendered an account which was handed to Mr. Campbell.

Q.—Did you understand that the payment of your account was part and parcel of the settlement?

A.—The settlement was all made before any question was raised as to the costs; but the terms on which the Bill was to be accepted by all parties and passed, were agreed to at the Northern Railway Office.

Q.—Before anything was said about the cost?

A.—Certainly.

Q.—Suppose Mr. Cumberland had refused to pay this sum—do you think the committee would have opposed the passage of the Bill?

A.—I cannot say. All I know is that there was a minute or resolution of the committee to the effect that the Company ought to pay the costs, and some members of the committee were very strong on the matter. They said they had spent money, and they thought they ought not to bear any of the costs.

Q.—Was the account paid before the Bill was passed?

A.—I do not know. I don't think it was. I know Mr. Campbell got notes to pay this and other matters, for I got notes from Mr. Campbell. I don't think anything was paid nor did we receive any notes until after the Bill was assented to by the Governor General.

("Exhibit No. 2" was here put in.)

Q.—There are disbursements mentioned in "Exhibit No. 4" of the 14th September, to the amount of \$891.47, besides the sum paid to your London agents. Was this sum of \$891.47 arrived at by actual computation?

A.—Yes. If we went to Ottawa, for instance, when we came back we just charged the expenses of the trip, and the above sum includes printing and telegraphing and every other disbursement.

Q.—This sum was an actual cash disbursement?

A.—Yes.

Q.—Did any person receive, except the members of your own firm, any part of the \$5,000?

A.—No.

Q.—The disbursement of \$98 was in connection with the suit?

A.—Yes.

Q.—Was that an actual cash disbursement, or did it include the ordinary charges?

A.—I think it included the ordinary charges.

Q.—You were all ready with that suit, and served the parties?

A.—The bill was drawn, and not actually filed, and four or five copies made of it ready for service.

Q.—And that \$98 was a proper charge?

A.—Certainly. I wish to produce the letter given to me by the committee of shareholders authorizing me to go to England and raise the money.

(Signed)

W. H. LOCKART GORDON.

(This letter is filed as Exhibit No. 1 of 26th September, 1876, when the foregoing evidence was read over and signed.)

(Exhibit 1.—Filed 23rd September, 1876.)

TORONTO, June 12, 1874.

SIR,—In the event of your succeeding in raising the necessary capital for paying off the Government lien on the Northern Railway of Canada, and for the other purposes mentioned in the Bill, prepared for us and the Government, we hereby agree, as far as we have power to do so, for and on behalf of the private shareholders of the Northern Railway of Canada, to allow you a commission on the amount of the capital so raised, at the rate of one per cent on the par value of such capital. But it is distinctly understood by you that we do not make ourselves or the shareholders individually liable to you for this commission, or any part thereof, but only in our capacity as representing the shareholders we pledge ourselves to carry this out on their behalf.

On behalf of the committee of the private shareholders in the Northern Railway of Canada.

(Signed)

R. L. DENISON,

Chairman.

R. C. HENDERSON,

Secretary.

(Exhibit 2.—Filed 23rd September, 1876.)

MESSRS. RENSHAW AND ROLPH,

In account with

MESSRS. MORRISON, WELLS AND GORDON,

Of Toronto, Canada.

*Re the Northern Railway of Canada.*

February 4th, 1874, to March, 1875.

Instructions to act for certain number of the Stockholders of this Railway Company in England in asserting their claims as against the Bondholders, and to endeavour to find the capital required by the Company, for the purposes of the Company, upon the security of preference stock of the Company or otherwise.

Numerous letters to you and other parties upon the subject, and a great number of attendances on various firms in London, with a view to their taking up the securities offered.

Numerous attendances also on Mr. Gordon when in England, and letters to you almost weekly during those dates upon the subject.

Perusing mass of reports and papers in connection with the previous history of the Railway Co. In the meantime, Messrs. McCulloch, on certain conditions, agreed to take up the business.

Frequent interviews with them referring to various details, ultimately it was arranged that Mr. Gordon should return to Canada, as it was impossible to proceed to negotiate any security in London without some terms of co-operation being arranged between the Bondholding interest and the Stockholding interest.

Received 15th June, 1875..... £200

STAMP.

RENSHAW & ROLPH.

(Exhibit 1—Filed 26th Sept., 1876.)

TORONTO, June 12th, 1874.

SIR,—On behalf of the private Shareholders of the Northern Railway of Canada, we hereby authorize you to raise new capital, necessary to pay off the claims of the Government on the road, and for the other purposes mentioned in the Bill prepared for us and the Government, and we hereby give you full power to raise this capital on the terms and conditions that may seem to you best; and, in making arrangements to do this, we authorize you to shew this letter to all parties with whom you may open negotiations, in order that they may see you are our sole accredited agent in this matter.

On behalf of the Committee of private shareholders of the Northern Railway.

(Signed) R. L. DENISON,

(Signed) R. C. HENDERSON,  
*Chairman.*  
*Secretary.*

To W. H. LOCKHART GORDON, Esq.,  
Toronto.

(Exhibit 2—Filed 26th Sept., 1876.)

TORONTO, Sept. 23, 1876.

DEAR SIR,—The Commissioners may probably have thought that I was unwilling to state the amount paid me on the occasion of my mission to England on behalf of the Northern Railway.

I have no objection whatever to name the amount I received, but thought it was quite irrelevant to the business before the Commission. I went to England at the request and by resolution of the Board; they undertaking to pay my personal expenses. I was absent three months and these expenses amounted to £170, which sum was paid me. I received no compensation in any way, directly or indirectly for my services on this or any other occasion. You are at liberty to have this filed or make any use you please of it.

I remain,  
Yours truly,

(Signed)

C. J. CAMPBELL.

L. W. SMITH, Esq.,  
*Chairman, N. R. Commission.*

(Exhibit No. 1.—Filed 27th September, 1876.)

#### STATEMENT OF MR. CUMBERLAND.

The Insurance business of the Company is in two branches, viz: "Accidents and Guarantee," and "Fire."

Prior to 1869, Mr. Robert Spratt, Insurance Broker of Yonge Street, acted as agent of the Company, effected its insurances, and took the commissions.

At about that time Mr. Barlow Cumberland having entered business in the office of Messrs. Harrison, Osler & Moss, Mr. Spratt transferred the Insurance agency of the Company to him.

He subsequently (1872) entered the service of the Company, and continued to act as agent and to manage the Fire insurance business of the Company, and continued to receive the usual brokerage from the respective companies.

Throughout the same period, the "Accidents & Guarantee" Department has been similarly managed, the late passenger agent Mr. Adam Rolph, having acted as

Insurance Agent, receiving also the usual brokerage, and on Mr. Rolph's retirement from the service, the agency was transferred to his successor Mr. Telfer, of the Engineers' Department, who still holds it and takes the commissions.

In determining from time to time the salaries to be paid to these officers respectively, regard has always been had to the amount of the brokerage commissions received by each of them, and it has always been regarded and recognized as a portion of their emoluments as Company's officers, and their salaries struck and adjusted accordingly—and it is so now.

The commissions have ranged from \$400 to \$500 per annum, but in the last two or three years, the lines of insurance in both departments have been reduced.

Were this system abandoned the salaries paid by the Company to these officers must be advanced, and the Insurance Companies, or outside brokers, be the gainers by the sum of the commissions.

OTTAWA, December 26, 1876.

MY DEAR SIR,—I herewith enclose the final report of the Northern Railway Commission, as requested by the Chairman Larratt W. Smith, Esq.

I am yours very truly,

(Signed)

J. P. FEATHERSTON.

The Hon. R. W. Scott, Esq.,  
Provincial Secretary, Ottawa.

To His Excellency the Right Honorable Sir FREDERICK TEMPLE, Earl of DUFFERIN, &c., &c., &c., Governor General of the Dominion of Canada, and Vice-Amiral of the same.

*May it please Your Excellency :—*

Since the date of making our Interim Report on the 4th day of October last, certain further proceedings have been taken in the matter of the Commission "for investigating the books, accounts and vouchers of the Northern Railway Company of Canada, and the disbursements and expenditures of the said Company," which proceedings we have the honor to report to Your Excellency.

Having been informed that Mr. Cumberland had recovered from the illness which was said to have prevented his attendance, as mentioned in our Interim Report, we determined to proceed with the Commission on the 25th day of October last; and, having caused the Company to be notified of our intention, the Chairman of the Commission received on the day previous a letter from Mr. G. D'Arcy Boulton, the Solicitor of the Railway Company, as follows :—

(Copy.)

"NORTHERN RAILWAY OF CANADA,

"SOLICITOR'S OFFICE,

"TORONTO, 24th October, 1876

"SIR,—Although I have as yet received no notice, I understand that the Commission is summoned for to-morrow. Mr. Cameron is out of town, and will not, I believe, return before the end of the week, and I also am obliged to go out of town to-morrow on private affairs. I would therefore ask that the meeting of the Commission should be postponed until this day week.

"Your obedient servant,

(Signed)

G. D'ARCY BOULTON.

"LARRATT W. SMITH, Esq.,

"Chairman N. R., Commission."



To which the following reply was returned :—

Del.

(Copy.)

"TORONTO, 24th October, 1876.

"SIR,—On my return from Court, where I have been engaged all day, I found your letter, asking for a further postponement of the meeting of the Commission (fixed for to-morrow) until Tuesday next, and have consulted with my colleague on the subject; and, as the Minister of Justice is not unwilling, we are not disposed to press it, although the delays have been very great. As Mr. Cameron's and your absence from town cannot affect Mr. Cumberland, whom, I assume, is once more restored to health, I shall be glad if you will fix an hour to-morrow at which the Government accountant can have access to the books.

"I am, your obedient servant,

(Signed)

"LARRATT W. SMITH.

"Chairman, N. R. Commission.

"G. D'ARCY BOULTON, Esq.,

&c., &c.,

"Solicitor Northern Railway of Canada."

Mr. Boulton did not answer this letter, and, on the 31st day of October last, we proceeded, under the Commission, pursuant to adjournment. There were present the Honorable Attorney-General Mowat on behalf of the Government, and Mr. G. D'Arcy Boulton for the Northern Railway Company, also counsel for other parties interested. The Attorney-General asked Mr. Boulton if it was the intention of the Company to allow the books to be examined, in pursuance with the Chairman's request, Mr. Boulton thereupon stated that it was not, as the lien of the Government had been discharged; and, on being requested to put his reply in writing, handed in the following memorandum :—

#### MEMORANDUM.

"Mr. Boulton, as Counsel for the Company, states that since the adjournment from last Tuesday, the amounts to pay off the Government lien, under the Acts of the Dominion Parliament, have been paid by him over to the Receiver-General of the Dominion, and certificates under the said Acts of such payments, have been signed and delivered to him, whereby the lien has been fully released. Mr. Boulton therefore submits that, as the Commission is entirely based upon the Government lien, that it having now been satisfied, there are no grounds for further proceedings under the Commission. Mr. Boulton, therefore, in answer to the demand of the Attorney-General, declines to allow the Company's books to be produced."

It appeared to us proper, having regard to all that had taken place, to give the Company and its officers the opportunity which would have been afforded by a further prosecution of the Commission, for further investigation and explanation, but the Company taking the ground stated in the memorandum, the Commission was adjourned, and upon full consideration we have come to the conclusion that the ground work of the Commission being the existence of the lien, and the lien being fully satisfied, and the Company objecting to the further prosecution of the Commission, we ought not to proceed further.

We have only to refer to our interim report, as showing how far we have been able to execute the duty imposed upon us by the Commission.

All of which is respectfully submitted.

(Signed)

LARRATT W. SMITH,

Commissioner, Chairman.

(Signed)

J. P. FEATHERSTON,

Commissioner.

TORONTO, 21st December 1876.

Copy of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor General in Council, on the 22nd July, 1876.

The Committee of Council has the honor to report :—

That representations have been made by the Secretary of the Northern Railway Company of Canada that the funds of the Company have been misappropriated and that fraudulent entries have been made in the books of the said Company ;

That the Government of Canada have a lien on the property of the Company, amounting to £475,000 sterling, subject to certain prior charges;

That any unauthorized application of the funds of the Northern Railway Company must have a prejudicial effect on the above mentioned claim of the Government and the value of the lien held on the Railways;

That it is therefore deemed expedient to cause enquiry to be made into and concerning the various matters connected with the financial transactions of the Company, and the management of the Railway by the said Company, especially the several items of expenditure under the head of Working Expenses—and the several accounts between such Company and the Northern Extension Company and the disposal of sums realized from working the line as revenue :

They therefore recommend that a Commission do issue to be addressed to Larratt W. Smith, Esquire, Q.C., D.C.L., Barrister-at-Law, Toronto; John P. Featherston, Esquire, of the City of Ottawa, and Adam Hope, Esquire, of Hamilton (the said Larratt W. Smith to be chairman of the Commission, for such purpose, under authority of the 31st Victoria, Chap. 28, constituting them Commissioners for investigating the Books, Accounts and Vouchers of the Northern Railway Company of Canada and the disbursements and expenditure of the said Company, and its actions and transactions, and to ascertain what, if any, money or moneys at any time have been applied by the Company or any officer or officers thereof to purposes other than those authorized by Law, and the effect thereof so far as regards the want of reduction of incumbrances existing upon the said Railway, prior in lien to the Government.

And that authority shall be given to such Commissioners by whom such enquiry is to be conducted, to summon before them any party or witnesses, and to require them to give evidence on oath orally or in writing (or on solemn affirmation if they be parties entitled to affirm in civil matters), and to produce such documents, books of account and things as such Commissioners deem requisite to the full investigation of the matters into which they are appointed to examine.

And further that the Commissioners or any two of them do and shall report from time to time, or in one report as they may think fit, the result of their said enquiry.

The sittings of the said Commission to be held at the City of Toronto.

Certified.

(Signed)

W. A. HIMSWORTH.

*Clerk, Privy Council.*

To the Honorable  
the Secretary of State.  
&c., &c., &c.

D. S. S., 27th July, 1876.

SIR,

I am directed to inform you that representations have been made that the funds of the Northern Railway Company of Canada have been misappropriated and that fraudulent entries have been made in the books of the Company.

I am further to state that the Government of Canada have a lien on the property of the Company amounting to £475,000 sterling, subject to prior charges, and that any unauthorized application of the funds of the Company must have a prejudicial effect on the above mentioned claim of the Government and the value of the lien held on the railway.

His Excellency in Council has therefore deemed it expedient to cause enquiry to be made into and concerning the various matters connected with the financial transactions of the Company and the management of the Railway by the said Company, especially the several items of expenditure under the head of Working Expenses, and the several accounts between such Company and the Northern Extension Company, and the disposal of sums realized from working the line as revenue.

His Excellency has accordingly been pleased to direct that a Commission do issue addressed to Larratt W. Smith, Esq., Q.C., D.C.L., Barrister-at-Law, Toronto; John P. Featherston, Esq., of the City of Ottawa, and Adam Hope, Esq., of the City of Hamilton, (the said Larratt W. Smith to be chairman) for the above purpose, under the authority of the 31 Vic., cap. 38, constituting them Commissioners for investigating the books, accounts and vouchers of the Northern Railway Company, and the disbursements and expenditure of the said Company and its actions and transactions, and to ascertain what, if any, money or moneys at any time have been applied by the Company or any officer or officers thereof to purposes other than those authorized by Law, and the effect thereof so far as regards the want of reduction of incumbrances existing upon the said Railway prior in lien to the claim of the Government.

His Excellency has further been pleased to direct that authority be given to the said Commissioners to summon before them any party or witnesses and to require them to give evidence on oath, or affirmation, orally or in writing, and to produce such documents, books of account and things as the Commissioners deem requisite to the full investigation of the matters into which they are appointed to examine.

I am to add that the sittings of the said Commission are to be held at the City of Toronto.

I have, &c.,

(Signed)

F. J. L.

To the PRESIDENT,  
Northern Railway Company of Canada,  
Toronto.

D. S. S., 28th July, 1876.

SIR,—I am directed to inform you that representations have been made that the funds of the Northern Railway of Canada have been misappropriated, and that fraudulent entries have been made in the books of the Company.

I am further to state that the Government of Canada have a lien on the property of the Company amounting to £475,000 stg., subject to prior charges, and that any unauthorized application of the funds of the Company must have a prejudicial effect on the above mentioned claim of the Government and the value of the lien held on the Railway.

His Excellency the Governor General in Council has accordingly been pleased to direct that a Commission do issue under the authority of the 31 Vic., cap. 38, addressed to yourself; J. P. Featherston, Esq., of the City of Ottawa, and Adam Hope, Esq., of the City of Hamilton, constituting you Commissioners for investigating the books, accounts and vouchers of the said Company and the disbursements and expenditure of the said Company, and its actions and transactions, and to ascertain what, if any, money or moneys at any time have been applied by the Company or any officer or officers thereof to purposes other than those authorized by Law, and the effect thereof so far as regards the want of reduction of incumbrances existing upon the said Railway prior in lien to the claim of the Government.

His Excellency has also been pleased to direct that authority be given to the Commissioners to summon before them, any party or witnesses and to require them to give evidence on oath or affirmation, orally or in writing, and to produce such documents, books of account and things as the Commissioners deem requisite to the full investigation of the matters into which they are appointed to examine.

I am to add that His Excellency has been pleased to appoint you Chairman of the Commission and to direct that its sittings be held in the City of Toronto. The necessary Commission is being prepared and will be forwarded to you when completed.

I have, &c.,

(Signed)

E. J. L.

LARRATT W. SMITH Esq., Q.C., D.C.L.,  
Toronto.

(Similar letters (M.M.) to J. P. Featherston, Esq., Ottawa, and Adam Hope Esq., Hamilton.)

NORTHERN RAILWAY OF CANADA,  
MANAGING DIRECTOR'S OFFICE,  
TORONTO, 28th July, 1876.

SIR,—I have the honor to acknowledge receipt this day of your letter dated Ottawa 27th inst., informing me of the appointment of a Commission to enquire into the past management of this Company, and I beg to inform you that the same is under consideration of the Board of Directors, who will authorize me to make a further early communication with you upon the subject.

I have the honor to be,

Sir,

Your obedient Servant,

(Signed)

WILLIAM THOMSON,

President.

E. J. LANGEVIN, Esq.,  
Under Secretary of State,  
Ottawa.

TORONTO, 1st August, 1876.

SIR,—I have the honor to acknowledge the receipt of your communication of the 28th ult., on the subject of the proposed Commission to investigate the affairs of the Northern Railway Company, nominating me as a Commissioner, and appointing me Chairman of said Commission.

I shall have much pleasure in acting on the Commission as Chairman thereof, and in observing the instructions contained in your letter.

I have the honor to be,

Sir,

Your obedient Servant,

(Signed)

LARRATT W. SMITH.

The Honorable the Secretary of State,  
Ottawa.

CANADA.

VICTORIA, by the Grace of God, of the United Kingdom of Great Britain and Ireland, QUEEN, Defender of the Faith, &c., &c., &c.

To all to whom these presents shall come, or whom the same may in any wise concern—GREETING.

WHEREAS representations have been made to Us by the secretary of the Northern Railway Company of Canada that the funds of the Company have been misappropriated and that fraudulent entries have been made in the books of the said Company.

And whereas the government of Canada have a lien on the property of the Company, amounting to £475,000 sterling, subject to certain prior charges. And whereas any unauthorized application of the funds of the Northern Railway Company must have a prejudicial effect on the above mentioned claim of the government and the value of the lien held on the Railway. And whereas it is deemed expedient to cause enquiry to be made into and concerning the various matters connected with the financial transactions of the Company and the management of the Railway by the said Company, especially the several items of expenditure under the head of Working Expenses: and the several accounts between such Company and the Northern Extension Company and the disposal of sums realized from working the line as Revenue. Now KNOW YE that under the authority of an Act of the Parliament of Canada passed in the 31st year of our Reign and intituled: "An Act respecting inquiries concerning Public Matters," We have by and with the advice of Our Privy Council for Canada nominated, constituted and appointed, and We do by these presents nominate, constitute and appoint Larratt W. Smith of the City of Toronto, in the Province of Ontario, Esquire, and of Osgoode Hall, Barrister-at-Law, Doctor of Laws; John P. Featherston of the City of Ottawa, in the said Province, Esquire, and Adam Hope, of the City of Hamilton, Esquire, to be Commissioners for investigating the books, accounts and vouchers of the Northern Railway Company of Canada, and the disbursements and expenditure of the said Company and its actions and transactions, and to ascertain what, if any, money or moneys at any time have been applied by the Company or any officer or officers thereof to purposes other than those authorized by Law, and the effect thereof so far as regards the want of reduction of incumbrances existing upon the said Railway, prior in lien to the claim of the Government. And We do hereby confer upon our said Commissioners hereby appointed or any two of them the power of summoning before them any party or witnesses and of requiring them to give evidence on oath, orally or in writing (or on solemn affirmation if they be parties entitled to affirm in civil matters), and to produce such documents as our said Commissioners or any two of them deem requisite to the full investigation of the matters into which they are appointed to examine. And we do hereby authorize our said Commissioners or any two of them to report to Us from time to time or in one Report as they may think fit the result of their said enquiry. And We do hereby direct and require that the said Larratt W. Smith be Chairman of our said Commission and that the sittings of our said Commissioners be held at the City of Toronto aforesaid.

IN TESTIMONY WHEREOF, We have caused these Our Letters to be made Patent, and the Great Seal of Canada to be hereunto affixed. WITNESS, Our Right Trusty and Well-Beloved Cousin and Councillor the Right Honorable Sir FREDERIC TEMPLE, Earl of DUFFERIN, Viscount and Baron Clandeboye of Clandeboye in the County Down, in the Peerage of the United Kingdom, Baron Dufferin and Clandeboye, of Ballyleidy and Killelough, in the County Down, in the Peerage of Ireland, and a Baronet, Knight of Our Most Illustrious Order of Saint Patrick, Knight Grand Cross of Our Most Distinguished Order of Saint Michael and Saint George, and Knight Commander of Our Most Honorable Order of the Bath, Governor General of Canada, and Vice Admiral of the same.

At Our Government House, in Our CITY of OTTAWA, this TWENTY-SECOND day of JULY, in the year of Our Lord, one thousand eight hundred and seventy-six, and in the Fortieth year of Our Reign.

By Command,

R. W. SCOTT,  
*Secretary of State.*

4th August, 1876.

SIR,—With reference to my letter of the 27th ult., I am directed to transmit to you, herewith, a Commission appointing you, with Messrs. J. P. Featherston and Adam Hope, Commissioners to enquire into the affairs of the Northern Railway of Canada.

I have, &amp;c.,

(Signed)

E. J. L.

LARRATT W. SMITH, Esq., Q.C., D.C.L.,  
Toronto.

TORONTO, 31st July, 1876.

SIR,—Adverting to my letter to you of the 28th inst., I now beg leave to bring under your notice, by the direction of our Board, the accompanying statement prepared for our consideration by our standing Counsel, the Hon. J. H. Cameron.

I would further beg leave to say, that with that statement before them, the anxiety of the Board is, not to obstruct any legitimate enquiry the Government may desire to make, but to avert as far possible any undue injury that may arise to the financial credit of the Company from any action that may be taken on the Commission, and in order that a clear understanding may be arrived at with the Government, the Board have deputed Mr. Cameron and myself to proceed to Ottawa on Wednesday next to ask for a conference on the subject.

I remain,

Your obedient Servant,

(Signed)

WILLIAM THOMSON,

*President.*

The Honorable the Secretary State,  
Ottawa.

(Copy.)

IN THE MATTER OF THE GOVERNMENT COMMISSION OF ENQUIRY INTO THE AFFAIRS OF  
THE NORTHERN RAILWAY COMPANY.

Having been required by the Board of Directors of the Northern Railway Company, to advise them in reference to the Commission issued by the Dominion Government, for the investigation of various accounts of the Company, with power to the Commissioners to summon and examine witnesses on oath, and to call for the production of any books or documents of the Company, I beg leave to state for the information of the Board, that in my judgment, the Government have taken an erroneous view of their powers in the issue of this Commission.

The Statute 31 Vic., ch. 38, under which it is recited, that the Commission is issued, authorizes the issue of a Commission by the Government, when it is deemed expedient to enquire into any matter connected with the good government of the Dominion, or the conduct of any part of the Public business thereof, and in no other case; and I am unable to understand how the accounts or affairs of the Northern Railway come within either of those classes of subjects, merely because the Government is a creditor of the Company and has a lien on the Railway, as stated in the Commission, a lien to which Parliament has given a special protection, which it would have been hardly necessary to afford if it had been considered possible that this extraordinary power of the Crown could be invoked on the suggestion of any one to investigate the Company's affairs.

In addition to this position, the Parliament of Canada have sanctioned an arrangement between the Government and the Company to compromise the Government lien of £475,000 stg., for £100,000 stg., have extended the time for the payment of the £100,000 to a day which has not yet arrived, and have declared that on that

payment the Company shall be released from all further liability, and the lien of the Crown shall be discharged.

The Directors are aware, although the Government may not be, that a Bill has been filed in Chancery in Ontario against the Managing Director of the Company, and the Company itself, to investigate and enquire into the very matters which are to be made the subjects of this Government enquiry, and it may be prejudicial to the defence of the Company in that suit, that an investigation shall be made by the Commission, before the suit is brought to a hearing.

The Directors are also aware that the Act of Parliament, under which the debt of the Company to the Crown was compromised, provides for the appointment of a Government Director, whose special duty it is to look after the interests of the Crown in the Company, that the Government has appointed such a Director, who is able, by his position to make all the investigation and enquiry sought for by the Commission, except to examine witnesses upon oath, which he may have quite as good a right to do as the Commissioners themselves.

The Board are further aware that the issue of a Government Commission and an enquiry thereunder into alleged irregularities in the accounts and false and fraudulent entries in the books of the Company, to the prejudice of the Government lien, is a matter of such grave moment that it may seriously affect the interests of the Company, and render nugatory all their efforts to obtain the money necessary to pay the £100,000 to the Government, and to carry out the other objects of the Company provided for by the act of Parliament.

I therefore advise that under these circumstances, and with the view also of communicating with the Shareholders and Bondholders who are the constituents of the majority of the Directors, and whose interests may be prejudicially affected by these proceedings, the Government should be informed of the points which I have brought to the notice of the Board, and requested to suspend any action under the Commission until they have been considered by the First Minister, and if necessary, the Company heard thereon; and also an opportunity given to the Board to communicate with their constituents on the subject, the Board themselves undertaking to pursue at once a searching enquiry into any matters which may have been brought under the notice of the Government, and which the Government may desire to have investigated.

I need hardly add that the action of the Government places the Board under a grave responsibility, as to the course to be adopted. If my view of the Commission be correct, every oath administered will be extrajudicial, and every witness summoned may refuse either to appear or be sworn, and any Shareholder or Bondholder may file a bill to enjoin the Company from submitting to the enquiry, or allowing their books to be produced before, or examined by the Commissioners.

TORONTO, 29th July, 1876.

(Signed)

J. HILLYARD CAMERON.

OTTAWA, 5th August, 1876.

SIR,—I am directed to acknowledge the receipt of your letter of the 31st ultimo enclosing a copy of a statement prepared for the consideration of the Northern Railway Company of Canada by the Standing Counsel of the Company, in reference to the appointment of the Commission referred to in my communication of the 27th ultimo, to enquire into an alleged misappropriation of the funds of the Company, and to investigate its books and accounts.

I have, etc.,

(Signed)

E. J. L.

WILLIAM THOMSON, Esq.,  
Prest. Northern Railway Co. of Canada,  
Toronto.

TORONTO, 7th August, 1876.

SIR,—I have the honor to acknowledge the receipt of your communication of the 4th inst., together with the Commission appointing Messrs. J. P. Featherston, Adam Hope and myself, Commissioners to enquire into the affairs of the Northern Railway of Canada.

I have the honor to be, Sir,  
Your obedient Servant,

LARRATT W. SMITH,  
*Chairman, N. R. Com.*

The Honorable the Secretary of State,  
Ottawa.

DEPARTMENT OF JUSTICE,  
OTTAWA, 31st August, 1876.

The undersigned has the honor to recommend;

That a communication be addressed by the Secretary of State to the President of the Northern Railway Company, stating that His Excellency has been informed that the Northern Railway Company have issued Bonds to the extent of eighty or one hundred thousand pounds sterling; and further that it is proposed to pay the principal and interest, or one or the other of them, out of the profits of the Company, and stating that His Excellency is advised that if any such loan has been raised it is subsequent in lien to the prior claim of the Government of Canada, and that if any payment is made by the Company or the Directors of principal or interest on the loan of eighty or one hundred thousand pounds, or any part thereof, to the exclusion of the Government lien, or the interest thereon, the same will be a misappropriation of the funds of the Company for which the Directors will be held personally responsible.

(Signed) R. J. CARTWRIGHT,  
*Acting Minister of Justice.*

D. S. S., 2nd Sept., 1876.

SIR,—I have the honor to inform you that it has been represented to the Government that the Northern Railway Company, of Canada have issued bonds to the extent of eighty, or one hundred thousand pounds sterling, and further, that it is proposed to pay the principal and interest, or one or the other of them, out of the profits of the Company.

I have to state that the Hon. the Deputy of the Governor General is advised that if any such loan has been raised, it is subsequent in lien to the prior claim of the Government of Canada, and that if any payment is made by the Company, or the Directors, of principal or interest, on the loan of eighty or one hundred thousand pounds, or any part thereof, to the exclusion of the Government lien, or the interest thereon, the same will be a misappropriation of the funds of the Company, for which the Directors will be held personally responsible.

I have, &c.,

(Signed) EDOUARD J. LANGEVIN,  
U. S. S.

WM. THOMSON, Esq., President,  
Northern Railway of Canada, Toronto.



NORTHERN RAILWAY OF CANADA,  
MANAGING DIRECTOR'S OFFICE,  
TORONTO, 8th Sept., 1876.

SIR,—I have the honor to acknowledge the receipt of your letter of the 2nd instant, notifying this Company not to make any payment of principal or interest on the eighty or one hundred thousand pounds of Bonds issued to Messrs. Morton, Rose & Co., and to inform you that the same was immediately brought under the consideration of my Board of Directors.

I have the honor to be, Sir,  
Your obedient servant,

(Signed)

WILLIAM THOMSON,  
*President.*

To the Honorable the Secretary of State,  
Ottawa.

—  
TORONTO, 4th October, 1876.

SIR.—I have the honor to enclose you herewith, the Interim Report of the Commissioners appointed to investigate the affairs of the Northern Railway Company, and have to request that you will have the same laid before his Excellency the Governor General.

I have the honor to be,  
Your obedient servant.

(Signed)

LARRATT W. SMITH,  
*Chairman, Northern Railway Commission.*

The Honorable R. W. SCOTT, Q.C.,  
Secretary of State, &c., &c.  
Ottawa.

—  
D. S. S., 10th October, 1876.

SIR.—I am directed to acknowledge the receipt of your letter of the 4th instant transmitting the Interim Report of the Commissioners appointed to investigate the affairs of the Northern Railway Company of Canada.

I have, etc.,  
(Signed) E. J. L.

LARRATT W. SMITH, Esq., Q.C., D.C.L.,  
Toronto.