

Tendering—
Contract No. 63,
B.C.

12575. Is there any other matter connected with the Canadian Pacific Railway in which you have been interested?—No.

12576. Do you know of any person who can give us any information to assist us in our enquiry about the matter of the Pacific Railway?—I could not at all. I am very careful not to make any enquiries about a person's business; it is a thing I don't make a practice of.

12577. You say that your son is the only one that knows about this? My son generally attends to it.

12578. Is your son carrying on business here?—Yes.

12579. Is he going away with you: you were speaking of going away were you not?—No.

12580. Then he can be got at any time that we should want to examine him, say a week hence?—Yes; he is not going away that I know of just at present.

12581. Do you know whether your tender for the British Columbia section was the lowest tender?—Yes.

12582. And do you know whether Mr. Onderdonk took it at the same figures as yourself?—Nothing any more than I heard it was so.

OTTAWA, Wednesday, 22nd October, 1880.

TRUDEAU.

TOUSSAINT TRUDEAU'S examination continued:

12583. *Witness* :—I wish to add to the evidence given by me yesterday that the particulars of bolts and nuts named in contracts 9 and 10 are not given in the tender. The summary of the case, is therefore, as follows :—The tender sent in by Messrs. Cox & Green was for the supply of 5,000 tons of rails with proportionate quantity fish-plates, the price to be £11 sterling if delivered at Montreal, or £10 if delivered in England. No price was given for bolts and nuts, the contract entered into was for 10,000 tons; 5,000 to be delivered at Montreal, at £11; 5,000 at Workington, England, at £10. The bolts and nuts delivered at Montreal, £20; the bolts and nuts delivered at Workington, £19. The contract was so far deviated from that the whole 10,000 tons were delivered at Montreal, at £11, the contract price, and none at Workington.

Purchase of
Rails—
Contracts Nos.
6 and 11.

Particulars of
bolts and nuts
named in con-
tracts Nos. 9
and 10 not given
in tender.

By Mr. Keefer :—

12584. The bolts and nuts, I suppose the same?—Yes.

By the Chairman :—

12585. Did you intend to say yesterday that before ordering the larger quantity of rails from Cooper, Fairman & Co., at £11. 3s., you had endeavoured to get a larger quantity at the lower prices from the lower tenderers, and it was because they would not furnish them at the lower price that the order was given to Cooper, Fairman & Co?—I have no correspondence on the subject, but I have no doubt it was so.

How larger
quantity of steel
rails at higher
price came to be
ordered from
Cooper, Fairman
& Co.

12586. If you have no correspondence on the subject please state your reason for thinking it was so?—Well, the very fact of our having called upon Cooper, Fairman & Co. is strong evidence in my mind. Had it been otherwise it would have left another impression.

**Purchase of
Rails—
Contracts Nos.
6 and 11.**

Because it was
done it must be
right.

Because a higher
price than other
prices quoted was
given it must
have been be-
cause the higher
price was the
the lowest.

No documents to
throw light on
the matter.

Believes that par-
ties who sent
lower tender were
communicated
with, but why
he has that im-
pression he could
not tell.

12587. You mean that because it was done it must have been right?
—I think so. Yes; otherwise I would have recollected it.

12588. Have you any other reason excepting that the trans-
action of the Department was certainly right: in other words, is it
upon the infallibility of the Department that you base your judgment
now?—I have no recollection of conversations between the Department
and the lower bidders, but my impression now is that they would not
supply any more rails at those lower figures.

12589. Do you mean that that impression is from some memory of
conversations or some memory of correspondence, or only because it
was actually done by the Department: I wish to know what is operat-
ing in your mind which leads to this statement of yours?—The best
evidence in my mind is that we were endeavouring to get rails at the
lowest possible rates, and that if we went to higher bidders it was because
we could not get rails at the lower rates.

12590. When you use the word we, to whom do you allude?—I
mean the Department.

12591. Did you take part in each of the transactions of the Depart-
ment about the rails yourself individually?—Not in all the transactions.
No.

12592. As to those in which you took no part, how do you know what
led to the results?—Of course I do not know.

12593. Are there any papers upon record concerning any of these
transactions, or, if not on record, in the control of your Department,
which would throw any light upon the transactions; for instance, if
any of these lower tenderers had been unwilling to furnish larger
quantities than mentioned in their tenders at the same rate, is there
any record, either of conversations or communications, to that effect
that you know of?—No.

12594. Do you know really whether they were applied to formally
for the purpose of ascertaining whether they would deliver larger
quantities than they did deliver at the low rates?—The correspondence
with Cox & Green is evidence that the Department was in commu-
nication with the tenderers offering at lower rates.

12595. To the extent of what quantity does it show that they were
in communication?—To the extent of 5,000 tons additional.

12596. My question is directed to larger quantities than that; you
understand that that was not all that was required by the Government,
do you not?—Yes.

12597. Do you not understand my question?—Yes; I understand
your question.

12598. Then if you understand it please answer it?—Well, my firm
belief is that the parties that sent lower tenders were communicated
with, but I cannot tell you why I have that impression on my mind.

12599. Do you remember who in your Department about that time
were the proper persons to be communicated with on the subject of a
supply of rails?—All letters are properly addressed to the Minister;
some are addressed to the Secretary of the Department.

12600. Who was he at that time?—Mr. Braun.

Purchase of
rails—
Contracts Nos.
6 and 11.

12601. Was there any one else to whom communications ought to be addressed?—Communications might have been addressed to Mr Fleming, but they should have all been addressed to Mr. Mackenzie; all communications should be addressed to the Minister.

12602. Were you not sometimes addressed on the subject?—I dare say I was.

12603. You were at that time the Deputy Minister?—I was.

12604. I notice in this printed report communications, from Cooper, Fairman & Co. on the subject of rails, addressed to a Mr. Buckingham—who is he?—Mr. Buckingham was the Private Secretary of the Minister.

Cooper, Fairman & Co. wrote to Buckingham on the subject of rails.

12605. Had he any official standing in the Department which made it proper to address him on the subject?—Letters addressed to Mr. Buckingham were intended for the Minister.

Letters addressed to Buckingham intended for Minister.

12606. Intended by whom?—By the correspondents.

12607. How do you know what their intentions were?—Because he was addressed as Private Secretary; I am sure that Mr. Buckingham could not dispose of any Government contracts.

12608. I have not asked you whether he could dispose of any Government contracts: did you understand that to be my question?—No.

12609. Then why do you answer what I do not ask, instead of what I do: have you any object in answering questions that I do not ask?—No.

12610. Please listen to my questions and answer them. Had he any official standing in the Department which made it proper to address him on the subject?—His official standing was that he was Private Secretary to the Minister.

12611. Well, according to the practice in the Department, with which you have been acquainted for many years, is it usual to address the Private Secretary of the Minister upon official business?—It is not usual, but it is very often done.

It is not usual to address Private Secretary of Minister on important business.

12612. Do you know any reason why the usual course was not followed in this case?—No.

Knows no reason why the usual course was not followed by Cooper, Fairman & Co.

The following documents were then filed:—

Contract No. 6, of Guest & Co. (Exhibit No. 119.)

Contract No. 7, with the Ebbw Vale Steel, Iron and Coal Co. (Exhibit No. 120.)

Contract No. 8, the Mersey Steel and Iron Co. (Exhibit No. 121.)

Contracts No. 9 and 10, in one document, with the West Cumberland Iron and Steel Co. (Exhibit No. 122.)

Contract No. 11, with Naylor, Benzon & Co. (Exhibit No. 123.)

12613. Have you any record showing by whom each of these contracts was finally awarded to the contractors—I mean whether it was done by order of the Minister or by Order-in-Council, or how otherwise?—No; there is no record.

12614. Is it not the usual practice in your Department that a decision by which a contract is awarded is noted somewhere?—It is not; when a contract is awarded the contractor is usually informed, and that forms the record.

Not the practice to note the awarding of a contract.

12615. By whom is he usually informed?—By the Secretary.

Secretary informs contractor.

**Purchase of
Rails—
Contracts Nos.
6 and 11.**

12616. Can you say how the Secretary is directed to inform the contractor?—The practice varies: sometimes by a memorandum on a slip of paper, at other times verbally.

Contract 6.

12617. Do you know of any means now by which it can be ascertained how the Secretary, in each of these cases, was directed to award the contract; for instance, take the first contract: do you know how the Secretary in this case was informed that he was to notify Guest & Co. that they were to get the contract?—No.

Contracts 9 and 10.

12618. Is your answer the same as to the other contracts?—I find, on the back of the offer by Cox & Green to increase the quantity of steel rails from 5,000 to 10,000 tons, a memorandum by the Secretary: "Minister directs that offer be accepted." That shows that he got his directions from the Minister.

Contract 8.

12619. As to No. 8?—I have no means of knowing how the Secretary was instructed.

12620. As to any of the other contracts?—Nor as to any of the other contracts.

12621. Are you aware whether there was an Order-in-Council ever passed awarding any of these contracts?—There was no Order-in-Council.

Cannot remember what led to adjournment of time for receiving tenders.

12622. Do you know what led to the adjournment of the time named for receiving tenders by advertisement concerning the steel rails?—I do not remember, I can only speak from my present memory.

12623. In the Return printed, a telegram on the second page, dated 14th October, 1874, from W. H. Lockhart Gordon, asking to be informed of the total quantity of rails required, I do not think any answer appears in the return: do you know whether he was informed of that quantity?—The forms asked for by Mr. Lockhart were sent to him; but I cannot say, at this moment, whether anything was written to him or telegraphed.

**Georgian Bay
Branch—
Contract No. 12.**

12624. What is the next contract in order of time?—The next contract is No. 12.

12625. What is the subject of that contract?—The construction of the Georgian Bay Branch.

Let by public competition.

12626. Was the work let by public competition?—Yes.

12627. Were tenders invited?—Yes.

12628. And received?—Yes.

12629. Have you the tenders received?—Yes; I can produce them.

12630. There is a Return on the subject, dated February 17th, 1875, to an Address of the House of Commons, have you looked over this so as to enable you to state whether you think the facts stated here are true?—I think they are true. (Exhibit No. 124.)

Contract awarded to A. B. Foster who abandoned contract with Government's consent.

12631. To whom was this contract finally awarded?—To the Honourable A. B. Foster.

12632. Was it completed?—No.

12633. Was it abandoned by the consent of the Government?—Yes.

12634. Was any money paid on account of what was done under that contract?—Yes.

12635. Do you know what sum?—\$41,000 for surveys.
12636. Do you know whether this abandonment was authorized by an Order-in-Council?—Yes; it was authorized by an Order-in-Council.
12637. And this payment of money?—That was also included in the Order-in-Council.
12638. Have you the original report of the 9th February, 1876, by the Engineer-in-Chief on the subject of the Georgian Bay Branch?—Yes; I produce it.
12639. Have you compared it with that which is printed in the Return to an Address of the House of Commons of the 28th February, 1877?—Yes.
12640. Is the printed copy correct?—It is substantially correct. On the third page the word "estimate" has been printed in lieu of the word "statement."
12641. With that exception is it correct in your opinion?—Yes.
12642. Then we shall not require the original report, and I return it to you: have you the report of April 27th 1876, by the Engineer-in-Chief?—Yes.
12643. Have you compared that with the one printed in the Blue Book of 1877, which is the Fourth Report of the Standing Committee on Public Accounts, at page 40?—Yes.
12644. Is the printed copy correct?—Yes.
12645. Then we shall not require the original. Have you the Order-in-Council, or a copy of it, annulling the contract with the Honourable A. B. Foster for the Georgian Bay Branch?—Yes.
12646. Have you compared it with the one printed on page 15 of the Return before mentioned?—Yes; I have compared it, and it is correct.
12647. Then we shall not require the original. Has the Georgian Bay Branch been proceeded with since that abandonment?—Another contract has been let and has been cancelled.
12648. In this letter of Mr. Fleming's, dated 28th of April, 1876, he says that he "feels assured that in the event of the Georgian Bay Branch being proceeded with the expenditure incurred would generally be available in the prosecution of the work:" do you know whether the expenditure incurred in the payment of this \$41,000 has been available in the prosecution of the work?—I think that is a question which should be answered by the engineers.
12649. That depends upon whether you know or not; I am asking you now whether you know?—I do not.
12650. There is a Return to an Address of the House of Commons of the 17th of February, 1875, printed: do you know whether there are any other tenders concerning the Georgian Bay Branch besides those that are referred to in this Return, I mean for the first contract?—There are no other tenders.
12651. Are these correct as printed in this Return, so far as you know?—They are.

Georgian Bay Branch—
Contract No. 12.
\$41,000 paid for surveys.

Abandonment and payment of money authorized by Order-in-Council.

Another contract let and cancelled.

Whether the \$41,000 has been available in the prosecution of the work, a question for the engineer. Witness does not know.

**Georgian Bay Branch—
Contract No. 12.**
Tenders for
Georgian Bay
Branch.

12652. Can you conveniently produce the original tenders?—Yes; I produce them. (Eight tenders: Exhibit No. 125.)

12653. Have you the schedule of these tenders as opened by yourself and Mr. Braun?—Yes; I produce it. (Exhibit No. 126.)

**Subsidy to
Canada Central
Douglas
to Nipissing—
Contract No. 16.**

12654. What is the next contract in order of time upon which you have not been previously questioned by us?—Contract 16.

12655. Upon what subject?—It is a subsidy to the Canada Central Railway Co., for the extension of the railway from the vicinity of Douglas westward to the eastern end of the Canadian Pacific Railway, near Lake Nipissing.

12656. Was that let by public competition?—No.

Subsidy of \$12,000
per mile.

12657. Can you say how the transaction was accomplished?—The Canada Central Railway Co. applied for a subsidy to assist them in the construction of the line, and on this an Order-in-Council was passed granting them a subsidy of \$12,000 per mile on certain conditions.

12658. Have you the application of the Canada Central Railway Co. for this subsidy which can be now produced?—I have not got it here.

12659. Will you please produce it, or a copy of it, at another time?—Yes.

12660. Was the contract finally completed?—No.

Abandoned by
mutual consent.

12661. Was it abandoned by mutual consent by the Government and the contractors?—Yes.

12662. Have you the correspondence which led up to its being abandoned, or any alteration in the contract?—Not at present, but I will produce it afterwards.

**Transportation
of Rails—
Contract No. 17.**

12663. What is the next contract in the order of time?—It is contract No. 17.

Transportation
from Liverpool to
British Columbia.

12664. What is the subject-matter of the contract?—It is the transportation of rails from Liverpool, England, to British Columbia.

12665. With whom was it made?—With Anderson & Co.

12666. Have you the contract itself here?—Yes. (Exhibit No. 127.)

12667. Do you know how this contract was brought about?—Yes.

12668. How?—5,000 tons of rails were purchased in England, and an agreement was entered into with Messrs. Anderson, Anderson & Co. to carry these rails to British Columbia at the rate of £2 per ton.

12669. Had they furnished the rails?—No.

Cooper, Fairman
& Co., in letter to
Department, 4th
January, 1875,
offered to secure
freight at £2 per
ton. (See 12672).

12670. Then you have just described the result of the transaction but not the means by which it was brought about. This appears to be a bargain by which Messrs. Anderson, Anderson & Co. agreed with the Government of Canada to transport the rails which some other party had furnished?—Cooper, Fairman & Co., in a letter to the Department dated January 4th, 1874, said that if the Department would take more rails they could probably secure freight at £2 per ton, although £1 10s. had been asked.

12671. Is that the letter of which a copy has been printed at page 37 of the Return to an Order of the Commons of the 2nd March, 1876?

—Yes; on the 7th January, 1875, Mr. Braun telegraphs to Messrs. Cooper, Fairman & Co. of Montreal, that:

“If freight to British Columbia can be got at £2 sterling Government will take 5,000 tons steel rails shipped at any time. Delivery will be at Esquimaux, Cowichan Bay or Nanaimo, at all of which places there are good facilities.”

12672. Is it probable that the letter to which you have just referred to as of the date the 4th January, 1874, was really of the date 4th January, 1875?—Yes; it should be 1875.

12673. Well, proceed?—That is the way it was brought about.

12674. Was that the substance of the arrangement between the Government and Anderson & Co., as you understand, accomplished by this letter and the telegram here: is that arrangement qualified in any way, as far as you know?—No; I do not think it is qualified.

12675. The telegram which you read commences with “if” something could be done?—Yes.

12676. That appears to be a conditional offer: do you know whether it was ever reduced to a positive offer or positive acceptance; so far the name of Anderson, Anderson & Co. has not been mentioned?—On the 18th January, 1875, Mr. Cooper telegraphed:

“Accept your offer made by telegraph on the 7th: rails, £10 10s.; freight, 40s.; insurance not included;”

and on the 21st January, 1875, Mr. Braun writes to Cooper, Fairman & Co.:

“In reply to your several communications on behalf of Messrs. Naylor, Benzon & Co I am to state that the Government accepts their offer to supply 5,000 tons of steel rails at £10 10s. sterling per ton, free on board at Liverpool, and allows £2 per ton for freight to the Vancouver ports.”

12677. Then is that the bargain with Anderson, Anderson & Co.?—Yes.

12678. How did you or do you ascertain that that is the bargain with these contractors?—I find nothing in the correspondence.

12679. Is there any other contract that you know of for the transportation of rails from England to Vancouver Island, except this one with Anderson, Anderson & Co.?—No.

12680. Then is there any doubt in your mind that this is the contract alluded to by Messrs. Cooper, Fairman & Co. in this correspondence which you have mentioned?—No; I have no doubt.

12681. Do you know who certified to the receipt of quantities delivered in British Columbia?—I cannot tell you at this moment, but I can find out.

12682. Can you find out also the particulars showing the voucher and reasons for the payment of this transportation contract, and also the amount paid, and to whom, upon this contract, so as to let us know it to-morrow?—Yes.

12683. What is the next contract in order of time?—No 18. It is a contract with the Red River Transportation Co. for the carriage of rails from Duluth to Winnipeg, or any point on the Red River between Pembina and Winnipeg.

12684. What is the date of the contract?—The date of the contract was the 22nd of May, 1875.

Transportation
of R. IIs—
Contract No. 17.

Thereupon Braun telegraphed Cooper, Fairman & Co. for 5,000 tons of steel rails delivered in British Columbia at £2 for freight.

Cooper telegraphed acceptance of offer: rails £10 10s.; freight 40s. insurance not included. Braun wrote Cooper closing bargain.

Has no doubt this is the contract mentioned by Cooper, Fairman & Co.

Contract No. 18.
Transportation from Duluth to a point on Red River.

Date of contract, 22nd May, 1875.

**Transportation
of Rails—
Contract No. 18.**

12685 Have you the contract here?—There is no formal contract.

12686. What is the evidence of the agreement?—It is contained in five letters which I produce. (Exhibit No. 128.)

OTTAWA, Thursday, 28th October, 1880.

TOUSSAINT TRUDEAU'S examination continued :

Tendering.

By the Chairman :—

No advertisement to procure tenders.

12687. Before entering into contract 18 with the Red River Transportation Co., had there been an attempt, by advertisement, to procure tenders for the same work?—No.

12688. In the Return of 1876 to an Order of the Commons of the 2nd March, at page 56, there appears to be a copy of a letter from Fuller & Milne, dated 16th April, 1875, which commences as follows:—

“Sir,—Noticing your advertisement for tenders to transport steel rails and fastenings to Fort William and Duluth, &c.”

This is addressed to “F. Braun, Secretary :” do you think now that there was no advertisement for tenders for this work?—Yes.

12689. Then were the writers of this letter in error in supposing that there had been, or how otherwise do you account for that letter? Does that only refer to transportation to Duluth?—Contract 18 is for transportation from Duluth to Winnipeg. The advertisement referred to in the letter just quoted is for the transportation of rails from Montreal to Fort William or Duluth on Lake Superior.

12690. Then do you understand that this offer by Fuller & Milne was for work not alluded to in any advertisement?—Yes.

Does not know how Fuller & Milne were led to make an offer.

12691. Do you know how it was they were led to make any such offer?—No.

The offer is for the work of contract 18.

12692. Is the offer in substance concerning the same work which was embraced by contract 18?—Yes.

Fleming reported on Fuller & Milne's offer.

12693. Do you know whether there was any discussion in the Department as to whether this offer was a lower or a better one than Kittson's?—I think that Fuller & Milne's letter was referred to Mr. Fleming to report upon, and that Mr. Fleming on the 5th May reported.

12694. Have you a copy of his report?—Yes; I produce it. (Exhibit No. 122.)

12695. Read it aloud?—

Fleming's report.

“Sandford Fleming to F. Braun, Secretary, Public Works.—I return the letter of Messrs. Fuller & Milne, offering to carry rails from Duluth to any point on the Red River between the boundary line and Fort Garry at the rate of \$13.50 per ton. Considering everything I do not think the price unreasonable, but before entering into a contract with these gentlemen, I think it would be advisable to look into the matter mentioned in the second last paragraph of their letter.”

12696. Do you know whether that section of their letter was looked into, and had anything to do with the awarding of the contract to some one else?—I do not.

12697. Will you read the second last paragraph of their letter to which Mr. Fleming refers—or if you have any doubt which is the

**Transportation
of Rails—
Tendering—
Contract No. 18.**

second last paragraph read enough before it so as to be sure you include it?—

" Provided the Government obtain permission from the American Government to transport the same through their territory without bonds, or on own personal bond, payments to be made at the rate of 9½ per cent. on delivery, and that we be informed of the acceptance of this tender on or before the 5th day of May next."

12698. Do you know whether Fuller & Milne were ever notified that this offer was accepted or refused, or would be considered?—I find that the letter was acknowledged, but I find no other correspondence.

Fuller & Milne's letter acknowledged but no other acceptance.

12699. In Fuller & Milne's letter the offer is at the respective rates mentioned per ton : do you know how that was understood by the Department, as far as the number of lbs. to be included in the ton is concerned?—Well, the number of lbs. when not described, we understand that the ton is 2,000 lbs.

2,000 lbs. to ton understood when the number of pounds is not specified.

12700. Do you mean that that applies to the rails—material of that kind?—Yes; because we always specify, when we wish to deal with the long ton, the number of lbs. to the ton.

12701. Do you know whether that is the general understanding in the trade about rails and fish-plates that a ton means 2,000 lbs, unless otherwise expressed, or is this understanding peculiar to your Department as far as you know?—I understand in all cases, where the number of lbs. to the ton is not named, it means 2,000 lbs.

12702. Then in the correspondence of your Department with Cooper, Fairman & Co. about the transportation of rails, which correspondence was carried on both by telegrams and letters, do you mean to say that where no weight was mentioned, the ton referred to was a 2,000 lbs. ton? At page 56 of the Return before alluded to, there is apparently a telegram from Mr. Braun to Cooper, Fairman & Co., dated the 7th April, 1875, in these words :

" Cable Anderson to show their contract to General Agent Jenkins; 30 tons spikes for Vancouver are supplied by Nut Bolt Co. :"

are the tons referred to there of the weight of 2,000 lbs.? And the previous telegram of the same date from Mr. Braun to Mr. Jenkins, England, contains, among other things, these words :

" Ship to Vancouver 5,000 tons rails by Naylor, Benzon & Co. :"

are these tons 2,000 lbs. weight?—No; they are articles purchased in England where the ton is 2,240 lbs. The rails were to be purchased by the long ton.

But in England the long ton prevails.

12703. Specified to whom?—In the printed specification and form of tender.

12704. Will you read the paragraphs from Fuller & Milne's letter which state the different points between which they will carry the rails at the prices specified?—

Fuller & Milne's offer to carry rails from Duluth to Fort Garry at \$13.50; to crossing over Red River \$15 per ton.

" From Duluth to any point on the Red River between the boundary line and Fort Garry for \$13.50 per ton ; from Duluth to the crossing of the Canadian Pacific Railway over the Red River for the sum of \$15 per ton."

12705. From what you have said about the weight of tons, in the absence of any special description, do you understand that Fuller & Milne offered to take this price for the short ton?—Yes.

12706. As you say that you know of no correspondence with them on the subject, I suppose you are not aware whether they were asked to

**Transportation
of Rails—
Tendering—
Contract No. 18.**

Does not know whether it was ever discussed in Department whether Fuller & Milne's meant long or short ton.

Cannot explain why Kittson's offer at a higher price was accepted.

If, as was the case, portion of rails were to be delivered above Winnipeg the offer which was ignored was better than that which was accepted.

CHAPLEAU.

**Contract No. 42.
Influencing
Clerks—
Alleged Improper
influence.**

A clerk in Department of Public Works ever since 1873.

Correspondence clerk.

explain in any way whether they meant the short ton or the gross ton?—No.

12707. We understand Mr. Fuller himself, in giving his evidence, to say that he took it as a matter of course that it would be the long ton, and if so that would make a still greater discrepancy between his price and that of Kittson: do you know whether this matter was ever discussed in the Department?—I do not.

12708. Have you any report showing why Kittson's offer was accepted at what appears to be a higher price than Fuller & Milne's?—No.

12709. Can you say whether it was at any time considered that this offer of Kittson's was more advantageous to the public than Fuller & Milne's?—No.

12710. Have you, since you were here yesterday, looked into the substance of these offers by Kittson; for instance, one of the alternatives being to deliver the rails at the crossing of Red River, provided the navigation was sufficient between Winnipeg and that point?—Yes; I have just read the letters sent in by Mr. Kittson.

12711. Do you see anything in the offer of Mr. Kittson more favourable to the public than the offer of Fuller & Milne?—No.

12712. Do you see anything in the offer of Fuller & Milne more favourable to the public than that of Mr. Kittson?—If all the rails were to be delivered at Selkirk the tenders would be equal. If a portion is to be delivered above Winnipeg, that is between Pembina and Winnipeg, then Fuller & Milne's offer is the better of the two.

12713. Do I understand you to say that in order to make the Kittson offer as good as Fuller & Milne's it would be necessary that they should undertake to deliver the rails as far north as the railway crossing?—Yes.

12714. Did they so undertake?—Yes.

SAMUEL E. ST. ONGE CHAPLEAU, sworn and examined:

By the Chairman:—

12715. Where do you live?—I live here in Ottawa.

12716. How long have you lived here?—I have been here since September, 1873, I believe.

12717. Have you been engaged in any of the Government Departments?—Yes; I have been a clerk in the Department of Public Works ever since that time.

12718. Did you remain in the Department of Public Works at the time of the separation of the Railway Department?—Yes.

12719. Have you taken part in any transaction connected with the Canadian Pacific Railway?—As clerk, yes; I have in the shape of correspondence, and so forth.

12720. What was your duty in the Department?—I was correspondence clerk; in fact I had to attend to almost every part of the

Contract No. 42.
Influencing
Clerks—
Alleged improp-
er influence.

Department, such as looking up records of past transactions and making returns to the House of Commons, and so forth.

12721. Had you the custody of any particular kind of document?—
 At one time I had charge of the record room—of books and documents.

Had charge of public records.

12722. What would there be found in that room?—All the public records that passed through the Department—letters received and letters sent.

12723. Was there any one else who had charge of that same room?—
 —There was another officer who used to be entrusted with the same duties I was entrusted with.

12724. Who was that?—Mr. Ennis.

12725. Would his position be that of assistant to you or one of concurrent power?—It was concurrent, I must say; we discharged these duties together.

Ennis associated with him.

12726. Then neither of you was subordinate to the other?—No.

12727. Did he continue to perform those duties until the separation of the Railway Branch from the Public Works Department?—Yes; I think he has continued in that position up to this day.

12728. I mean did he continue in the Public Works Department until the separation of the Railway Branch?—Yes.

12729. When was the separation?—I do not exactly remember. It was in September, 1879, I believe, or the beginning of October.

12730. What is the system in that Department about the receipt of tenders for works—railway works for instance?—Advertisements were generally prepared, I believe, by the Pacific Railway Branch, and the works to be let were advertised in the press. Tenders were to be received by the Secretary of the Department.

Practice in Department as to receipt and opening of tenders.

12731. Who was he?—Mr. Braun. After the tenders were received I could not say who opened them. Sometimes I think it was a duty discharged by Mr. Braun and Mr. Trudeau, the Deputy Minister, and other times, I think, between the Deputy and one of the engineers under Mr. Fleming.

12732. Before we get to the opening of the tenders I wish to know, after the receipt of them by the Secretary, what became of them?—
 He had the custody of them.

Secretary (Braun) had custody of tenders.

12733. He alone?—I think so.

12734. Do you know how they were disposed of?—I have not any idea. We, as clerks, did not see anything of them until they came to us after the works had been awarded and the contracts let. They were then passed into the record room to be endorsed and to be filed.

Clerks saw nothing of tenders until after the works had been awarded.

12735. Do you not know what the system was: whether he put them into any safe or any place of custody beyond ordinary filing of them?—
 —I could not say what he did with them.

12736. You have no knowledge of that?—No.

12737. If you have not a knowledge of the general practice, have you the knowledge of particular instances?—Well, in my Department, since I have been Secretary of the Department, when I receive tenders I place them under lock and key until they are opened.

Contract No. 42.

**Influencing
Clerks—
Alleged Impro-
per Influence.**

12738. When did your duty on that account commence?—As secretary, I believe it commenced the beginning of October, 1879.

Never had custody of tenders connected with Pacific Railway.

12739. And from that time forward the tenders connected with the Pacific Railway were not in your charge?—No.

12740. Then at no time have you had any individual custody of the tenders connected with the Pacific Railway?—No.

McDonald's promise of money provided witness used his influence with Smith.

12741. Mr. McDonald, at Winnipeg, described a transaction by which he promised you a sum of money for using your influence with Mr. Smith: will you explain the nature of that business?—I have prepared a little history of this transaction, if you permit me to read it may expedite matters.

Statement regarding this transaction.

12742. You may read it.—Towards the latter part of February, 1879, an old friend of mine—a brother officer in the American army—Col. J. N. Smith, of the firm of Smith, Ripley & Dillon, of New York City, arrived in Ottawa on business connected with the Canadian Pacific Railway. It appears, as I was afterwards informed by him, that an ex-employé of his firm, Mr. Jones by name, whom he then introduced to me, had tendered for sections A and B, Canadian Pacific Railway; and, being under the impression that the work might possibly be awarded to him, had requested Mr. Smith to come to Ottawa to ascertain whether his prices and the terms of the Government were such as to warrant his (Smith's) taking hold of the contract. At the time of Smith's arrival a rumour was current that a Toronto firm who had been offered section B had declined to accept it, and that Andrews, Jones & Co., who were the next tender, would be offered the work, which turned out to be true. In the meanwhile I had met Smith several times at my hotel, and in the course of conversation reference was made to the experience I had acquired in the army in organizing and operating large transport trains, also in housing, victualling, &c., large bodies of men, such as would be required on the works in question, which led to an understanding between us that, in the event of his accepting the contract, I was to resign my position under Government and take an active part with him in it. As near as I can remember—it was two days before the contract was offered to Smith & Co. by the Government—J. J. McDonald, whom I had met almost daily at my hotel for months before, asked me if I would not use my influence with Smith and dissuade him from taking the contract on the grounds that his prices were too low, adding that if I succeeded it would be worth \$5,000 to me; to which I answered that Smith was too good a judge of work to be influenced by any one in the manner suggested. McDonald reiterated his offer on three or four occasions on succeeding days. Other persons also made me the same offer on behalf of McDonald's firm, to all of whom I answered that I could do nothing of the kind.—

Andrews, Jones & Co. offered contract.

An understanding that if Andrews, Jones & Co. got contract witness to throw up his situation and go into active co-operation with them.

Two days after this understanding J. J. McDonald asked him to dissuade Smith (Andrews, Jones & Co.) from taking contract saying it would be worth \$5,000 to witness.

Others made like offers.

12743. Who were those other parties?—I think Mr. John Heney, of Ottawa, was one of them; I think Mr. Ginty, of Toronto, was another. I could not remember all the names; several persons spoke to me about it.

12744. What do you say was the effect of this offer from other persons?—They were telling me that if I would only use my influence in that way with Smith it would be worth my while to do it—that I had a chance to make \$5,000, and might as well do it.

**Contract No. 43,
Influencing
Clerks—
Alleged Impro-
per Influence.**

12745. Proceed with the evidence.—On the 26th day of February, Andrews, Jones & Co. were informed that their tender was accepted for section B, and a stated time was given them to deposit the required 5 per cent. security. Smith immediately left for New York. I may as well state here that previous to his leaving for New York he sent for me and asked me to inform him of the decision which the Government should arrive at in the matter of the application which he had made for an extension of time to put up that 5 per cent. security.—

26th February, Andrews, Jones & Co. informed that their tender was accepted. Before Smith left for New York he sent for witness and asked him to telegraph if Government should extend time.

12746. Was it arranged how you were to be informed of the decision on that subject?—No; as I was in the Department he asked me if I would ascertain whether the time was extended or not, and to telegraph him accordingly.

12747. How did he suppose that you were to ascertain?—By enquiring.

12748. From whom?—From the Secretary of the Department.

12749. Proceed.—Two days after I telegraphed him that his application had been refused. He left on the 26th, at night, and it was on the 28th I telegraphed to him.

Telegraphed him that his application had been refused.

12750. Was the formal letter from the Secretary to Andrews, Jones & Co. delivered to your care?—No.

12751. To what place was it directed?—It was addressed to Andrews, Jones & Co. at the Union House.

12752. In Ottawa?—Yes; and some friends had instructions, I believe, to receive the letter and to take cognizance of the contents. On the 28th of February I received a despatch from him stating that his friends were opposed to him taking the contract, and that he had decided accordingly. That was after I had sent that telegram to him that his application was not granted.—

28th February received telegram from Smith that his friends declined to go into contract.

12753. Have you got that telegram?—No; I did not keep it. Later on that day on my enquiring if he had not best reconsider his decision—

12754. Was that enquiry made by telegraph?—Yes. I informed him that \$ 0,000 had been deposited with the tender, and if he had not better reconsider his decision. He telegraphed back that he had fully decided to withdraw. Happening to meet McDonald that afternoon, or the afternoon of the next day,—

12755. Do you remember what day of the week it was you met Mr. McDonald?—No; I could not say exactly.

12756. Do you remember whether it was Sunday?—No, it was not Sunday; it was either Friday or Saturday.

12757. Proceed.—I showed him the telegrams I had received from Smith. I also showed them to Mr. Fraser, whom he had introduced to me the day before, I think, and gave one of these telegrams to Mr. Fraser. He asked me for it. It was no use to me and I gave it to him. In the meantime a report was circulating in the press that \$50,000 had been deposited with the Government on account of the 5 per cent. security in connection with Andrews, Jones & Co.'s tender, with the further information that \$50,000 were forthcoming. That was in the press at the time.

Showed Mr. Donald and Fraser the telegram he had received from Smith saying he had determined to withdraw.

Contract No. 42.

**Influencing
Clerks—
Alleged impro-
per influence.**

McDonald fearing
Andrews, Jones
& Co. might
transfer their
tender, asked
witness whether
he would not tele-
graph Smith or
go to New York
and see him.

Left next day and
saw Smith.

12758. Do you mean any particular paper, or the press generally?—Oh, the *Free Press* of this city. On the evening of the 5th of March, after Fraser, Grant & Co. had been notified that their tender was accepted, McDonald, who was frightened lest Andrews, Jones & Co. might transfer their tender to some other parties (he having ascertained that \$100,000 had been deposited on account of Andrews, Jones & Co.'s tender—he told me so), asked me if I would not telegraph or go and see Mr. Smith about it. As I had determined to go to Washington about that time, on business connected with a patent I had applied for in January previous, and to which objections had been raised, I told McDonald I would leave the next morning; that I would stop at New York on my way to Washington, and would see Smith about it, which I did. Upon enquiring from Smith, whom I met in company with Jones in New York, on the 7th day of March, whether they intended to transfer their tender, I was informed that they had no application from any one. I have subsequently been told by Mr. Smith that no application was ever made by any one for the transfer of their tender.—

12759. Upon this occasion, when you told Mr. McDonald that you would go the next morning to New York, was there any arrangement between you and him as to compensation for your efforts?—He may have mentioned something to me of that nature, but I did not pay any attention to it. He had repeated that so very often to me.

12760. Do you remember where this conversation took place when you decided to go to New York next morning?—I could not say where, I used to meet him so frequently. I met him at the hotel and at his house.

12761. Mr. McDonald's recollection is that it was at his house or wherever he was staying, and Mr. Fraser and you came together?—It may have been at his house. I used to go there very frequently.

12762. Do you remember the circumstance, whether or not Mr. Fraser accompanied you, and in the presence of the three of you it was arranged that you should go to New York?—I could not say as to whether he was present or not—he may have been.

**Reasons why
Andrews, Jones
& Co. declined
contract.**

12763. Proceed.—On enquiry as to the reason why they had declined taking the contract, I was informed by the head of the firm (Mr. Dillon) that the chief reasons were the wildness of the country, of which they had not sufficient knowledge, and the costly nature of the works which the prices in their tender did not warrant them to undertake, and the shortness of time given them to put up the money.—

**Smith supposed
the Government
was antagonistic
to him.**

12764. Do you mean that he intimated that if the time had been longer to put up the money he would have taken the contract?—It was not entirely that, because they had time enough to put up the money if they wanted to; but what I understood him to say was this: that having asked a short extension and having been refused that extension, he supposed the Government were antagonistic to him taking the contract. That is the view he took of it.

**McDonald told
witness he would
see that he got
\$4,000 which wit-
ness regarded as
the outcome of
exuberant
feeling.**

12765. Proceed.—I have never entered into any agreement with McDonald for any compensation for dissuading Col. Smith to withdraw from the tender of Andrews, Jones & Co. When I returned from Washington, however, he told me he would see that his firm should pay me \$4,000, which I regarded as an expression of the exuberant feelings

of a contractor at having secured a large contract, causing him to profusely scatter promises—the probability or possibility of the fulfilment of which he had probably never considered at all. Some months later, when I received a cheque for \$500 from him, there was no explanation accompanying it at all.—

Contract No. 42.
Influencing
Clerks—
Alleged improper influence.
 The cheque for \$500 came without explanation.

12766. Was that from him personally?—Yes.

12767. He handed it to you?—He sent it to me.

12768. I mean was it from him personally or by letter?—It was sent by letter.

12769. No writing with it?—No. I might here state that at that time (that is the time I received the cheque) McDonald was making use of a patent invention of mine, which was saving him a very large amount of money in a work he was executing—that is the time I received the cheque—

When he received cheque McDonald was saving large sums by the use of a patent of his,

12770. Had that been by previous arrangement with you that he was using your patent?—I never permitted him to use it.

12771. Had the fact of his using it been spoken of between you?—We had spoken about it. Yes.

12772. Was there any understanding that he was using it, without your consent?—No.

12773. Nor with your consent?—No.

12774. There was no understanding about it?—No.

No understanding as to use of the patent.

12775. Had there been any conversation upon the subject of your getting any pay for it?—No; there had been nothing said in regard to it.

12776. Proceed.—And as he would be indebted to me in a considerable sum, I retained the \$500 on account of that claim on which there is still due me a balance of \$3,400.—

\$3,400 still due on claim respecting patent.

12777. How do you say there is a considerable sum due to you, if you never had any understanding that he would pay you for it?—Because I claim he saved so much on the work he did.

12778. But you say he never informed you of the particulars of this claim?—No; he did not at the time.

12779. How can you calculate and state so precisely the exact balance due you, when there had been no conversation or understanding as to the price?—Because I have since sold other parties the right to use that invention, which would have brought me that much money if I had got from him the same price that I have sold it for since.

Basis of calculation of claim for use of patent.

12780. In what you have sold to others, has the time during which the patent has been used, or the extent of the works over which it has been used, been the foundation of the claim?—It was easily calculated because it was by the mile. He had so many miles to work upon and could calculate on that.

Calculation by the mile.

12781. What was the nature of the patent?—It is a nut-lock.

12782. Over what work is he using it?—On the Intercolonial road.

12783. But up to the time of this receipt of the \$500, no amount had been mentioned as the value of it, and no consent or understanding on the subject?—No; you mean previous to the time I had that cheque?

Contract No. 42.

**Influencing
Clerks—
Alleged impro-
per influence.**

12784. I said up to the time that you had that cheque?—I had not the patent then, it had not been obtained.

12785. At the time you got the cheque?—I got the cheque about the same time I procured the patent; perhaps a little after.

12786. Then he had been using it before you got your patent?—It was the improvement on a patent that I held. He got the contract on the first patent I got. Then I made an improvement on that which changed it a great deal and made a great change in the application of it, and which would save in the length of the Intercolonial Railway some \$7,000.

12787. You mean in the portion he had?—In the whole length of the road. It was 650 miles on which he applied that patent.

**Government
gave McDonald
& Co. the contract
on the first pat-
ent of witness.
The contractors
applied to use an
improvement on
this.**

12788. Up to the time that you received the cheque from him do I understand that there never had been a conversation between you as to his using your patent for pay of any kind?—I had not conversed with him because the Government had not adopted that particular patent. The Government had given him the contract on the first patent granted to me. I had in the meanwhile made application—that is they had made application—to use the other patent, the improvement on the first.

12789. Who had made the application?—McDonald & Co.

12790. To whom had they made the application?—The Government; and it was my intention to have told McDonald & Co.: "now that the Government has accepted this, and allowed you to put it on, I want you to pay me so much per mile;" but the Government refused to allow him to make the change. I understand, however, that he went to work and put in a mile of that new nut-lock on the road, and had it examined by the mechanical engineer, who reported to the Department that the last one was the best, and he continued to put that one on over the whole line.

12791. Did they adopt it over the whole line as you understood?—Yes.

**McDonald & Co.
put in the latest
invention with-
out consent of
Government.**

12792. Had they adopted it over the whole line before you received the cheque for \$500?—They had adopted the first patent for the whole line; but, as I said before, when they made application to Government to substitute the latest patent for the first one, the Government refused to allow the change to be made; and in the face of that they applied the latest patent to one mile of the road, and it was understood in the contract that after one mile had been finished the engineer was to examine that one mile, and if it was considered good they were to continue over the whole line. The engineer made his inspection and reported to the Department that the latest invention was the best. The Government, however, took no steps in the matter, and the contractors put in the latest invention on the road.

12793. Without the assent of Government?—Yes.

**Bases claim on
the improvement
to first patent.**

12794. Do you base your claim upon what you speak of as your first patent or on the improvement?—On the improvement, because I had permitted the Government to use the first one.

12795. Without compensation?—Without compensation? No.

Contract No. 42.
Influencing
Clerks—
Alleged impro-
per influence.

12796. At the time that you received this cheque had you obtained the patent for the improvement?—Yes.

12797. I understood you to say a little while ago that you had not, or if you had it was about the same time?—I had received it just a little before.

12798. Which was the earlier, the cheque or the patent?—I think I would have to refer to the diary I kept at the time, and my letters also, to be perfectly certain—I could not exactly say.

12799. Are they here in Ottawa?—I think I can find them in Ottawa.

12800. Where did you get the patent for this improvement first, in this country or in some other country?—In this country.

12801. Was it not of importance to you to get it used somewhere upon a railway in order to establish its value?—Yes.

Important to have invention used somewhere to establish its value.

12802. Had you got it used upon some other railway?—No; that was the first road on which it was applied.

12803. So that your object in getting it used was accomplished?—Yes.

12804. And notwithstanding that, you consider it was a ground of a charge against the line that used it?—Yes, the new one was; because it saved them about \$7,000 in work.

Notwithstanding this claims against line because the improvement saved contractors \$7,000.

12805. Is it not a common thing for inventors to give others an opportunity of using their inventions as a trial to establish its value and without compensation?—I could not say.

12806. You do not know that?—No.

12807. In this case I understand that you consented that it might be used as a trial?—I must say that Mr. McDonald was not the original contractor for that affair.

12808. Who was?—Mr. Senécal had the contract. He sold his contract to McDonald. Mr. Senécal was the man whom I authorized to use the patent on the road.

12809. How long had he used it before you got the patent for it?—He had not used it at all.

12810. How long had it been used before you got the cheque?—Well, as I said before, I could not say that. It might not have been used at all before I got the cheque.

Invention might not have been used before he got cheque.

12811. If it had not been used at all, could you possibly have had a claim against anybody before you got the cheque?—I knew this: he was to complete his contract on the Intercolonial Railway, and that he might possibly use that last patent.

But witness knew contractor might possibly use it.

12812. Then do you mean, because he might possibly use it you charged him that \$500 on account of it?—Yes.

Because it might possibly be used he charged him \$500 on account

12813. And that passed through your mind when you got the cheque?—Yes.

12814. Then you say, in effect, that you took the cheque intending it to be part pay for something that might happen thereafter?—I cannot say if the cheque came to me before he used that patent. I am not positive as to that—I must refer to my papers before I can answer it.

Contract No. 42.

Influencing Clerks— Alleged improper influence.

Did not dissuade Smith from taking contract; never saw tenders for section or knew their contents till after contract was signed, nor was he Secretary to Department at time, but only corresponding clerk.

Arrangement with McDonald on which McDonald sent him to New York to influence Smith against assenting the contract.

McDonald feared the Government might go back on their decision.

And that Andrews, Jones & Co. might assign their tender.

Thinks the tenderers were not aware that \$50,000 had been put up until he told them.

Whitney recommended his patent.

12815. Proceed with your statement please.—In conclusion, I would say that I did not dissuade Smith from taking that contract; further, that I never saw the tenders for that section, or knew their contents till long after the contract had been awarded and signed; and that I was not secretary of the Department at that time, but simply a corresponding clerk.

12816. Do we understand this to be the substance of your arrangement with McDonald upon the day before you left for New York—that he was in fear that Andrews, Jones & Co. had acquired some rights because of their deposit on their tender, and that they might assign those rights and cut out McDonald, and that to prevent that being done your services were engaged to go down to New York and influence Smith?—I cannot say that that was what he said to me.

12817. Is that the substance of your evidence on this subject?—He was afraid that Andrews, Jones & Co. might assign their tender.

12818. He thought at the time that they had some rights which they might assign?—They had that right certainly. They might have assigned their tender to anybody. The Government might refuse to recognize it, but that is another thing.

12819. But the fact of their having made the deposit made it questionable whether they would have the contract or not?—I do not exactly seize your meaning.

12820. If he had been quite sure that Andrews, Jones & Co. had been refused the contract finally, he would not have been afraid of their assigning their rights; but from what you say you lead me to understand there is doubt on that subject, and the doubt was because of their having made the deposit?—The doubt was this, as far as I can understand it: that the Government might go back on their decision.

12821. He did not feel perfectly established in his right to the contract at that time?—Well, I could not say; I suppose he was not.

12822. Did he not lead you to understand that?—No, he did not; he simply told me he was afraid those persons might assign their tender to somebody else, and it might give him trouble—I think that was the expression he used at the time.

12823. Do you know, or did you hear from the persons themselves—Smith, Andrews, Jones & Co.—how the money was put up which had been put up on their tenders?—No; they never told me. I do not think that they were aware that their money was deposited until I told them that \$50,000 had been deposited.

12824. Who was the engineer who recommended your patent on the Intercolonial Railway?—I believe there were several engineers who recommended the use of it as being very good.

12825. But I think you mentioned one whose certificate was to decide the question?—You mean the engineer of the Intercolonial Railway?

12826. Whoever it was who had that decision within his jurisdiction?—Mr. Whitney; he simply made the report. He was instructed to inspect a mile of road on which the nut-lock had been supplied.

12827. Do you mean your improvement had been applied?—It did not say; I do not think.

12828. And that was Mr. Whitney?—Mr. Whitney.

Contract No. 42.
Influencing
Clerks—
Alleged impro-
per influence.

12829. Where does he live?—I suppose his headquarters are at Moncton, although I could not say. I know that he is the mechanical engineer of the Intercolonial Railway.

12830. Had you any conversation with him on the subject?—I never saw him in my life.

12831. Do you think you will be able to get the date about the time of your patent to-day?—I can get the date of the patent to-day.

12832. Do you remember whether you spoke to John J. McDonald with a view to influencing him to join Andrews, Jones & Co., if they got the contract?—I do not remember ever speaking to him on that subject, although I might.

12833. If I am correct in the recollection of his evidence, he says that you led him to understand that they were likely to get the contract?—That I did.

Led J. J. McDonald to believe that Andrews, Jones & Co. would get contract.

12834. Yes; and that he had better join them?—I do not remember ever saying that.

Does not remember recommending him to join them.

12835. And that upon his declining to do so, and offering to give something if you could influence Smith to withdraw from being surety, then you were to be compensated by \$4,000?—If I ever said anything to him it might have been in the course of conversation. After he would have asked me, for instance, to dissuade him, I might have turned round and said: "Why don't you join him." I might have said that casually, but I am quite positive I never tried to induce him to join any one else.

Might have said: "Why don't you join him?"

12836. Do you know any person who manufactured explosives living in the United States?—Yes.

Private arrangement with manufacturer of Explosives.

12837. Who is that?—I know a Mr. Mowbray.

Knows Mowbray, manufacturer of explosives in the United States.

12838. Where does he live?—He lives at North Adams, I believe.

12839. Has he had any business transactions with any contractors of the Pacific Railway as far as you know?—From hearsay I understood that he had.

12840. Had he some arrangement with you at one time about helping him in his connection with these people?—Yes.

Mowbray had an arrangement with witness to notify him when a contract was given in which there was a great deal of rock work.

12841. What was the nature of the arrangement?—The nature of that arrangement was that whenever a contract was given in which there happened to be a great deal of rock work I was to notify him, so that he could come to meet the parties, and try to make arrangements with them.

12842. How did he compensate you for that?—I do not exactly remember. He gave me so much a month for a while, I believe.

12843. Do you remember how much?—I could not exactly say—\$30 or \$40, may be.

For this service received \$30 or \$40 a month.

12844. \$75 has been mentioned?—I am sure it was not that much.

12845. How did you get the information for him?—After the contracts were awarded.

12846. I did not know that they had been awarded: how did you know?—As soon as a contract is awarded it is published in the press.

**Influencing
clerks—
Private arrangement
with manufacturer of
Explosives.**

12847. That is not answering my question, Mr. Chapleau. I am asking you how you know the particulars of the information which he desired to get from you, and I suppose he desired to get them as early as possible?—The information I was to give him was this: that when any work was awarded to anybody I was to notify him, and give him the names to whom the work was given.

**His connection
with the Department
might have
been the reason
Mowbray selected
witness for this
service.**

12848. Don't you know why he selected you in preference to somebody else?—I have not the slightest idea.

12849. Don't you think it was your connection with the Department which had to let the contracts?—It might have been that.

12850. Do you not understand that that was supposed to give him an advantage over people who did not derive their information from the Department, and that it was for that advantage he was paying you \$40 a month?—I do not know that it would. Other parties had the same opportunities to find out that I had.

12851. How much do you think you have received from him altogether for those services?—That I could not exactly say.

12852. About how long has it been continued?—It is only three or four months probably.

Contract No. 66. 12853. Is there any other person whom you have assisted in business matters by information from any of the Departments?—None that I remember just now.

12854. Do you know Alexander Bowie?—Yes.

**Never assisted A.
Bowie.**

12855. Have you ever assisted him?—No.

12856. Do you not think of any one else who has been benefitted by any information got from you concerning the Pacific Railway?—Information of what nature?

Contract No. 42. 12857. Information which you would derive from your connection with the Departments?—I do not think that I ever gave any information to any body that I benefitted by that I know of. I have got here an affidavit, if you would like to take cognizance of it, from Mr. Smith. He will probably be here himself. I have asked him to come and appear before the Commission. This is his sworn affidavit.

12858. At present, I would say that it would not be quite satisfactory evidence unless we had the opportunity of cross-examining him, because sometimes a person will make a statement which on being questioned afterwards may be varied, and without having that opportunity we cannot say it is positive evidence. We shall be happy to hear him if he should come here?—I think he will be here.

OTTAWA, Friday 29th October, 1880.

S. E. ST. ONGE CHAPLEAU'S examination continued :

By the Chairman :—

**Private arrangement
with manufacturer of
Explosives.**

12859. We understand you wish to make some correction in regard to your testimony yesterday?—It is in regard to Mr. Mowbray. Mr. Mowbray asked me if I would not let him know when contracts were advertised for in which rock excavation occurred.

12860. Do you say when contracts were advertised?—Yes; when work was advertised.

12861. Do you mean when tenders were invited by advertisement?—Yes; when tenders were invited for that kind of work. I told him I would. Some time afterwards I transmitted a clip from a newspaper containing an advertisement for the sections A and B of the Canadian Pacific Railway. I received an answer from him thanking me for the information and enclosing \$30, and asking me if I had any objections to letting him know whenever such works were advertised, and that he would like to pay me at the rate of about \$30 a month, I think it was. I next met him at Ottawa here, and while conversing on this subject, I told him he could get that information very much cheaper by subscribing to one of the newspapers. He said he preferred to be written to, as he was absent very often from his place, and the newspaper might be overlooked, and the letter would be opened, and he would be sure to be informed of what was going on. That is all.

**Influencing
Clerks—
Private arrangement
with manufacturer of
Explosives.**
Sent advertisement for section A and B. Received \$30 and a suggestion to pay him \$40 a month for similar information.

12862. Have you the letter which he wrote you?—No.

12863. Could you understand how it would be of any use to him to know that work was advertised for tenders?—His idea was to be here at the letting of the contract.

12864. How could he tell when the letting of the work was to take place?—It was mentioned in the advertisement.

12865. I thought only the time for receiving the tenders was mentioned. It is always understood when the tenders are received they are opened immediately and the work let.

12866. Does it not happen sometimes that work is not let—that the time is extended, and even if not extended, the opening of the tenders and the awarding of the contract is delayed for weeks?—Yes; it has occurred sometimes.

12867. Then you mean that all the information you gave Mr. Mowbray for this monthly payment was to let him know when tenders were invited for works of this character?—Yes.

12868. Do you know why you were selected to give him this information?—Nothing further than I knew the person very well. I had seen him at the hotel for two or three years previously. I used to converse with him very frequently. He was a very intelligent old gentleman. As I lived at the hotel myself I met him frequently.

No special reason why witness should have been selected.

12869. Do you know, as a matter of fact, whether he came to Ottawa and saw the people who obtained the contracts on the Pacific Railway, or some of them?—He was present after the tenders were received, I believe; about that time anyway. I suppose he saw some of the parties.

Mowbray went to Ottawa, but witness does not know whether he transacted business with contractors.

12870. As you knew him so well were you not informed whether he saw any of them, and whether he dealt with them?—I do not remember; I cannot say whether he dealt with them or not.

12871. Do you remember whether he told you that he had made any transaction with any of the contractors?—No; I never heard from him to this day—that is, from the time he was present at the letting of that work—and, if I am not mistaken, I think he left Ottawa before the work was let. However, I am not positive.

**Influencing
Clerks—
Private arrangement
with manufacturer of
Explosives.**

12872. Could you state during what period you received pay from him?—I think this conversation occurred about a month before that work was advertised.

12873. Which work do you allude to?—I mean sections A and B—a month or six weeks, something like that.

12874. When did his payments begin?—That I could not say.

Mowbray's payments continued two months.

12875. Could you say how long they continued?—Two months, I believe.

12876. Do you mean that you received only two remittances?—I think so, as near as I can remember.

12877. Do you mean that you received about \$60 altogether?—Yes; that is about all.

12878. Understanding as you did that his object in getting this information from you was that he might be present in Ottawa and see the contractors after the work was awarded, did you not take interest enough in the matter to ascertain whether he did see the contractors?—No. As I said before, I never saw him after that—after that letting.

12879. Do you know what time usually elapsed between the date fixed for receiving tenders and the actual awarding of any contract on the Pacific Railway?—That varies a good deal I think. Sometimes works are awarded immediately.

12880. Do you know of any works which were awarded immediately: could you refer us to any?—I could not say: I never noticed particularly.

12881. Did you have any correspondence with Mr. Mowbray after the letting of the work that you allude to?—Not that I know of.

12882. Do you mean that you notified him only once?—I sent him only one clip from a newspaper. That is the only time.

12883. Was that between his first and his second remittance to you?—That was before any.

Cannot say what led Mowbray to send him the second remittance.

12884. Do you know what led him to send you the second remittance?—I could not say.

12885. You had performed no service between the first remittance and the second?—No; but in his letter to me he said if I had no objection he would like to pay so much per month for that service.

Mowbray's motives for paying him.

12886. Did he state how long he would like to pay so much a month?—No; he simply told me that it was worth a great deal to him to know of it in time; he had to travel over quite a large area of country in the United States—particularly out west—where he could not ascertain what was going on here.

Contract No. 42. McDonald applied to use his patent in April, 1879.

12887. Have you ascertained the dates of your invention to which you alluded yesterday, and the date of the remittance by John J. McDonald to you?—I think that my application for the patent was at the beginning of July some time, but I had made the discovery some time in March 1879. The application of Mr. McDonald to use it on the Intercolonial Railway was made in April, 1879. The work was almost completed, all but twenty-five miles out of the 650, in November 1879, and that cheque of McDonald's was sent to me—at least was received by me—at

McDonald's cheque received early in 1880.

Contract No. 42
Influencing
Clerks—
Alleged impro-
per influence.

the beginning of the year 1880, I believe; I could not tell the month exactly.

12888. When you speak of the application to use it, do you mean your improvement on the original patent?—The improvement on the original patent.

12889. Who applied to you to use it?—The contractors applied to the Department to substitute the last invention for the first one.

12890. Who were the contractors?—John J. McDonald & Co.

12891. Was this with your consent?—I had no objection to it.

12892. Did you express your consent to anybody?—Do you mean to the contractors themselves?

12893. Anybody?—I must have expressed my willingness to have them make their application to the Government—the contractors—but I do not think I spoke to anybody else.

12894. To whom did you express your willingness?—To Mr. McDonald himself.

12895. Do you remember now that you informed Mr. McDonald that you were willing that he should use your improvement upon that road?—I suppose I may have said so to him, but I do not remember having mentioned any condition.

12896. I am not asking at present about the conditions, I am asking first of all whether you expressed your willingness that he might use it, either with or without conditions?—I may have expressed my willingness to his using it. Expressed himself willing that McDonald should use his patent.

12897. Do you remember whether you did?—It is very likely I did.

12898. Do you remember whether you did?—Yes, I think I did.

12899. You think you remember now that you did: is it only from the likelihood that you say you did, or is it that your recollection informs you that it happened?—It is not exactly from my recollection, but it is very probable that I did.

12900. It is the probability, then, that leads you to think it happened?—Yes.

12901. Then you could not say at what place the conversation happened?—No; I used to meet Mr. McDonald almost daily at that time. Used to meet McDonald almost daily.

12902. I have the impression that you told us yesterday that there was no understanding about the use of this improvement?—No, there never was.

12903. But now you think it likely that you told him he might use it?—Yes; it is probable I did.

12904. And without expressing any conditions?—Yes.

12905. Then how did you come to think you would have a claim against him for \$3,900 for using it?—Because as it saved him a large quantity of money I think I was entitled to remuneration and to receiving that much. I may as well state here that it was my intention, so soon as the Department would have agreed to use that invention, to have said to Mr. McDonald: "You are going to save so much by this on the work that you are going to execute, and I want you to pay me Reasons for claiming \$3,900 from McDonald for use of patent.

Contract No. 42.

**Influencing
Clerks—
Alleged impro-
per influence.**

so much for the use of it." I did not say so to him but it is the intention that I had at the time.

12906. Did you abandon that intention?—No, I did not.

12907. Had any opportunity occurred when you might have said it to him?—No.

The invention his
own.

12908. Is the invention one of your own, or one acquired from some other person?—It is my own invention.

12909. Have you obtained a patent for it?—I have had two patents.

12910. Two patents of this improvement which is the subject of your claim now?—Well, the first patent was an improvement on check plates generally, and the second patent was an improvement on my first one.

12911. I understand your claim against McDonald is concerning what you call an improvement on a previous invention?—Yes.

Date of patent
2nd September,
1879.

12912. When did you get a patent for that improvement?—The letters patent is dated, I believe, 2nd September, 1879, although I made the discovery in March, 1879.

12913. Had your improvement been used upon any roads excepting this one over which McDonald had control before he used it?—No, it had not; but it has since.

12914. His was the first use of it on any road—practical use?—Yes.

Has received
compensation for
use of patent.

12915. Have you received compensation from any other road?—Yes.

12916. At the same rate at which you proposed to charge him, or more or less?—It was a little less, it was at the rate of \$5 per mile royalty.

12917. And what do you propose to charge him?—I propose to charge him \$6 and £7 per mile, not less than \$6.

12918. Before you obtained the patent in September, 1879, had you procured any document or right which gave you the exclusive use of it?—Before what?

12919. Before the patent, which you say was in September, 1879?—My first patent was issued to me in the month of February, I believe, 1879.

12920. But I understand it is only this last improvement upon which you base your claim against McDonald?—Yes.

12921. Then anything before that would not affect the question. Speaking now only of this improvement which you say McDonald used, and for which you proposed to apply this \$500 towards the pay, had you secured exclusive rights to that improvement at any time before the patent issued in September, 1879?—No; I had not secured any exclusive right.

Ground on which
he felt entitled to
charge McDonald
for use of inven-
tion not then
patented.

12922. Then how did you propose to charge him for the use of it when you had not the exclusive right?—I knew very well that I could procure a patent, because there was nothing like it, I was satisfied as to that.

12923. And do you think that because you are satisfied of that he has to pay you?—I think so; I think the patent law, if I am not

Contract No. 42.
Influencing
Clerks—
Alleged impro-
per influence.

mistaken, does not preclude a man from charging before he secures the patent from the Government.

12924. Or before he has secured it by any document?—Yes; if he can prove it is his invention.

12925. Then your claim against McDonald is for the use of the invention before you had secured the exclusive right to use it?—It is not that exactly.

12926. What is it?—He used that patent of mine.

12927. How long?—From July, I believe, 1879, until August of this year; that is, he completed the work in August, I think, or July this year.

McDonald used his patent from July, 1879, to August, 1880.

12928. What happened this year would not operate upon your mind at the time that you received the cheque?—No; there was only a small amount of work to be done this year, only about twenty-five miles. The bulk of the work was done in 1879.

12929. At the time you received this cheque, you and McDonald had never had any understanding that he was to pay you money on account of this improvement, or on account of the use of this invention?—I think I did tell him that he should pay me for the use of that patent, in conversation.

Thinks he told McDonald he would have to pay him for use of invention

12930. This is an entirely new idea?—How is that?

12931. You have not intimated to us at any time before that you informed him that he was to pay for it, because I understood you to say all the way through that there was no understanding between you and him that he was to pay for it?—When the application was first made, to use the new invention, to the Government there was no understanding that he was to pay anything for it.

12932. But have you not given us to understand that at the time you received the cheque there had been up to that time no arrangement with him that he was to pay you for the use of this patent, but that you supposed he would become liable to pay you afterwards, and that against that future liability you proposed to apply the \$500 you received: is that what you wished us to understand?—In the course of the conversation with him I said once or twice: "I think that you ought to pay me a very handsome sum for the use of that invention."

Said to McDonald that he ought to pay him a very handsome sum for use of invention.

12933. Was that before you received the cheque?—Oh, that must have been in September, or August, 1879.

12934. Did he answer that suggestion?—No; not that I remember.

12935. Had Mr McDonald become aware of the nature of your invention, as far as the improvement is concerned, before your patent was secured?—I showed him the model in April, 1879, and it was after my showing him that model that he made application to the Government to substitute that plate for the one which was contracted for.

12936. Then you informed him of the nature of your improvement and consented to his using it: is that correct?—I very likely said to him that I had no objection to his using, but I did not say that I would not charge him for it.

12937. Was there any business-like discussion between you and him at any time as to compensation to you first, and if so what amount of

Remembers no business-like arrangement.

Contract No. 42.

**Influencing
Clerks—
Alleged improper influence.**

compensation?—I don't remember that there ever was any conversation of the kind, except those remarks I made to him on a couple of occasions, that I thought he should pay me a very handsome sum for the use of it.

12938. Then the foundation for the impression on your mind that you had a claim for \$3,900 was, that it was right he should pay it to you and not that there was any agreement of that kind?—Yes.

12939. Between the time of receiving that cheque and the present, have you ever communicated to him the fact that you intended to apply the amount of that cheque on this claim?—I do not think I did.

Has taken part in no negotiations of persons tendering for work on Canadian Pacific Railway other than what has been already mentioned.

12940. Have you taken part in any negotiations between any person who has tendered for work on the Canadian Pacific Railway and others, besides what has already been alluded to?—None that I remember.

12941. Have you any other information concerning matters pertaining to the Canadian Pacific Railway, which you can state by way of evidence?—I cannot think of anything.

12942. As to this improvement of yours for which you had applied for a patent, I think you stated yesterday that you considered it important that it should be tested on a road?—No, not so; it was a clause in the contract that, before the contractor should proceed with other work, they should apply the invention to one mile of the road, which was then to be examined by a Government engineer and reported upon.

Did not consider it important that invention should be practically tested on a road.

12943. Did you not consider it important that your invention should be practically tested by use upon some road?—No; I was perfectly satisfied that the invention was good. I had the certificates of the best engineers in the country, that it was the simplest, cheapest, and most effective invention of the kind.

12944. What engineers do you mean who certified to this?—Mr. Walter Shanly for one.

12945. Was that concerning the improvement or the original invention?—It was concerning the improvement.

12946. Do you remember when you made application for the patent of this improvement?—I think it was the latter part of June, 1879.

12947. Is there anything further that you would like to say by way of evidence?—No; I have nothing further.

TRUDEAU.

TOUSSAINT TRUDEAU's examination continued:

**Tendering—
Contract No. 48.**

By the Chairman:—

1st of tenders.

12948. There were some papers which you did not produce at the time they were asked for: have you now a list of the tenders for the colonization line from Winnipeg on the first 100 miles?—Yes; I produce it. (Exhibit No. 130.)

Smellie's report upon Hill's tender.

12949. Have you a report of Mr. Smellie upon Mr. Hill's tender for that line?—Yes; I produce it. (Exhibit No. 131.)

12950. Are you prepared to give, at present, particulars of contract 18, which was spoken of on the last occasion?—No; not at this moment.

12951. What is the next contract after that?—Contract 19 with Moses Chevette, for the construction of an engineer's house at Read. **Engineer's House—Contract No. 19.**
12952. Was this a contract, or was it by letter?—It was by contract.
12953. Have you the contract?—No; but I shall produce it later.
12954. Has the work been completed?—Yes. **Work completed and paid for.**
12955. Paid for?—Yes.
12956. Is there any dispute of any kind upon the subject that you know of?—No.
12957. State the amount of Chevette's contract?—\$1,600. **Amount of contract \$1,600.**
12958. What is the next contract?—Contract 20, but I am not prepared at this moment to produce the papers.
12959. What is the next one?—No. 21, with Patrick Kenny, for the transportation of rails from Montreal to Lachine. **Transportation of Rails—Contract No. 21.**
12960. Have you the contract?—No; but I will produce a copy presently.
12961. What was the subject of the contract?—It was the transportation of rails from Montreal to Lachine. **Transportation of rails from Montreal to Lachine.**
12962. Was this work let by public competition?—Yes.
12963. Have you a copy of the advertisement?—Yes; I produce it. (Exhibit No. 132.)
12964. Were the tenders asked for by the Department or by some agent?—By an agent. **Tenders asked for by agent Morin.**
12965. Who?—Mr. Morin, of Montreal.
12966. Have you any report upon the tenders offered?—Yes; I produce it. (Exhibit No. 133.)
12967. Have you the instructions to Mr. Morin to ask for these tenders?—Yes; I produce them. (Exhibit No. 134.)
12968. What date are your instructions to ask for tenders?—July 14th, 1875.
12969. I find on page 65 of a Return to an Order of the Commons, of the 2nd March, 1876, a letter from Cooper, Fairman & Co. to you, dated the day before your instructions to Mr. Morin, in which they intimate that they understand that the Government purposes removing the rails to the canal bank, Lachine. Is this the same movement that you asked Mr. Morin to invite tenders for?—Very probably.
12970. Do you know how they were aware of the Government's intention the day before you instructed Mr. Morin?—There were large quantities of rails on the wharves in Montreal, and it was apparent to everybody that they would have to be removed very shortly. I do not know how they were aware. **Does not know how Cooper, Fairman & Co. knew that the rails would have to be removed to Lachine before Morin the Government agent was instructed to ask for tenders.**
12971. Do you mean that the appearance of the rails and the locality indicated the substance of this letter from Cooper, Fairman & Co.?—I do not know what prompted Cooper, Fairman & Co. to write.
12972. But this is a letter addressed to you?—Yes.
12973. And they allude in it to some understanding between you and them, because they say: "Anent contract for western delivery, we **Letter which appears to imply an understanding**

**Transportation
of Rails—**

Contract No. 21.
between Cooper,
Fairman & Co.
and Department.

will have this matter satisfactorily arranged in a few days" and the satisfactorily is italicised, evidently pointing to some understanding with you. It appears to allude to this business and also to some other contemplated business?—It alluded to contract 20.

12974. Has the contract been fulfilled—I mean this contract with Kenny?—I do not think the contract was for a given quantity of rails, simply the price per ton, and under it some 11,000 tons of rails were displaced.

Work finished.

12975. Has all the work required by the Government to be done under it been finished?—Yes.

12976. Is there any other question on that subject?—I think that Mr. Kenny has presented a claim to the Department, stating that he had made preparations for the carriage of a larger quantity of rails than 11,000 tons, but that claim has not been entertained.

Ties—

Contract No. 23.

12977. What is the next contract?—The next contract is 22, but I have not got the papers with me. The contract following is No. 23 with Sifton, Ward & Co. for sleepers.

12978. Have you the contract?—Yes; I produce it. (Exhibit No.135.)

12979. Was this work let by public competition?—Yes.

12980. The subject of it seems to be for ties to be delivered on the railway line?—Yes.

12981. Was the advertisement by the Department, or by some agent?—It was by one of the engineers residing at Thunder Bay.

12982. Did he undertake the awarding of the contract as well as the receiving of the tenders?—He did.

12983. Have you his report on that subject?—No; but I produce Mr. Fleming's report attached to the contract, with a list of the tenders and other particulars.

Contract completed.

12984. Has the contract been completed?—Yes.

12985. Is there any dispute upon the subject that you are aware of?—No.

12986. Has it involved any larger amount, so far as you know, than the one named, \$14,648?—The contract provides for the delivery of 56,000 ties and the quantity was 56,339, that is the only difference.

**Erection of
House—
Contract No. 24.**

12987. What is the next contract?—Contract No. 24; it is with Oliver, Davidson & Co. for the erection of a house, and the house has been completed.

12988. Is there any dispute upon the subject that you know of?—No.

\$3,500 involved.

12989. About what amount was involved in this contract?—About \$3,500.

**Engine House—
Contract No. 26.**

12990. What is the next contract not previously enquired into?—It is No. 26; it is for the construction of an engine house at Fort William. I am not prepared to-day to give all the information.

OTTAWA, Saturday, Oct. 30th, 1880.

Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.

CHARLES H. MACKINTOSH, sworn and examined:

12991. *Witness*:—I have prepared a statement with reference to the entire details connected with my transactions with Mr. Whitehead, but as it involves also connection with my private business transactions—my personal business transactions I have gone rather fully into the details, because I could not without doing so give any clear and lucid account of my transactions with Mr. Whitehead—such a one as the Commissioners could draw their own inferences from. If the Commissioners will allow me I will read that statement, and I can afterwards be cross-examined.

Reasons why he
wishes to make a
statement.

By the Chairman:—

12992. As to those matters which pertain exclusively to your private affairs you understand the Commissioners do not insist upon your giving evidence upon them. If you think proper to do so in order to elucidate the matters appertaining to the Pacific Railway we have no objection, because in our desire to get the fullest information we prefer that a witness should say too much rather than too little?—Mr. Chairman, I have gone rather fully into my private affairs, because it is important, in a public and private point of view, to show my reasons for anything that I did, and I could not give the evidence simply on one part relating to the railway matters without referring to the other, and therefore I have taken the liberty to enter pretty fully into details.

12993. As I said before, we have no objection, and you can give your evidence reading from a document instead of trusting to your memory, if you wish to do so?—Thank you. I may say before I proceed, I have not read the evidence, except scraps of it which appeared in the newspapers. I was away at the time that Mr. Whitehead was examined. I am simply giving my statement of the facts as I know them to be. I am referring here in the opening to an item I saw in Mr. Whitehead's evidence, but I will go through the whole matter besides. (The witness then proceeded to read his statement as follows):—It having appeared in evidence that I received from Mr. Joseph Whitehead, contractor for section 15 Canadian Pacific Railway, certain pecuniary considerations, including sundry notes and drafts representing \$5,000, I hereby make an oath and say:

That about four years ago, in conversation with Mr. Whitehead, who was formerly a Member of Parliament, and known to me in consequence of my long residence in Western Ontario, that gentleman expressed great satisfaction at securing a contract on the Canadian Pacific Railway, and said that if he could be of any assistance to me personally I could command his services. This led to further details, when he said that he would soon be in a position financially to assist me, if in return I would agree to keep him thoroughly posted as to any new work being projected, any departmental reports made to Parliament, and otherwise act in his behalf when forms of tender, specifications, schedules or other similar documents were required by him; the object being to save time and money, as the character of the work he had undertaken would necessitate his constant and unremitting attention. A mutual understanding was arrived at, and he accepted drafts of mine for small amounts. In 1877 Mr. Whitehead, by writing over his own signature, appointed me his agent to act under his instructions—

Whitehead offers
to assist witness
if he would keep
him posted re-
garding projected
works, &c.

In 1877 appointed
agent of White-
head.

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence—**

12994. Have you that writing?—I think I have somewhere. I have not got it with me, but remember seeing it last year.

**Whitehead pro-
mises help.**

**Whitehead's
expressions per-
sonal.**

**Whitehead offers
to give him a
portion of profits.**

**Received notes
and drafts
amounting to
about \$15,000,**

12995. Proceed.—Subsequently he told me he was paying very heavy interest to those who were backing him financially, and I then advised him to do all in his power to get rid of the burthen of interest crushing every element of business freedom out of him. He expressed approval of my suggestions, and afterwards asked me how the newspaper was progressing. I told him I had assumed a great many responsibilities; that my name was on a great deal of paper; that I had entered into negotiations with a view to paying off some of the original shareholders, and I feared from appearances that ultimately the whole debt would be thrown upon me, as no one seemed willing or anxious to assist financially. Mr. Whitehead asked how much it would require to pay off the debt which had accrued. I told him I believed \$20,000 at that time. He then said: "Well, when I get rid of some debts, I'll be able to help. I promise that, and you can rely on it." Subsequently I received various letters from Mr. Whitehead, all of a friendly nature, some on business, but usually reiterating his formerly expressed desire to aid me in every way possible. Mr. Whitehead did not, of course, so far as I could see, consider the question of assisting me in a political sense, his expressions being altogether personal. In October, 1878, he came to Ottawa, and called at my house bringing with him a statement of his affairs, value of his plant, rolling stock, &c., and intimated that he had succeeded in securing the entire control of his contract and getting rid of interest he had been paying. He desired that I should look over the papers and see if it could not be arranged that portions of his plant and rolling stock could be utilized as a means of raising money wherewith to make his bank credit and financial standing permanent. He stated that the work was paying a handsome profit, and voluntarily offered, if I would actively interest myself with him, that I should share a profit. Mr. Whitehead further said that he had kept steadily in view his former agreement. Knowing the contract was one involving a possible expenditure of nearly \$2,000,000, and that I could render assistance to Mr. Whitehead fully commensurate with any advances he might deem proper to make, I accepted his offer, and some weeks, perhaps two months after this, he gave me notes and drafts at various dates amounting to \$14,000 or \$15,000. The proceeds of some of these, which were subsequently discounted, went to pay off certain liabilities on my own account and on account of the *Citizen*, all being endorsed by myself and some by Mr. Carriere, President of the *Citizen Co.* I had agreed to renew the notes when possible, and did so sometimes by re-drawal and sometimes by returning expired notes and receiving new ones. In 1878 (December) some of the creditors who held a lien on the *Citizen*, demanded immediate payment of a very large sum of money; I was an endorser without any security, and from information received, was convinced that a determined effort was being made by certain parties to destroy my financial credit. This onslaught could not have been at a more inopportune time for me. The *Citizen*, which I had maintained for several years by my individual exertions, assisted by Mr. Carriere, was still heavily in debt, and I then determined to adopt every legitimate method towards protecting myself. As those who had formerly been endorsers were now safe, and none would risk a dollar, whilst I, although an endorser on all the accommodation paper as well as all the

Citizen's legitimate business paper, held no security whatever, I determined on the acceptance of Mr. Whitehead's co-operation. Up to that time, and even afterwards, I had made no secret of Mr. Whitehead's assistance, and always gave this as a reason, and give it now, for putting forth every effort to help him—

**Contract No. 15, and Tendering generally—
Alleged improper influence.**

Made no secret of Whitehead's assistance.

12936. When you make use of the word assistance do you mean that those notes were given absolutely to you, or that they were to be repaid: was it a loan?—The first notes given were an absolute bargain between us.

First notes for \$14,000 or \$15,000 an absolute bargain in virtue of which witness to look after Whitehead's interests.

12997. You mean about \$14,000 or \$15,000?—Yes, the first notes. Although it was understood the notes were to be advanced we afterwards made an arrangement by which I was to look after his interest here and work for him and get a share of the profits.

12998. Do you mean that at the time he gave those drafts it was understood between him and yourself that he was not to be repaid them, or to be protected from the payment of them?—Yes; that he was to pay them as fast as he could, but ultimately to be paid by me.

12999. Then it was by way of a loan that he gave you this assistance?—Not at that time. No; it was a matter of agreement as I said before. I was to share in the profits.

13000. To what extent?—I do not remember exactly: a percentage of some kind he spoke of; and then he made it a lump sum, some \$14,000 or \$15,000—somewhere there.

13001. Before it was reduced to a lump sum, were you, as you understand it, a partner of his in the contract?—No; not in the least. I never had the least interest in the contract.

Never had the least interest in contract.

13002. Do you think you had no interest if you were to share in the contract?—Not until then; not until we made the arrangement in 1878. From the time he got the contract in 1875 or 1876, I had no interest excepting to act as his agent, and he used to write to me instructions to look after departmental matters, and if any contractors were endeavouring to injure him I was always to let him know what they were doing. There was always a good deal of that work going on.

13003. Then those drafts were a gift, except in so far as they were balanced by any work you were to do for him?—Any work I was to do for him then, or in the future.

13004. Proceed.—Early in 1879, Mr. Whitehead called at my house several times after writing to me, and receiving some documents he required, such as forms of tender, schedules, &c., in connection with a new letting regarding which we had had considerable correspondence, he desired that I should become interested with him, and look after the matter as he could not be here all the time. He then signed an agreement setting forth our mutual interests—

In 1879, Whitehead called at witness's house when an agreement was signed setting forth the interest of both parties.

13005. Have you that agreement?—No; the agreement was afterwards destroyed, and a new memorandum made out, a short one which I have.

Agreement destroyed and a memorandum made.

13006. Have you it here?—Yes; I will produce them as I read.

13007. That will do. Proceed.—He then signed an agreement setting forth our mutual interests in case he was successful as the lowest

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tenderer, or afterwards arranged to resume the work on behalf of successful tenderers—

Early in 1879,
Whitehead again
calls on witness
complaining that
persons were in-
citing Manitoba
Powder Works to
push him for
money.

13008. What work are you alluding to now?—This was some work next to his section. There was to be a letting of about 185 miles, or something like that. I think it was about that A B and C—some three sections there. My business affairs again were talked over, and Mr. Whitehead said that if he could be of further assistance he would be happy to do anything in his power. A few weeks after this he again called upon me complaining that parties were inciting the proprietors of the Manitoba Powder Works to push him for money with a design of forcing him to make terms.

13009. About what time would that be?—I should think that would be about April, March or April, 1879. I think it was March; I could not be positive as to date. His impression was that the contractors for an adjoining section were responsible for much of his annoyance. It was after the letting of his work, but I do not remember what month it was. It was the subject of this new contract he was tendering for.

Promised to
make it all right
with Manitoba
Powder Works.

13010. Was that Manning, Grant, Fraser & Pitblado?—I think the firm or some other partner—Mr. Ryan or somebody. I promised to see to the matter and to make it all right, that is with reference to the Manitoba Powder Works, and with this in view had several conversations with the representatives of the Manitoba Powder Works.

13011. Who was that?—The representative of the Manitoba Powder Works.

13012. Who was he?—Mr. Thom was the agent, and Mr. Cooper, who was here a good deal, one of the company.

13013. Was it with Mr. Cooper you had these conversations?—I had two or three conversations with Mr. Cooper about it?

Assured repre-
sentatives of
Manitoba Powder
Works that
Whitehead would
soon be in a posi-
tion to pay them.

13014. But you are alluding to some conversation?—I think this conversation I am alluding to may have been with Mr. Cooper, but usually they were with Mr. Thom who was generally sent up to Ottawa to see me about it when Mr. Whitehead was not here. When Mr. Whitehead was not here, he used to come to me and see about the business. I had several conversations with the representatives of the Manitoba Powder Works, assuring them that Mr. Whitehead would soon be in a position to satisfactorily adjust his accounts. That conversation took place with Mr. Cooper, and I had one with Mr. Thom. I remember them distinctly.

13015. Was it in a conversation with you that Mr. Whitehead represented that the Powder Works Company were pressing him, or was it by letter?—Well, I could not say that positively, but my recollection is that it was personally.

13016. Have you any letters between him and yourself on this subject which you purpose to produce?—I never took the least care of his letters, but tore them up and threw them away. They contained nothing but what I was to do. There was very seldom anything in his letters. They were not very interesting reading.

13017. They might be interesting now?—They might possibly; and I might possibly, if I looked through my old papers, find some, but I do not think I have any dealing with this matter.

13018. Proceed.—Mr. Whitehead still appeared confident that he would secure some portion of the sections recently let, believing that he held the key to the position, so far as having plant and means of access. We talked it over several times, as well as the affairs of his existing contract. About this period a Committee had been appointed by Parliament to enquire into the engineering and other details connected with section 15, Mr. Whitehead complaining that Mr. Haggart, the Member for South Lanark, was particularly prominent in pushing the enquiry. I said I would look into the matter, but advised him not to worry himself as I thought he had friends enough to see that he was fairly dealt with. About this time my own business gave me a great deal of anxiety, and I deemed it best to endeavour to make final arrangements for assuming the entire financial responsibility of the *Citizen*; I had temporarily arranged for the payment of some of the heaviest creditors and hoped that further time could be secured as well as money raised by furnishing collateral securities outside those I had given. I told Mr. Whitehead I needed some notes, that it was important to me, and if he could do this I would be in a better position to attend to his affairs—

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Whitehead complained that Haggart, Member of Parliament, was prominent in pushing enquiry into section 15.

Told him not to worry, that he had friends enough to see he was fairly dealt with.

Determines to assume entire financial responsibility of the *Citizen*.

Asked Whitehead for more notes which would place him in a better position to attend to Whitehead's affairs.

13019. Do you remember where it was that you first told him that: he speaks of an interview at his boarding house?—I think we usually had talks at my office. He used to come there every day. We might have had. I saw something in the papers about that very matter, to the effect that I went there at midnight, which I think you, Mr. Chairman, referred to. I am prepared to show that no such interview occurred at that time on the matter at all.

No midnight interview took place.

13020. Proceed.—After further conversation he agreed to do what I wanted, not in the least objecting to signing notes, I believe for about \$12,000. At that time he said he was depending upon me to look after his matters as, from all he could hear, rival contractors were bound to injure him if they could. He also said that Mr. Haggart was pushing the enquiry into the details of his work and I promised to see Mr. Haggart. I met Mr. Haggart casually at lunch—

Whitehead signed notes for \$12,000 and said he expected witness to look after his interests.

Witness promised to see Haggart.

13021. Was this before you had received the \$12,000 notes, or afterwards that you spoke to Mr. Haggart at lunch?—I could not say; my impression is it must have been afterwards; I cannot swear to it, but my impression is it was afterwards. I do not remember the date, I could not positively swear which it was.

13022. Did you explain to him that you had got these notes?—Mr. Haggart?

13023. Yes?—I have not finished the reference to Mr. Haggart. I met Mr. Haggart casually, at lunch, and he appeared rather amused when I explained that Mr. Whitehead was very much worried about the matter, as it prevented his carrying on business satisfactorily and damaged his credit. I said that Mr. Whitehead had been a friend of mine when I needed one, and anything I could do for him would be done. During the conversation—which was a brief one—Mr. Haggart said he had nothing in the world against Mr. Whitehead, but was simply discharging his duty as a Member of Parliament—or words to that effect. I afterwards mentioned these facts to Mr. Whitehead and said Mr. Haggart is all right—the expression “all right” is one frequently used by me when explaining that there is no antagonism—and had no corrupt or improper signification whatever. As it has been insinuated that Mr. Whitehead gave me notes knowing they were to be

Met Haggart at lunch who seemed amused at Whitehead's worry.

Haggart said he was simply discharging his duty as a member of Parliament.

Told Whitehead Haggart was not antagonistic to him.

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Never gave
money in any
form to a Mem-
ber of Parliament
to further White-
head's interests.

Notes never dis-
counted.

Reiterates state-
ment that White-
head's account of
a midnight meet-
ing is incorrect.

Having heard
serious rumours
visited White-
head at his board-
ing house.

In consequence
Whitehead made
an amicable set-
tlement with one
of his creditors.

devoted to the purchase of political influence in Parliament I swear positively that no such understanding existed on my part; that not one dollar, or any other sum represented by cash or notes or any valuable security or any form of security—either Mr. Whitehead's money, notes or securities, or those of any other person representing him—passed out of my possession into the hands of any Member of Parliament or any one directly or indirectly connected with any Committee of either House of Parliament; further, that the sum and substance of my conversation with Mr. Haggart is detailed above, and that I never in the most remote degree, or did any one on my behalf or with my knowledge on behalf of Mr. Whitehead, directly or indirectly hint at any corrupt arrangement. The fact that the notes were not used, that they were never discounted, is however sufficient proof that they were not corruptly applied. I understand from an extract in one of the newspapers of a recent date, that Mr. Whitehead has stated in evidence that transactions involving notes took place at midnight. This is quite incorrect, and I am satisfied Mr. Whitehead will admit it when the circumstances of my visit to him at a late hour are re-called to his memory. That visit occurred during the early part of August, 1879, in consequence of my being informed that parties, who were interested in surrounding Mr. Whitehead with difficulties, had offered to purchase certain notes and claims held by the Manitoba Powder Works against Mr. Whitehead, thus hoping to force him into insolvency or causing him to adopt as his only alternative the process of selling out his contract. I was further informed that the Manitoba Powder Works intended capiasing him if he left the city next day for Chicago *en route* to Winnipeg. Having reason to believe some of these rumours to be substantially founded, and knowing that such events would prove disastrous to Mr. Whitehead, as well as seriously affect me, I visited him at his boarding house, on my way from my office. I immediately asked him what provision he had made to pay the Manitoba Powder Works' claim, and briefly made him conversant with what I had heard. Mr. Whitehead had spoken to me several days before about the account and stated that he had seen Mr. Thom that evening; he further took a cheque from his pocket-book for \$10,000, and said he was prepared to settle the matter. I advised him not to delay, but to go early in the morning and come to terms, as under existing circumstances it would be difficult to say what might not transpire. I subsequently learned that Mr. Whitehead went to Mr. Thom and an amicable settlement resulted. To show that I am in no way mistaken as to the object of my visit I beg to be permitted to include the following letter in my statement—

13024. Is that a letter written recently for the purpose of corroborating your recollection of the transaction?—Yes; a letter from Mr. Thom.

13025. I cannot receive that in evidence. It will be necessary that Mr. Thom should be sworn if you wish his recollection to fortify your story. Proceed.—I have not the remotest recollection of doing business with Mr. Whitehead on my own account at such an unusual hour, and it would not have been necessary for me to do so to secure his endorsement or signature, as on no occasion did he ever even object, apparently having every confidence in me. In consequence of being able to extend the time of certain payments on account of the *Citizen* I did not utilize all of Mr. Whitehead's notes in perfecting arrangements, and postponed as well my intention of assuming all the respon-

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Certain events led him to pause before using Whitehead's notes.

Summer of 1879, Whitehead called on him to have agreement destroyed, Whitehead to take up the last and retire the former notes.

Agreement with Whitehead 5th May, 1879.

Whitehead took back notes giving ones at longer dates.

Total amount of all notes then given \$25,000.

Owing to certain knowledge did not use notes remaining in his possession.

Fall of 1879, witness found his liabilities very large.

sibility of the *Citizen*. I did this for two reasons: First, because upon closer inspection of the company's affairs I realized that there was a great deal of accommodation paper out, and liabilities even that I did not know of. Second, events afterwards transpiring had rather made me cautious in using more of Mr. Whitehead's paper, as I had to endorse it all, and in case of his getting into difficulties my position would not be an enviable one. Hence postponement, although I continued making arrangements for carrying out my original intention. In the meantime I received letters from Mr. Whitehead, and information from other sources, which caused me to draw the inference that his design was to bring about an amalgamation of his work with the adjoining section; and I imagined as well that Mr. Whitehead might sell out and assign his contract. He came to Ottawa early in the summer of 1879, visiting me at my office, going over various business details. Mr. Whitehead after this said he should like to have the agreement we made as to the recent tender destroyed. I replied: would that be fair? If you have to amalgamate with the other contract, I would have nothing to define my interest." Finally the document was torn up, the understanding being that Mr. Whitehead was to take up the last notes given, and retire the former ones as well, and assist in carrying my paper through the bank. This definite arrangement having been made, and to show the transaction, Mr. Whitehead signed the following memorandum:—(Exhibit 136.)

"OTTAWA, ONT., 5th May, 1879.

"Witness that I have paid Mr. Mackintosh notes to the amount of \$12,000, being balance in full due him by me for releasing me from a bond entered into by me when granting and guaranteeing him an interest in sections A, B, and C Pacific Railway contracts, should the work have been awarded me; the agreement having been that should I hereafter secure an interest, the said Mackintosh should participate therein. He hereby releases me from any claim hereafter on said bond. The said Joseph Whitehead hereby guarantees for himself, his heirs, executors, administrators or assigns, to do nothing to prejudice the payment in full of all notes held by C. H. Mackintosh, or his assigns, said notes being signed by me in good faith, and for full value received.

"JOSEPH WHITEHEAD."

I might mention that at that time we went over all the notes, and Mr. Whitehead gave me new ones at longer dates, taking back those he had formerly given me.

13026. What was the amount of all the notes then given by him?— I should think they would amount to about \$25,000, or something like that.

13027. Proceed.— He left Ottawa, and shortly after this I learned that anticipated negotiations with other contractors had fallen through, and that there was a threatened strike on his work. This caused me to still further suspend action as to my private business, and I did not utilize the remaining notes he had given me, locking them in my safe and not renewing them afterwards until arranging for the purpose of being forwarded by my direction to Mr. Whitehead. In the fall of 1879, the alternative of assuming all legitimate debts connected with the *Citizen*, or risking everything under the management of others presented itself. I found myself an endorser for over \$23,000 of paper, as well as liable for several thousand dollars to stockholders and other creditors, most of the debt having accumulated between 1873 and 1876, and being carried, with increases, through the banks; the other stockholders having either withdrawn or refused to become responsible for further

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Whitehead telegraphed him to draw on him renewing all paper at three months. This not done—Whitehead's notes to amount of \$13,000 in bank endorsed by witness. January, 1880, met Bain, to whom he complained of the manner in which his private affairs with Whitehead had been misconstrued.

Bain said witness's explanations put quite a different complexion on matters. Tendered Bain notes in his possession and preferred to retire notes under discount.

Drafted for Whitehead's signature, a letter exonerating witness from certain charges.

liabilities. I became an endorser for the company even before I had any direct interest in the business. Just after I had made the arrangements and assumed the *Citizen's* liabilities, I heard that Mr Whitehead was involved, and, knowing this would seriously affect me, I, as a practical business man, sent to secure such information as would direct me concerning the wisest policy to adopt under the circumstances. I knew that I was now heavily involved by my agreement to pay legitimate creditors of the *Citizen Publishing Co.*, and that if I had all Mr. Whitehead's papers thrown upon me suddenly, the ordeal through which I must pass was one that could not but afford satisfaction to those who were endeavouring to break me down. Mr. Whitehead had telegraphed me to draw, renewing all paper at three months. This I did not do. There were notes of his in the banks representing \$13,000 under discount and held as collateral, my name being on all, and the signature of Mr. Carriere, President of the *Citizen Printing and Publishing Co.*, on some. I knew the entire amount would have to be provided for by me, and proceeded to arrange the matter. In January, 1880, I met Mr. Bain, of Winnipeg, at my office. He informed me he was travelling through arranging with Mr. Whitehead's creditors. I told Mr. Bain I felt much aggrieved at the manner in which my private business with Mr. Whitehead had been misconstrued, it being represented he had paid large sums of money for Government influence which I knew to be utterly false. I expressed regret that Mr. Whitehead had not candidly made me conversant with the true state of his financial affairs, and further remarked that all a man could honestly do to assist another I had done for Mr. Whitehead. Mr. Bain, after hearing my explanations, which were purely voluntary on my part, remarked that they gave quite a different complexion to matters, and he was glad to be placed in possession of the facts. I further said that I had in my possession notes Mr. Whitehead had given me; these I would return to him, and as to the notes under discount I would, of course, have to retire them myself. Mr. Bain appeared surprised that I should treat the matter thus philosophically, and we afterwards became quite friendly. Just before Mr. Bain left my office I said I could not believe Mr. Whitehead was the author of the stories set afloat in opposition newspapers. If he was, then I desired that he should retract them; if he was not—and I afterwards found he was not—he could write me a letter denying the allegations made. Mr. Bain said he did not doubt that Mr. Whitehead would do this; that if the facts were as stated by me Mr. Whitehead could not refuse. He then suggested that I should draft something to indicate what I considered proper, which I did. I now solemnly swear that neither Mr. Bain or any one on his behalf, or any one on behalf of Mr. Whitehead, ever asked me to return any notes or even insinuated that Mr. Whitehead desired them. The first mention of returning notes not under discount was made by me. I further solemnly swear that the suggestion with reference to Mr. Whitehead writing a letter of contradiction as to various statements was made by me after I had offered to return Mr. Whitehead's notes; it was purely an afterthought of mine; for, very reasonably, I felt that if Mr. Whitehead's design was to allow me to be slandered, when he could crush out every falsehood told, I was not in honour bound to make any great sacrifice for him, although he had rendered me an assistance at a period when I most needed it. When drafting the letter, I said to Mr. Bain: "There is nothing in this Mr. Whitehead cannot swear to, and I have made it as strong as

possible so that if he objects I can find the reason." About three weeks after I received the following letter in Mr. Whitehead's handwriting and signed by him:—(Exhibit No. 137.)

"WINNIPEG, 28th January, 1880.

"DEAR SIR,—I have learned with regret that several parties are using your name in connection with my business, and using it in a manner not in the most remote degree warranted by facts. For the information of those who appear anxious to make capital at your expense, I may state without reservation, that you have at all times acted most honorably towards me, and any accommodation I assisted you with was of my own free will and was always promptly met by you. Furthermore, that when you heard of my difficulties you at once acted most generously, and in a manner that does you infinite credit. I can now state, that irrespective of any rumours, that the stories of my paying you large sums of money are false from beginning to end, and highly discreditable to those who are promoting them.

"Yours truly,

"JOSEPH WHITEHEAD."

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influence.
Whitehead writes
to Mackintosh.

That he had acted
honourably ;
that on hearing
of his (White-
head's) difficulties
he had acted most
generously,
and that he had
not paid him
large sums of
money.

The above in
substance the
letter drafted by
witness and given
to Bain.

12023. Is this in substance the letter which you had dictated?—My impression is—I do not remember exactly, but my impression is it is almost word for word what I drafted. I could not say positively.

13029. Did you make the signing of this letter by Mr. Whitehead a condition with Mr. Bain before retiring the notes?—You mean did I purchase the letter by retiring the notes? I made up my mind to return the notes. In fact I had not intended to use them in consequence of his failure to make the negotiations which he entered upon when giving them to me. He and I had always been very friendly and are to this day, though I have had no communication with him since the Commission was appointed. When I suggested giving back the notes, Mr. Bain had never referred to anything at all, except saying that Mr. Whitehead was in difficulties, and he wanted to see what arrangements he could make with his creditors. I never made any arrangement with him at all to write this letter. I said: "It is pretty hard for me to do all this thing with Mr. Whitehead when I could really have pushed him or sold the notes, when he has allowed me to be slandered through the press." I afterwards found that he was not the author of these stories. I advised Mr. Bain to write to his partner, Mr. Blanchard, to see Mr. Whitehead about it, and there was no refusal. I never said to Mr. Bain: "I will give you those notes if you will give me a letter," or "I will not give you those notes without a letter." There was no such understanding one way or another.

Did not bargain
to have the above
letter written.

Found that
Whitehead was
not the author of
the statements
made reflecting
on him.

13030. Whatever the reason may have been which was operating in your mind, did you lead Mr. Bain to understand that before giving up the notes you would require a letter of this kind to be signed by Mr. Whitehead?—I could not say I did that, and I could not say I did not, because the feeling in my mind then was: if he refused to do it I could show exactly the reason I had for having those notes, such as the production of this bond between us, if he was the author of the stories in the newspapers; but I intended to return the notes.

Could not say
whether or not he
led Bain to under-
stand that ere he
would give notes
up he would re-
quire such a
letter.

13031. I want to know what you said to lead Mr. Bain to understand it?—I do not know why he understood it that way. I could not remember the language I used. I never said to Mr. Bain: "I will give you those notes if you will give me a letter." I said: "Treat the matter as you please, because," I said, "Mr. Whitehead has been a friend of mine. I made up my mind, and I have to face the difficulty now, and whether it is a \$1,000 or \$5,000 I will face it." He said: "You do not appear to mind it much." I never asked him to give me

Cannot explain
why Bain under-
stood that the
giving up of notes
was conditional.

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When Bain was
leaving said:
"Before I give up
the notes I want
a letter."

Did not send the
notes until after
he had got the
letter.

Wanted letter
though without
the idea of pub-
lishing it.

The idea that he
had received
large sums was
hurting him.

a letter for the notes, because I voluntarily offered the notes before a letter was spoken of. When he was leaving I said: "Before I give up the notes I want a letter."

13032. Then you did suggest a letter?—Yes; as soon as Mr. Whitehead failed in his negotiations I put the notes away.

13033. You had them in your control at the time?—Yes.

13034. Why did you not give them to Mr. Bain?—He never asked me for the notes. He said: "I am going through to Florida,"—I think for his health—"you can send the notes up to Mr. Blanchard."

13035. Did you send these notes before you got the letter?—No; after the letter came.

13036. But you did not give them up until after you got the letter?—No; I considered it then an agreement between us. In fact, Mr. Bain said: "The letter will be down here and you can send up the notes." I suppose Mr. Bain's idea was that there was an agreement of that kind, but there never was such a thing.

13037. Did you suppose then that was his understanding?—Not then, but I do now. I have heard of his evidence, I have not read it, and I made up my mind that he might reasonably have been misled into believing that; but I never mentioned the letter as necessary before I would give the notes; but, as an after-thought, before he left, I said: "Mr. Whitehead should certainly write me a letter setting forth the fact that I have not received large sums of money from him, because the impression is that all the paper I had from him is so much money, and you know it is so much waste paper." At that time I looked upon the notes as not worth the paper they were written on. I never intended to use them, and made up my mind to do the best I could with the bank myself. I am, of course, perfectly willing that it should appear I did require the letter. It makes no difference to me, because I felt I was entitled to the letter in every way, even before giving the notes up, to show that he had not slandered me or allowed me to be slandered through the papers; but it was not to clear me, because the fact existed that I had paid some of the notes and returned the others, and showed there was no object in having a letter when I could prove by the facts themselves I had done what was stated in that letter.

13038. I suppose you thought the letter would be a more convenient way of proving it?—I will tell you, Mr. Chairman, the way it was. People would come to my office and say: "What is that in the papers about Mr. Whitehead paying you large sums of money?" I used to say: "He has assisted me, but the shoe will be on the other foot." I got this letter without intending to use it in any way. In fact, I had forgotten all about it until my name was mentioned in the investigation. I merely wanted it without any idea of publishing it. I had it eight or nine months without publishing it. I never thought of using it at all unless people came in and asked for information, and I would show it to them, and I had to do it several times to my creditors. The impression was abroad that I made large sums of money out of the contract, and that fact itself was hurting me.

13039. With your creditors?—Yes; because, of course, people would say when I had to ask an extension from the bank that I could pay if I would, and it was hurting me in that way. People thought I had made any amount of money.

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13040. Proceed.—In requiring this letter I felt, in fact knew, I could prove the general correctness of its terms, hence there was no particular advantage to be derived from possessing such a document except personal satisfaction, as I made no use of it publicly until my name was mentioned in connection with the present investigation. In further support of the correctness of my statement I deem proper to call attention to the fact that I have had to pay the outstanding notes, and the Commissioners will, I trust, allow me to enter fully and freely into details, because these charges are but a continuation of many made by parties interested in injuring me, and because I have been followed by this species of persecution for nearly two years. If I purchased property the name of some Minister of the Crown was immediately published as being connected with it; if I performed ordinary work in my publishing office for the Government it was immediately heralded as a job; in short, from the time the Government changed, I have been shadowed by spies and eavesdroppers, the worst constructions being placed upon my actions by those anxious to destroy public confidence in me. I, therefore, make oath and say, that I never accepted money or any consideration from any man or men for advocating or opposing a measure before Parliament, or expressing opinions thereon in the columns of any newspaper I controlled. I never accepted money or any other valuable consideration for assisting in promoting any application to the Dominion Government or any other Government for a party favour or favours, or for attending to departmental matters for those at a distance who desired information of a routine character. I further make oath and say, that on no occasion did I ever propose to a Minister of the Crown anything that was not of a legitimate nature, and that no Minister of the Crown or Member of Parliament has ever had direct or indirect interest with me in any of my business transactions. Any money paid to me by Mr. Whitehead, any assistance rendered by him, was for legitimate services and of his own free will, and at his own suggestion, and I consider I was free to reserve to myself the right to participate in any work, to enjoy any profits derived therefrom, to become a partner in any transaction, so long as I did not infringe on the statutory laws of the land. In conclusion, I swear positively that out of the sum of \$25,000 in notes received from and advanced by Mr. Whitehead, I returned him \$11,000 undiscounted, and have retired from the banks \$13,000, and paid interest charges and other costs and discounts, closely approximating \$750, leaving a very small remainder as representing the total amount received by me in excess of the sums returned or repaid by lifting the discounted paper; I paid the protested draft—I do not know exactly when it was protested—of \$4,082.

Paid outstanding notes.

Swears that he never accepted money or any consideration from any man or men for advocating or opposing a measure before Parliament or for promoting any application to any Government, or for attending to departmental matters for any persons at a distance.

No Minister or Member of Parliament has ever had directly or indirectly any interest in any business transaction with witness.

Money received from Whitehead for legitimate services.

Out of \$25,000 returned Whitehead \$11,000, retired \$13,000 and paid interest and other costs.

Paid \$4,082.

13041. Is that part of the \$13,000?—Yes, part of the \$13,000. I paid in January last, \$3,950.

In January, 1880, \$3,950.

13042. Was that also part of the \$13,000?—Yes, part of the \$13,000. I paid in February, \$2,500.

February, 1880, \$2,500.

13043. Still part of the \$13,000?—Yes, still part of the \$13,000; and on March 16th, \$2,500, making \$13,032, I think.

March, 1880, \$2,500.
Total, \$13,032.

13044. Do you hold these notes now against Mr. Whitehead?—Well, I have never given that consideration. I have held the notes. I had to hold the notes. If Mr. Whitehead is not able to settle them in any

Still holds the notes.

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per influence.**

way, of course I will lose. I had no intention of proceeding against him.

13045. Do you mention this retiring of paper amounting to \$13,000, to show that it is entirely given up as a claim against Mr. Whitehead, or merely its transfer from the bank to you of the sums mentioned?—Its transfer to me to show I never got the money.

13046. You still hold the notes?—Yes.

**Told Bain that
unless Whitehead
was able to pay
he would not
press him.**

13047. And you still hold that as his liability?—Yes; it appears so on the face of it, but I told Mr. Bain when he was here I would not press him unless he was able to pay.

13048. It would not be wise to do so if he could not pay it; but you mean if he could you would collect it?—I did not say I would.

**Amount of notes
retired still re-
main a liability.**

13049. We only desire to know if the amount still remains a liability?—It is in every respect a liability on his part. I only mention that, of course, because I retain the greatest friendship for Mr. Whitehead, and would assist him if I could.

**Agreement of 9th
of May in his pos-
session from date.**

13050. But with this friendship you retain his notes?—Yes. I told Mr. Bain to use the notes as he pleased. I would like to state, Mr. Chairman, that this agreement with Mr. Whitehead with reference to releasing, given for an agreement entered into with me, has been in my possession ever since that time, and the date there is the date he gave it to me.

**No correspond-
ence with White-
head since Com-
mission appoint-
ed.**

13051. You mean this one of the 9th of May, 1879?—Yes. I have no doubt it will be insinuated that it has been supplied since, and I beg, therefore, to state that the document has never been out of my possession since he wrote it, since May, 1879; that I have had no correspondence with Mr. Whitehead since this Commission was appointed, nor has Mr. Whitehead, or any one on his behalf given me any document or returned me any notes since the Commission was appointed; that in seeing Mr. Whitehead on behalf of the Manitoba Powder Works, I had no pecuniary interest, nor was I offered any valuable consideration whatever by the Manitoba Powder Works, to effect a settlement of the claims against Mr. Whitehead.

13052. I understand that you have offered a very full explanation of matters which were entirely private, with a view to that statement of your private matters corroborating your explanation of matters which pertain to the Pacific Railway?—Precisely.

13053. And therefore the correctness of the statement of your private matters is material to the investigation of Pacific Railway matters?—Certainly; in connection with it important matters with Mr. Whitehead have come out in the investigation of the Pacific Railway, and I claim the indulgence of the Commission to make this explanation.

**Never kept a
book in which
transactions with
Whitehead were
entered.**

13054. Do you keep books of account of your private matters?—I do not think that I ever kept any book at all with reference to Mr. Whitehead—in reference to his notes.

13055. Did you about other private matters?—Well, as a general thing—

**No set of books
showing a state-
ment of private
affairs from time
of his first con-**

13056. For instance, have you had a set of books intended to show a statement of your private affairs from the time that you first had any connection with Mr. Whitehead?—No, I think not. I have had very

little to do with Mr. Whitehead since I took the business of the *Citizen*. The major portion of it I had very little to do with at all. I had no connection with the *Citizen*, as a portion of my business, until about a year ago—not a year ago—a few months ago.

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per influence.

nection with
Whitehead;
reason of this.

13057. I was not intending to enquire about the *Citizen's* business, but your own private matters: have you had books to show your own private matters for some years past?—No; I could not say that. My personal account I kept in a book at the office, but I do not think I have ever opened the account myself for two years to look over it at all, but it is a running account of just debtor and creditor.

Private account.

13058. Independent of the *Citizen* affairs, have you had any books relating exclusively to your private affairs?—No; I think not. I opened an account, I think, with the *Hansard*, when I took an interest in the publication of the *Hansard Official Debates*, because I had then a partner with me, but unless I had a partner with me I kept no account at all.

13059. Is there existing any book account which would show the application of the money you raised on the Whitehead notes, because you say that you had to retire some \$13,000 of them, on which therefore you must have obtained money or credit of some sort?—I suppose I could account for a good deal of it.

13060. At present I am not asking whether you can account for it by recollection; I am asking if there are any books or statements?—I say probably if I went through my accounts there is a possibility I might. I could not swear positively I could, but I have a recollection that I could, in looking through my books, select the amounts I got through Mr. Whitehead's notes; but as to telling how they were applied, it is an utter impossibility. They were always applied to purposes of business in every way—devoted altogether to business—never paid to any one or for any one outside of my own business transactions. If it is the desire of the Commissioners to find whether they were paid to any outside parties, I can swear positively not one dollar was ever paid to any person outside of my own regular newspaper publishing business.

Thinks it proba-
ble by looking
through his books
he might select
the amounts he
got through
Whitehead's
notes, but could
not tell how they
were applied.

The amounts de-
voted to business
transactions.

Never paid to any
one outside of his
own newspaper
business.

13061. Besides these notes and drafts which you got from Mr. Whitehead, did you get any money?—Oh, yes; he paid me during the years 1876-77—gave me drafts for about \$3,000, I think—small drafts.

Besides the
\$25,000 during the
year 1878-79,
Whitehead paid
him about \$3,000.

13062. That is no part of the sum of about \$25,000?—No; the only reason I settled on this \$25,000 is simply because I thought that came into the evidence that I was to explain. I have never read Mr. Whitehead's evidence, but I saw in the paper which was sent to me Mr. Whitehead was recalled and said \$25,000, and that is why I dealt with that altogether. The drafts he gave me were very small, and in fact were not felt much at the time. He would, when he was here, give me a draft at sight, or something of that kind. I suppose he paid me—I think in 1878 or 1879, or 1878-79—he paid me about \$4,000, and then we went altogether on notes. When we entered into a specific agreement we entered into the last altogether made up the notes.

In 1878-79 White-
head paid him
about \$4,000.

13063. Could you say about what sum he has given you, either in money or notes, which are still liabilities against him?—Well, the only liabilities against him now would be these notes amounting to \$13,000.

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per influence.**

**The whole
amount got from
Whitehead from
time to time
about \$34,000.**

13064. Understanding that, can you answer the rest of the question : I ask you now the gross sum, including these notes and money at all times?—I should think, including the \$25,000 in notes, that the whole amount would be probably \$33,000 or \$34,000 that I have handled in notes and money.

13065. Out of that \$33,000 or \$34,000 you have given back \$11,000?—I have given back \$11,000.

13066. Then the balance, \$22,000 or \$23,000, he has given you, either in money or in notes, which are outstanding against him?—Yes; he gave me the notes and I had to take them all up. That is the way that stands of course. I have paid the \$13,000 myself.

**The sense in
which witness
regards the notes
for \$13,000 as a
liability.**

13067. But you have said they are still a liability?—Well, of course I could not make them anything else. I have stated in evidence the transaction on which the notes given were founded, and I could not very well say that they were not liabilities unless I gave them back to him.

13068. We do not want you to say so: we want the facts?—I said distinctly, if Mr. Whitehead wanted them he was perfectly welcome to them. I always told him to use me as he pleased so far as the notes were concerned.

**Work done for
Whitehead when
any new work
was projected.**

13069. You say, among other things, in the early portion of your transactions with him you undertook to furnish him information about new work projected: how would you get information about new work projected?—His work was very difficult of access where he was, as you are aware, no doubt, and perhaps instead of waiting for the Department to send schedules and forms to him, I could get them through two or three days quicker for him than if he waited the usual departmental form of sending them; and, of course, when he wanted anything I came to the Department and got the papers and sent them up to him and there was no delay. When there was any new work coming it was always advertised, and I knew what he wanted in the way of forms, and used to send them for him. Of course it is a very beneficial thing to have a man to look after that, for otherwise he would have to send a man down to look after it.

13070. Was this information which you supplied to him to be derived from any of the Departments or from advertisements?—The Departments, of course. It did not require any information, of course, because the forms were supplied on application at the Department the minute they were printed. For instance, some contractors would not come here for four or five days after the papers were printed, and Mr. Whitehead might have them sooner by my forwarding them. They would not be given from the Department before that unless it might be through favouritism. I never had any trouble or any fault found about it. Others did the same.

**Witness able to
supply forms to
Whitehead
through no favo-
uritism of the
Department.**

13071. Was it through favouritism of the Department you would be able to supply him earlier with information?—Not the least; it was simply being on the spot and knowing where to go and where to put my hands on the papers. So far as favouritism is concerned I did not get much, although, of course, I was always treated with the greatest courtesy.

**Whitehead com-
plained about the
interest he had to
pay.**

13072. You said that he complained to you he was paying large interests for suretyships to some one?—Yes; he complained to me

several times about that, and I felt a great deal of sympathy with him, because he was very much worried.

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generally—
A'leged impro-
per influence.**

13073. Did you relieve him, practically, in any way besides your sympathy?—No; oh no. Some time after that I helped him to raise money that he wanted.

**Told Whitehead
how to raise
money.**

13074. What money was that?—He wanted to borrow money to pay some strike on the line, and he managed to get the money.

13075. Through your assistance?—Partially so and partially through others. I helped him, but perfectly in a private way. He got the money through the Bank of Montreal—I think it is the Bank of Montreal.

13076. What part did you take in assisting him to get it through the Bank of Montreal?—Nothing in particular. I only advised him to show how his affairs stood, and to get some one to furnish the money to him while he was waiting for his estimates.

13077. That was advice merely?—Yes; altogether. He had some arrangement with Senator McDonald.

13078. I understood that you were of some material help to him?—No.

13079. Was it for this advice and this sympathy that you understood he gave you those small sums amounting to \$3,000 or \$4,000, at different dates?—Well, I think the first part of the arrangement was altogether a friendly one, because we had met a great deal, and I had advised him a great deal in these matters, and he told me: "Anything I can do to assist I will do, but it is not what I will do in the future. When I can get my business in a good state I will do what I can to help you pay off the debt on the *Citizen*." I suppose it was in view of that he came to me subsequently and made me an offer.

**First advances
altogether friend-
ly.**

13080. I am not speaking of what occurred subsequently; I am speaking of now, simply of the sums amounting to \$3,000 or \$4,000?—He paid me for long services, particularly for these that I have detailed.

13081. You have detailed so far the sympathy which you felt because of the payment to Senator McDonald?—The interest of Senator McDonald he spoke to me of some time after that. The first advances that were made to me were not sympathy from me to him but sympathy he felt for me; he said: "Anything I could do to keep him posted, he was willing to pay for." Of course, I do not remember all the conversation which took place, but at that time he was very friendly, and very much pleased to get his contract, and seemed willing and anxious to help me.

**Whitehead full of
sympathy for
witness.**

**Said moreover
anything witness
could do to keep
him posted he
would pay for.**

13082. Do you wish us to understand that at the beginning he was making you presents without any compensation?—No; I could not say there was no compensation, because I considered it advances on what I was to do for him, because he told me then: "I want you to act for me here and do all you can to keep me posted as to the movements of contractors and the amount of works;" and it was at this time that he voluntarily offered to give me this money.

**But witness con-
sidered the early
sums given ad-
vances on what
he was to do for
Whitehead.**

13083. Do you mean they were payments on account of services which you then undertook to perform afterwards?—Yes, precisely; that is precisely the position it was in.

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per influence.**

13084. Was this future work defined between you, or was it left altogether undefined?—It related to what might transpire in the future; there was always something turning up, always something that wanted to be attended to.

13085. What do you intend to describe as the first occasion when you gave him some material value for the money or notes which he gave you?—Well, of course I always considered that I was giving value by attending to his work, and he never found the least fault, he was perfectly satisfied.

In 1878 Whitehead handed witness papers, and having asked him to go through them said he would give him a share.

13086. It could not be loans, because you stated a while ago it was to be paid in the future, so there must be a time when that commenced?—In 1878 when he came down his affairs were in a dreadfully mixed state, and he brought me all the papers and asked me to go through them, and said: "I am willing to give you a share of the profits," as other men would have done, "if you will work with me and show me what to do under the circumstances." He had his affairs very badly mixed, but I separated them and worked very hard for two or three weeks getting them in proper shape. He went away and left them all in my hands. He came back in September, I think, and found them in a good shape and closed up his business.

Worked hard for two or three weeks getting Whitehead's affairs into shape.

This work related to contract 15.

13087. Did that relate to the contract upon which he was then engaged?—Yes.

13088. It did not relate to contracts for which he was tendering?—Oh, no; at that time tenders might have been advertised, but there were none awarded, and I do not think there was even an advertisement for them.

Accepted Whitehead's offer to give him a percentage on his work amounting to \$15,000 and payable in a year.

13089. Then, for the present, not touching upon the tenders for A, B and C—what value do you describe as having given to him for his advances to you?—Well, I accepted his own voluntary offer to give me a percentage. I think it amounted then to \$15,000, payable in, I think, a year.

13090. A percentage on what?—On the amount of work he was doing. He showed me the amount of plant he had. He wanted me to arrange the matter for him so that he could tender alone on it, and he said he had so much more work to do, and we then put it on a basis of a percentage which I was to get for looking after the whole matter.

Thinks the percentage was on his plant which he valued at \$300,000.

13091. Will you describe the amount to which this percentage was to apply: was it a year's work or was it the whole value of his property or contract: what was the gross sum to which the percentage was to apply?—Well, my impression is that it was on his plant. I am not quite positive but I think so. I think the plant he valued at \$300,000, \$281,000 or \$300,000. I am not positive about it, but I think that was what it was.

13092. And you mean that for making up during these two or three weeks a statement of his affairs about that plant, he was to give you 5 per cent. on the value of it?—No.

13093. Then I do not understand your description of the transaction?—If I had kept any papers I had I could have told you immediately what it was. I never supposed it was to be spoken of, and so I did not keep them.

13094. I understand you are submitting this whole affair for our consideration?—Yes; and I want it thoroughly sifted.

Contract No. 15, and Tendering generally—Alleged improper influence.

13095. That is why I am asking this question?—Whatever the per cent. was it made up \$15,000; but what it was applied on, whether it was the plant or the contract, I cannot tell. It was a lump sum.

Cannot say whether the per centage was on the plant or the contract.

13096. I thought you said just now it was not a lump sum but a percentage?—Well, it was a percentage, but he lumped it, and he said: "I will give you that if you attend to this matter for me."

13097. Do you say he offered to give you \$15,000 for something?—Yes; I wish the Commission to understand it. I am not trying to reserve anything, but I never charged my memory with it, and I cannot say whether it applied to the plant or on the total work. I cannot swear to that, but we talked of a percentage.

13098. Are you satisfied that he promised to give you something like \$15,000?—Yes; about that.

13099. Will you describe what he was to give you that sum for?—Well, he came to my house and talked over his matters. We talked over the newspaper first, as we usually did, and he said to me: "I have come to make an offer and to assist you in this matter if you will advise me in my business, and tell me what to do to get it in proper shape;" and he mentioned some other matters which I now forget. He said: "I will pay you this money,"—at least he said: "I will give you this agreement or advance you notes;" and we subsequently made that agreement.

13100. About what time was that he made you the offer of \$15,000?—I think that must have been in October or November, 1878, something like that. I never went to him. He always came to me voluntarily from the time I first knew him.

Whitehead offered witness \$15,000 in fall of 1878.

13101. Was it at the time he made the offer that he gave you paper to the extent of about \$14,000?—No; I do not think he gave it then. I do not think he gave it for two or three months afterwards. I do not think he did—no, he did not.

Not until some months afterwards did Whitehead give witness paper to the amount of \$14,000

13102. Did he give you paper to this extent about the same time in different notes, or was it all in one note?—All in different notes.

\$14,000 in different notes.

13103. Did he hand them to you about the same time?—Yes.

13104. And together they amounted to about \$14,000 drafts?—I think they did, I cannot swear positively.

13105. Do you remember where it was that he handed them to you?—I could not swear that.

13106. Had you prepared them and did you take them to him for signature?—No, I think not. I generally left it to him to say what dates would suit him, you know, but I do not remember where.

13107. Did you leave the question of amount to him also, or was it to suit you?—As a usual thing he put the amount and said what he could do, whether it would be a long date or a short date.

13108. Then the substance of this transaction was that he gave you drafts of about \$14,000, besides the \$3,000 or \$4,000 in money which you had previously had, and all the compensation to him up to that time was your advice and looking over these papers and arrang-

Nature of compensation to Whitehead for those drafts.

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per influence.**

ing his affairs?—Certainly; I was to take full control of his business and everything else and advise him here. He advanced that money at that time not altogether because it was the value of the service I was rendering, but knowing that the contract would last some time I was to go on and assist him in any way that I could. In fact I was retained by him to look after everything for him. If I kept any writings we had of his letters I could have been much more minute in my details with reference to the dealings with him; but I never thought there would be any question in the matter and never kept anything; in fact, important documents I should have had I have lost.

13109. A great deal of this matter up to this time does not appear to be very relevant, but you have introduced it in order to show that it verifies that part of the story which does pertain to the enquiry?—Certainly.

**Character of wit-
ness's agency for
Whitehead.**

13110. Did you ever effect for him a definite arrangement with any one—acting as his agent?—In what way, Sir?

13111. I do not know; I mean in any way?—Effect what?

13112. Any arrangement: you say that you were appointed by him as his agent to look after all his affairs, and your services were of great use to him?—Yes.

13113. I have asked you did you in that capacity ever make any arrangement for him and bring it to a close?—Up to that time anything he was doing was brought to a close.

13114. What transaction did you close for him in negotiating with any one?—Not with outside parties at all. Of course there were a great many things; when he was pushed for money I was to look after it.

13115. When you speak of acting as agent for him you mean with somebody else; you do not mean between him and you alone; there would then be no room for agency?—For instance, for departmental work. He was making application to the Government for different things at that time.

**Became one of
Whitehead's
sureties.**

13116. What for?—He wanted advances on his plant; he wanted change in the sureties. I think it was at that time that he got Senator McDonald, or whoever was the partner he then had, out. He wanted to change his sureties, and I became one at that time. Then, in making his applications to the Government, I used to draw out all his papers and make any representations which he considered necessary, and generally do his business as agent, the same as it is now done by a lawyer.

**Used to draw out
his papers for the
Department.**

13117. Do you mean that the Government released Senator McDonald and took you as one of the sureties?—No; the Government did not release Senator McDonald. It was in the matter of the Pembina Branch or something that Mr. Whitehead had finished, some settlement where Sutton & Thompson dropped out of the contract, and it was necessary to have a new surety.

13118. With what Government was this arrangement made?—The present Government, I think.

13119. And do you think that Sutton & Thompson were released from some transaction by the present Government?—That is my impression. It may have been the late Government, but my impression is that it was the present one. They went out of the contract at all events; whether under Mr. Mackenzie or Sir John Macdonald, I do not

know. I became his surety, but that did not carry with it a release of the 5 per cent. security. It was simply two sureties who had to sign the contract, besides the 5 per cent.

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per influence.**

13120. Was that the Sutton & Thompson contract that you are alluding to now?—I could not swear, but my impression is that it was when Sutton & Thompson went out.

13121. And you concluded some arrangement with the Government on that subject?—Not with regard to their going out, because they allowed them to go out, but they accepted the new sureties they offered.

13122. Don't you understand that I am trying to find out from you some transaction in which you acted as agent for Mr. Whitehead, and with whom you were dealing?—All the transactions were usually with the Department.

13123. Will you state some one transaction in which you acted as agent for Mr. Whitehead, and in which you brought your services to his use and closed it or arranged it?—Well, the whole of that matter with reference to the change, the time he took the contract on his own shoulders and assumed it all, the whole of that arrangement was carried out by me. Of course I could not go to the Government and sign his name; he did that himself.

**When Whitehead
took the whole
contract on his
shoulders the
whole arrange-
ment carried out
by witness as
negotiator.**

13124. Did you negotiate that?—Yes; I negotiated it.

13125. With whom did you negotiate that?—Well, some of it was, of course, through Mr. Trudeau the Deputy Head, and others through Sir Charles Tupper; but there was very little negotiation to do after I got all the papers ready, because Mr. Whitehead used to do a good deal of personal matters himself.

13126. In one of the Blue Books concerning what is known as section 15, that is Mr. Whitehead's contract, a letter appears signed by Messrs. Sutton & Thompson, dated 16th of October, 1876, addressed to the Honourable Alexander Mackenzie, stating that in the event of their tender being accepted they desired to have associated with them Mr. Joseph Whitehead?—Yes.

**Sutton & Thomp-
son's connection
with and retire-
ment from con-
tract.**

13127. Is that what you alluded to?—Yes.

13128. Do you think Sir Charles Tupper had anything to do with that?—No; but I think they retired from the contract afterwards.

13129. They retired afterwards, you think?—They either retired or their sureties retired from Mr. Whitehead's bond—something of that kind I think.

13130. On the 16th January, 1877, Mr. Mackenzie, as Minister of Public Works, reports to the Privy Council that Mr. Whitehead had applied to be associated with Sutton & Thompson, and recommended that that should be accomplished?—Yes.

13131. Are you still of opinion that that was not accomplished until afterwards, and that you negotiated it?—I am still of the opinion that Sutton & Thompson retired from the contract in 1878, or else their bondsmen retired, or two new ones had to be got. That is my impression; I could not swear to it; but that is my impression of the way it stood.

Bondsmen.

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per influence.**

13132. Is your impression still that it is about this matter you effected some negotiations on the part of Mr. Whitehead?—Yes; it is my impression. I think I then became a surety, and he desired a large loan on his plant. I do not know exactly what it amounted to.

13133. Do you say you became a surety for Mr. Whitehead with the Government on some contract he had awarded to him?—I did. I do not remember what. I have not the faintest idea of what contract it was.

13134. But you say your impression is it was the contract with Sutton & Thompson?—Yes, I think they wanted to retire; and Mr. Whitehead had to make new arrangements altogether.

**Substitution of
sureties.**

13135. From the substance of several reports and letters in a Blue Book, it appears to us that Senator McDonald became his surety alone after Sutton & Thompson went out; after they had no longer any interest in the contract, Mr. McDonald alone furnished landed security for the whole affair?—Yes, Mr. Chairman; but it is necessary besides getting the 5 per cent. security, always necessary that there should be two other sureties to sign a bond outside of the 5 per cent., guaranteeing that the contract will be carried out by the contractor in all its entirety.

13136. And do you mean that besides the security of Honourable Mr. McDonald and his land, that you joined in some other way as an additional security?—Yes.

13137. Connected with the Sutton & Thompson affair?—I could not say which it was.

13138. I understood you to say so?—It was only thus far: that certain payments could not be made until new sureties were got.

13139. And that difficulty was overcome by your becoming a surety?—Yes; because I remember signing the papers. It was the trouble, he could not do anything, and the next thing was the matter of his loan.

**Department of
Justice would not
allow the \$70,000
to be paid until
bond was replac-
ed.**

13140. You are proceeding with the next thing, we have not got through with this. Will you refresh your memory about what benefit he got by this change in the suretyship: do you mean that the money was refused by the Government from the state of the papers then?—He was not refused by the Government, any more than he could not get it. The Department of Justice, of course, would not allow the money to be paid over until the papers were properly placed before the Government, and approved of by the Minister of Justice, or the Deputy Minister, I do not know which. They objected to any transaction taking place until the bond was re-supplied.

13141. How much money was depending upon that arrangement being accomplished?—I do not know, perhaps \$70,000. I do not know what the amount was, I think I heard he drew \$70,000.

13142. Do you mean this to be the substance of this explanation of yours on this point; that he was in this predicament: that he had \$70,000 or thereabouts coming to him, and that he could not draw it until the Government was satisfied with some new surety, and that you became the new surety and relieved him from that predicament, and that the Government was represented by Sir Charles Tupper?—I could not swear that he was in a pecuniary predicament.

13143. I am not asking whether he was in a pecuniary predicament; I am asking whether he was in a predicament?—He found it necessary to conform with the rules of the Department.

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per influence.**

13144. And he could not do it until you arranged with Sir Charles Tupper and became surety?—I did not say Sir Charles Tupper.

13145. With Mr. Trudeau, then?—Yes; my impression is my name was submitted to Mr. Trudeau and he said he was satisfied. That is what occurred, but I am not quite positive about it.

**Witness's name
submitted to Mr.
Trudeau, and he
said he was satis-
fied.**

13146. Will you write it down and I will send a messenger over to Mr. Trudeau to see if he can find any such document?—Yes.

(Note written and despatched.)

13147. After the giving of these drafts to the extent of about \$14,000, what was the next transaction in which he gave you either money or notes?—The next transaction was the advance—as I stated in my evidence—of, I think, \$12,000.

**Next sum \$12,000—
how it came to be
given.**

13148. Would you explain the transaction by which he gave you this \$12,000 of paper?—Yes, I explained to Mr. Whitehead; we talked it over several times, about business generally, and I explained to him that I merely required the notes at that time. That that of course was not any gift to me, that it was merely accommodating me at that time, to help me through. I told him that we were very hard up, and he said: "Well you shall not burst if I can do anything to help you." When these notes were given I saw an opportunity of buying out the other shareholders, and made up my mind to do it, but changed my mind.

13149. I must confine you now to the transaction of giving the notes?—I got the notes from him at that time merely for use.

**These notes an
accommodation.**

13150. As an accommodation?—Yes, to be used. This tendering was going on for sections A, B, C, at that time.

**Whitehead at
this time tender-
ing for sections
A, B, C.**

13151. The tendering?—Yes.

13152. I want it definite: at the beginning the advance of the notes was entirely accommodation?—Certainly, I looked upon it entirely that way. I had no right to the notes.

13153. He would have been entitled to these whenever the matter changed—whenever Mr. Bain asked for them?—Certainly. I waited until I saw whether the negotiations would be successful, and when the negotiations were not successful, so far as I was concerned, I put the notes back and never used them.

**When the nego-
tations were not
successful did not
use the notes.**

13154. You are speaking of a subsequent arrangement. I am confining my remarks to the original transaction: at the time that he handed you this money, are we to understand that it was purely accommodation on his part?—Purely accommodation, as I understood it, and I suppose he understood it.

**This money pure-
ly accommoda-
tion.**

13155. As you understood it?—That is the way I understood it; I would have to pay back the money if I used it, and I told him at the time I might not use it. I told him that distinctly.

13156. Your opinion is that something happened afterwards which gave him value for this paper by which he became absolutely liable, not as furnishing accommodation paper, but as the real promisor?—Certainly.

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per influence.**

How accommoda-
tion paper came
to assume the
character of notes
for value.

Whitehead pro-
posed to witness
to go in with him
in tendering for
A, B and C.

Mackintosh to
have one-third
interest if White-
head lowest ten-
derer, and if not
to go out if neces-
sary at a certain
price.

Mackintosh's
third interest
fixed at \$40,000 or
\$50,000.

13157. Will you explain what that subsequent arrangement was?—The agreement that he entered into with me was rather binding on him.

13158. You mean an agreement subsequent to this accommodation paper?—Yes, just immediately after the change; but the agreement was made before that—in January, 1879—and these matters did not take place until some months afterwards.

13159. What was the agreement?—I cannot swear to the contents; I can give the general outlines.

13160. Does any document contain it?—Yes, at first.

13161. This is the substance of the first arrangement?—Yes.

13162. I am speaking of the original arrangement, before there was any re-arrangement: I am afraid you will confuse me if you take up more than one thing at a time?—Mr. Whitehead had written to me several letters about these tenders, and wanted me to go in with him. In fact I had made up my mind to go into some other business. I was losing a large amount in the newspaper and did not know where it was going to end. He said: "Think the matter over, and you come in with me;" and he said: "I have got the plant, have rolling stock and everything wanted."

13163. This was all relating either to what is called section A, section B, or section C?—The whole work, I think it is called section C. We talked it over, and I said: "Very well, I will do it." I was to find some party who would be security or surety. We made some arrangement as to that. I was to have a third interest, according to the arrangement with him, if he was the lowest tenderer. If, however, he was not the lowest tenderer and ultimately bought out one of the lowest tenderers, or amalgamated his work with some of the other tenderers, I was to have still my one-third interest, or to allow him the alternative of buying me out and retiring in case it put him to any trouble having me there. In case the other contractors (the successful contractors) had the other sections, I was to drop out of my one-third interest for a consideration. My impression is—of course I do not know it is a fact—but the inference I draw from his anxiety to destroy the agreement between us, that we should tear up the agreement between us, was that he was about to consummate this agreement.

13164. That is what led to the substitution?—Yes.

13165. But I do not want to get that far, I want to understand your position at the beginning?—My position then was that I held under articles of agreement, if he was the lowest tenderer, or successful tenderer, I held a third interest, or was to go in and have a third interest in the work to be done. If, however, he did not get the work, and took in some of those parties with him and amalgamated his work with theirs, or theirs with his, I was to have my interest; but he reserved to himself the right to buy me out, and cause me to retire from it.

13166. Upon some fixed price?—Yes.

13167. Was the price fixed at that time?—I think the price was fixed, that my third interest was \$40,000 or \$50,000.

13168. And that price was fixed at the beginning?—Yes; when we drew out our papers. There were several other provisos—that if he

ultimately bought out any one else, my position did not change. It did not matter whether he got the contract himself, or ultimately bought out another tenderer—my position was the same, having the one-third interest. That was the position of the matter, and that is the agreement we both signed, and the agreement that was subsequently destroyed—not destroyed from any motive except that Mr. Whitehead wanted to make another arrangement.

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per influence.**

13169. Do you say that you were one of the sureties upon his tender for that work, which was the substance of that agreement, or one of the persons who joined in the tender?—I did not join in the tender.

13170. I mean as an intending surety?—I think so; I could not be positive about that though.

Thinks he was surety on Whitehead's tender.

13171. Do you remember whether the agreement had relation to section A, or section B, or the whole of the section which was known as section C?—It included the whole work I think. I think the tender was \$5,000,000 for the whole work. I think the whole tender was five millions and some odd dollars.

13172. Did it relate to any tenders for any one portion of the work, and not for the whole?—Oh, no; I think it related to the whole. Because at the time we made the agreement, my impression is we did not know that the Government was going to divide it into two. We did not know at the time we made the agreement they were.

The agreement related to the whole section C.

13173. Did you know before the time of the advertisement for tenders that the Government was going to let the work?—It was generally reported, and I think that one of the Ministers said in his speech, that he intended to build it. I think Sir Charles Tupper, in one of his speeches when going back for re-election, mentioned it.

13174. Do you think your agreement was made before the advertisement for tenders?—My impression is it was made before that. I could not swear; but it is altogether likely it was. I think it was too, but we did not know them. I remember at the time that the sections were going to be let—the two sections—we thought they were to be let in one entire block.

Agreement made before advertisement for tender.

13175. When it came to the time of putting in tenders for that portion of the railway the work appears to have been divided into two sections, A and B?—Yes.

13176. And tenders were asked for each of them separately, and also for the whole, known as section C?—Certainly.

13177. You think you joined as a surety for him in his offer for section C?—I think it is altogether probable I did. I could not say though positively.

13178. Are you aware that at that time you joined as surety for anybody else, any competing tenders?—I might have joined five or six if they came and asked me to sign my name.

13179. I did not mean to ask what you might have done: I want to know what you did?—I mean I do not remember whether I did or not. I am frequently in the habit of signing those things for any one that comes.

13180. For section B, the tender of Manning, McDonald & Co. has the names of Joseph Kavanagh and C.H. Mackintosh as sureties?—Yes.

Signed tender of Manning, McDonald & Co. for section B.

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Assisted Whitehead to get securities for section B, but this no ground of claim.

Original arrangement that he was to have one-third share in section C.

None of the conditions of agreement ever fulfilled so as to entitle him to any agreement.

Document substituted for the above agreement.

Whitehead said he would pay the notes for \$12,000 if released from the bond.

13181. That would be a competing tender against your friend Mr. Whitehead?—There was no object in the world except that I was asked to do it. Of course I would not have refused any one who came. Others did the same thing—signed two or three.

13182. Do you remember assisting Mr. Whitehead to get sureties on his tenders for section B alone, if he did tender for section B by itself?—Yes; I think there was something—I do not remember any particulars.

13183. Do you know whether he considered you entitled to any compensation for that particular service?—Oh, no; I do not think so. I might mention that the names that go in the preliminary tenders are not necessarily the ones which would go in the regular contract, as you know, Mr. Chairman; and, therefore, if any one came into my office and asked me to go on the tender, as long as he was an honest business man I never refused.

13184. Then the condition originally of this arrangement with Mr. Whitehead was, that you were to have a share of one-third if he succeeded in getting the whole of section C?—I think the whole of the section; but I do not think there was any defined sections as A, B or C.

13185. But by general terms it answered for section C?—It may have been. I do not remember whether any names were given to the sections at that time.

13186. By some description—I will not confine the description to section C—that portion which was known as section C was to be the subject of the contract with him in which you were to have a one-third interest?—Certainly.

13187. And if he bought any other person's interest in the smaller contract you were still to retain your one-third interest?—Yes; that is the way it was defined.

13188. And if he wished to buy you out, a fixed price was named?—Yes.

13189. It was \$50,000?—Somewhere about \$40,000 or \$50,000; I do not remember which.

13190. Were any of the conditions of that agreement ever fulfilled so as to entitle you to any such compensation?—Not that I know of.

13191. Then how did you afterwards become entitled to some compensation: now we will proceed to the substitution if you wish?—Certainly. Mr. Whitehead came to my office and said that he wanted to tear up the document. "Well," I said, "Mr. Whitehead, I do not think time enough has elapsed to know whether we should do that or not; because, from what I can hear, you are endeavouring to form an amalgamation." At that time I heard that Fraser & Grant were going to amalgamate the whole work. I do not understand all the points now; but they were going to take the other tenders and do the whole work. However, he said: "There is no such thing; I do not know whether anything will come out of it." I do not remember the conversation in its details; but ultimately he said he would pay these notes if I would release him from the bond. "However, you will have to give me lots of time to do it," he said. I said: "You can do as you please;" and the document was then destroyed. I said: "Well, Mr. Whitehead, you must

give me something to show the nature of the transaction, because people will naturally say: "How did you get those notes?" I never dreamt it would ever come up in this way, but I thought from my own position it would be better to have it. I did not find it until yesterday. It was among a lot of old papers that I had thrown aside, and in searching, yesterday, I found it. I knew the matter would come before the Commission. Of course it was only a memorandum, and not an official or legal document. I just drew it up, and he signed it, but I knew it would not be a binding document if it came into a court of law. I did not suppose it amounted to anything.

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13192. Is the substance of your statement concerning this substituted agreement, that because of your releasing him from the previous one he was to pay you the compensation of \$12,000?—Certainly.

13193. And the reason why you thought it was of some value to him to be released from the previous one was that you understood he contemplated forming a connection with one of the other contractors?—Precisely.

13194. And that if that were done you would by the previous agreement have retained an interest of one-third in his contract?—Certainly.

13195. And to relieve him from the possibility of that you required him to pay the \$12,000?—Yes. Well, it was a voluntary expression of willingness on his part to do it.

13196. You accepted it?—Yes; I accepted it. The notes were sent as they were, and I was to be entitled to payment of them.

Thought it was of value to Whitehead to be released from the arrangement as to witness getting one-third, because Whitehead was trying to form a connection with contractors for 42.

13197. Did he accede at that time to the idea that he was about to purchase any interest in any of those contracts?—Well, he never denied it. He always acted as though he were satisfied that he would in the end get the interest.

13198. From what he said at that time, or from his conduct, did he lead you to believe that he would get the contract, and so interest you to the extent of the one-third you had arranged for?—Precisely. I said to him at the time: "Mr. Whitehead, you need not mind about this. Let the matter stand just as it is." I said: "You know very well I am not going to injure you. If you wish to get rid of me at any time, I will go, so you need not bother about it." He said: "I would like to know just where I am;" so the arrangement was made.

13199. The actual date of the contract as reported by Mr. Fleming in 1879 is the 20th of March of that year?—Yes.

Date of contract March, 1879.

13200. Your arrangement is in May, nearly three months afterwards?—The contract was made in March. I do not think for a month afterwards there was anything done at all.

Arrangement made with Whitehead in May, 1879.

13201. It had been delayed by the Government?—Yes; that is where Mr. Whitehead thought he had a chance. There were so many coming in he thought he could have an interest in it. As I learned from Fraser & Grant, at the time, they were trying to buy out his own contract, and that could not be done without my interest being considered. It was in January, I think, we made the arrangement—about that time.

13202. Going back to the time when he gave you this \$12,000 in paper, as you say entirely by way of accommodation, was any representation made by you about that time to him that if he gave you that

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When the paper for \$12,000 was given by way of accommodation it was never hinted that it would be used in regard to his affairs before Committee of Public Accounts.

Never sought to impress Whitehead that it would pay to help witness because of influence with Haggart or other Members of Parliament.

Scarcely a day there was not something to be done for him.

Did not lead Whitehead to think that unless he gave him notes his affairs might be prejudiced by a parliamentary committee or some Member of Parliament.

Said to Whitehead: "If you help me with these notes I will help you with your matters."

Did not lead Whitehead to understand that unless witness looked after his interest it might be worse for him; but Whitehead might have thought this.

paper in any shape it would be of some use to him in your dealing with his matter then before the Public Accounts Committee?—No; nothing more than I said. He was always driving to my house, or at me in the office, to look after his business. I said: "I have got my own business to look after." It struck me I could arrange it by the means I afterwards adopted, which was to get him to advance notes; but I never, in the most remote degree, insinuated to him, or told him, that the money was to be improperly used, or that there was any necessity for its improper use.

13203. Did you not lead him to understand that your influence with Mr. Haggart or with some Members of Parliament would be of such use to him that he had better help you to this extent or to some extent?—No; I would not have impressed that on his mind because he knew and was always thoroughly convinced as to my being able to look after matters for him and anything he wanted. Of course you ask for details and I cannot give them to you. They were of a character I could not keep in my mind for two days; but there was not a day here that he had not something he wanted me to do, or when he was away he would write to me about. Mr. Haggart seemed to be his bugbear; he seemed to think Mr. Haggart was pushing him very hard, and told me so on many occasions. In so far as telling him I could deal with Mr. Haggart I never insinuated anything of the kind, but he may have imagined there was something of that kind—that I could use money to purchase political influence; but, as I have sworn distinctly, I never did in the most remote degree. I don't see that the impression on his mind should be evidence against me in the matter.

13204. I don't say that the impression on anybody's mind would be evidence against anybody: it is only to arrive at the fact that I am asking you these questions?—Oh, certainly.

13205. Did you lead him to understand that unless he gave you these notes, his affairs might be dealt with by some committee, or some Member of Parliament, to his prejudice?—Nothing more than I have detailed in my statement. With reference to that, he wanted me to give my whole time to looking after the matter for him, and to see that there was nothing unfair done, and then we had the conversation prior to the notes being advanced. If there was an impression in his mind he never conveyed it to me—never conveyed a suspicion of the kind to me.

13206. I ask you if you led him to suppose so?—I can positively swear that, so far as my action is concerned, I did not lead him to understand so.

13207. Did your words lead him to understand it?—The words I used I have detailed in my evidence.

13208. Do you think you remember the words?—Yes; I remember saying to Mr. Whitehead: "If you help me with these notes I will be able to help you with your matters."

13209. Did you lead him to understand unless you looked after his matters it would be worse for him?—No, I do not think I conveyed that to him by my action.

13210. Or by your words?—Or by my words. He may have thought that.

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er influence.**

13211. I did not ask you what he thought?—He expressed perfect satisfaction and never complained there was anything of the kind.

13212. I ask you what took place on your part, either by word or by action, in the direction of impressing his mind that way?—For instance, he would come to me and say: "I want you to look after this and see that it is all right," mentioning the circumstance; or, "I would like you to see somebody and speak to him," as he did in the case of Mr. Haggart, but he never suggested to me to purchase any influence or anybody.

13213. Did you suggest to him that unless you exerted yourself on his behalf it would be worse for him?—Not that it would be worse for him; he asked me to do what I could, and I said I would.

13214. Did you lead him to understand it was necessary in his interest you should do so?—I led him to understand it would be better for him to have somebody looking after it.

13215. And that you were the man?—He spoke to me particularly, but in so far as coercing him it was his own wish; he had pushed me to look after his matters.

13216. There was no necessity for him to push you: if you led him to understand it was desirable don't you see that would do away with the necessity of his pushing you?—It would; but I might at the time have been so bothered with my business, I could not find the time he wanted, and that is what I suggested to him: "You had better assist me if you want me to assist you."

13217. Is there any doubt about this—that you led him to understand if he would assist you it would be better for him, because without your assistance he might suffer?—No; I cannot swear to that.

13218. Have you a doubt in your mind now, whether you put it that way to him, either by word or action?—I have a very strong doubt, so far as my suggestion to him that I was the man to do it for him.

13219. Have you any doubt in your mind that you suggested somebody should do it for him?—I think I did. I think I suggested that somebody should. There were so many rumours going about, and he said: "What are you doing about the matter?" and I said: "I have not the time to do it myself." We were two or three days talking about his matters.

13220. Had you any doubt when you impressed him with the idea that some one had better attend to his interests, that you would be the one selected?—My impression is, of course, that if I were swearing—

13221. You are swearing?—If I were swearing to that point, that, of course, he would come to me. I am positive about that, and I am also positive that no such question came up as buying Members of Parliament or using the influence I have.

13222. Mr. Frudeau sends this document: a contract between Sutton, Thompson, Whitehead and the Government, 9th January 1877, to which is attached an instrument signed by yourself and Mr. Alexander Bowie; is that the bond to which you allude in your evidence? (Exhibit No 138.)—Yes; and this matter I attended to. I remember it all.

Led Whitehead to understand it would be better to have somebody look after his interest.

Whitehead pushed him to look after his matters.

Said to Whitehead: "You had better assist me if you want me to assist you."

Positive no question came up of trying to buy Members of Parliament.

Bond signed by witness and Bowie on the 9th January 1877.

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Bowie did not
receive any
money from
witness.

Took no part in
negotiations lead-
ing to acceptance
of self or Bowie as
surety.

Bond merely
signed by witness
and Bowie and
sent in to De-
partment.

No one ever asked
to accept the
sureties.

13223. Did Mr. Bowie share with you any of the advantages obtained by any of these transactions with Mr. Whitehead?—I do not think it.

13224. Don't you know?—No; I never paid Mr. Bowie a cent. In fact, at that time my impression is that we were together when Mr. Ferguson, the lawyer, wanted this signed and I said: "Oh, sign this." I do not remember exactly. What date did you say?

13225. The 15th January, 1879. Who did you say settled upon the sufficiency of these sureties?—I cannot say that; they were submitted to the Department. He told me it was only a bond to enable him to draw some moneys.

13226. Did you take any part in the negotiations leading up to your being accepted as a satisfactory surety or Mr. Bowie?—No, I never took any part in it, more than getting the documents drawn out and looking after their being drawn out. Do I understand you to ask whether I pried into the Department to have myself accepted?

13227. No. I want to know whether you took any part in the negotiations leading to your being accepted?—No.

13228. Who did that: who submitted it to the Department?—Mr. Whitehead, or his lawyer.

13229. Was it done through you?—I did not hand it in.

13230. Did you put it in progress?—Oh, yes.

13231. Through whom?—My impression was it was through Mr. Ferguson, the lawyer. It was simply drawn out and sent in in the usual form. There is no particular way of sending them into the Department.

13232. I am not asking about the shape of the document, I am asking the substance of the arrangement that the Government should accept you and Mr. Bowie?—There never was any application made to the Government, so far as I am concerned, or any explanations asked or entered into. I simply gave that name, signed it, and the document was sent into the Department. I never heard anything more of it afterwards.

13233. Did you take any part in pressing upon the Department that this bond should be accepted, so that Mr. Whitehead should get his money?—To the best of my recollection, none whatever.

13234. Then what was the negotiation which you took part in for him, and which led to this arrangement: I think you described negotiations as well as signing documents?—I cannot remember just the usual routine proceeding, and of course preparing things for him and preparing statements for him, and that sort of thing; I have not the faintest recollection what was done. I had a great deal to do that I cannot call to memory, but it was all strictly legitimate business that would have to be done by somebody.

13235. Can you say now who it was who exercised a discretion upon this subject so as to decide that you and Mr. Bowie would be sufficient sureties?—I have not the faintest idea. I never asked any one to accept the sureties supplied, in the most remote manner. I am sure no one ever did.

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per influence.**

13236. No one ever did what?—No one ever used any effort to induce the Department or any one connected with the Department to accept the surety.

13237. Surely some one must have suggested the matter, because the Department would never have taken the initiative: you do not mean this was brought about of their own accord?—The Department of Justice required this to be done before the money was paid over—before the payment of \$70,000.

13238. Didn't you know that the question of sufficient surety would be considered?—It has never been considered material so far as this sort of security is concerned.

Sufficiency of surety not considered in cases like the present.

13239. Do you mean to say they would refuse to pay \$70,000 until they got a security which was considered insufficient?—If they failed to have the material and necessary legal documents connected with the entire matter, to secure the 5 per cent.—if they left one of these links broken—it would endanger the payment of the money.

13240. It would not endanger it if this was of no consequence?—Of course I do not know what importance the Department attaches to it. I only know what took place.

13241. Don't you know enough about business to know that the question of sufficiency would be material in accepting the surety?—No; I do not understand it in that way. The way we understood it at the time was simply to comply with the rule of the Department.

Signatures given merely to comply with the rules of the Department.

13242. And do you think the rule of the Department is that any surety would answer whether he was sufficient or not?—In that department of surety—

13243. In this particular transaction, do you understand it was a matter of no consequence to the Government whether the sureties were sufficient or not?—I think it was a matter of vital importance to the Department to have sufficient surety.

Yet of vital importance Department to have sufficient security

13244. Then if you think so, don't you think some one exercised discretion?—Some one must have.

13245. Can you say who exercised discretion?—No.

Does not know who exercised discretion.

13246. Can you say who submitted the matter?—I took no part in it.

13247. Good, bad or indifferent?—Good, bad or indifferent, because I had been particularly diffident about doing it.

13248. Why were you particularly diffident about it?—Because, if I had the simplest thing to do with the Department there was always some one to say it was a job, and if I did anything I would be particularly careful to be able to justify it.

Took no part in submitting the matter to Department because of people's readiness to smell a job.

13249. Were you particularly careful not to suggest that you were a surety in this case?—Not to suggest.

13250. I am asking you whether, having that reason in your mind, you were particularly careful in this case not to suggest being a surety?—I never mentioned it at all. I never referred to it at all in the Department.

13251. Was that a matter of inadvertence, or because you were careful not to do so?—Not in the least; because I have known, and do know,

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While 5 per cent. up, guaranteeing the contractor not considered of much importance

Whitehead told witness he could get \$70,000 if such a bond was signed.

it has been a general thing—as any officer of the Department knows—it has been generally understood, that while the 5 per cent. was up, this matter about sureties guaranteeing the contractor would fulfil his contract, was simply an addition that was really of no very great importance.

13252. Who informed Mr. Whitehead that he could not get his \$70,000 until such a bond was given?—He told me. He came down here, I think, to arrange his business, and he told me he wanted two new sureties. He said: "I want to get two new sureties and an arrangement made." I think he said he bought out the others, or was doing the whole contract himself, I don't know in what way, and he said: "I would like you to attend to this matter for me." I did not speak to the Department about it at all. I simply went in the regular, formal way, and when it came up to giving a bond of that kind he said: "It will require a bond for the others who have retired."

13253. Mr. Whitehead said that?—Yes.

13254. Do you know anything of the circumstances of Mr. Bowie: is he sufficient?—At that time he was not well off at all.

13255. What would you call well off?—Of course I do not consider him a man that would be perfectly safe security if there was a money transaction on that.

No material security in bond.

13256. Was there, in your opinion, any material security in this bond to the Government at that time?—I think not. At the same time I thought it fulfilled all that was required by the Government, at that time, as it was understood; because the names of those who go in as securities—they are not real sureties—they are only addenda to the regular sureties. You will find hundreds of names just the same way.

13257. Did you understand at this time that your undertaking was any material security to the Government?—I never gave it a thought—never thought of it.

13258. If you had given it a thought would you have considered it so?—If the Government had asked me, or any one had asked me, if my name was good, in case there was a liability for a certain amount, mentioning the amount, and I had known I was not worth it, I would, and have mentioned it at once.

13259. At the time you offered your name as surety, were you in such circumstances as to make it a sufficient surety?—I was, to make that a sufficient surety, because I looked upon the contract as perfectly good, and the Government held \$80,000 security.

The bond a matter of form.

13260. Then you mean it was good because they did not want any surety?—Yes.

13261. But if they required additional valuable security, did your name give that?—No, I would not have given it that way at all. I simply gave it that way as hundreds of men are doing every day.

13262. As a matter of form and not of substance?—Yes; it is done by two-thirds of the business men in Ottawa when there is a letting. They simply bring the names as a guarantee of good faith. If they had asked me if I was worth that amount of money, or any money to speak of, I would have said I was not.

13263. *The Chairman*:—We have not finished the questions that we were about to ask, but we have reached the hour of adjournment, and we do not propose to hear any further evidence until Thursday next at 11 o'clock.

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CHARLES H. MACKINTOSH's examination continued:

13264. *The Witness*:—I wish to call attention to a misreport in some of the papers with reference to Mr. Bowie. I am there represented as saying that Mr. Bowie is a poor man, a man of no position; I did not use those words and never intended to say so. I said distinctly I knew Mr. Bowie to be a gentleman of position, but I did not know his financial circumstances. I was speaking in general terms in giving my evidence, and stating that I did not think if he was required to pay \$70,000 he could do so; that was the meaning I intended to convey whether I used the words or not.

Financial status
of Bowie.

By the Chairman:—

13265. Is there any paper which you wish to produce?—No.

13266. When did you first know Mr. Whitehead?—I could not swear positively; I think I knew him some time in 1867, that is my impression; that I met him in London at the time of the general elections, I could not say whether it was 1867 or 1872.

Met Whitehead
in London
(Canada)

13267. Had you met him very frequently before he became interested in this contract section 15?—No; no, I had not.

13268. So your first intimate acquaintance was after his connection with the Pacific Railway?—After his connection and during the time he was here for some weeks, and some weeks before I knew what his business was at all; we used to talk together a great deal, and met together a great deal, and talked about western affairs and old times there and became very intimate.

Became intimate
with Whitehead
after the latter's
connection with
Canadian Pacific
Railway.

13269. Had he any reason to think that you had been acquainted with railway contracts, or would be useful in them as a coadjutor?—I do not think he had, I could not say he had, except from general conversation we had.

13270. You have spoken of two sets of notes which he gave you: I understand that the latter one was to the extent of about \$11,000 or \$12,000?—Yes.

Two sets of notes.

13271. Do you remember how many notes were in that set?—I could not say that.

Does not remem-
ber how many
notes in the
\$12,000 set.

13272. It was not all in one note?—No; the notes were generally given at long dates, three, four, eight and nine months or something like that, so there would be no trouble in discounting or renewing them if required.

13273. As to the previous lot of notes out of which you retired about the amount of \$13,000, were they principally given to you at one time?—Principally given at one time and at long dates.

First lot of notes
principally given
at one time.

13274. So that in effect there were two batches of notes?—There were two, yes.

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13275. And these two batches comprised the principal part of the whole that were given?—Yes.

13276. But besides those two batches there were some smaller ones?—As I mentioned in my evidence, in my statement, I do not now remember, but there were some of those which he paid afterwards, there were several for \$1,000 which he gave me at one time, and I counted that in the general amount—the aggregate that I made up on Saturday.

Besides the two lots several small notes for \$1,000.

13277. Could you say about the date when he gave you a batch of \$15,000 in all?—My impression is—I am inclined to remember that very fact in connection with my conversation with Mr Haggart, because in my evidence I said it was before my conversation I got the notes—my impression is it was subsequent, I think it was somewhere in the beginning or middle of April or somewhere there, I know only a few weeks elapsed between the time he gave me those notes. I transferred them on account of our subsequent agreement. He went away a few weeks and came back and made this proposition, but while he was absent I heard that he was trying to make arrangements either to sell his contract or get the other work to amalgamate with his.

Some time in April, 1879, he got the lot for \$12,000.

13278. Are you speaking of the \$12,000 batch or the \$15,000?—I am speaking of the \$12,000, I am talking of the notes he gave me, I think, in April—April, 1879.

13279. April, 1879?—In April, 1879, which he transferred.

13280. And are they the ones that Mr. Bain got?—Yes.

Some time in December, 1878, got the lot for \$15,000.

13281. I was speaking of the first batch?—The first were given to me, I could not say exactly what date—some time in 1873—the latter part of 1878.

13282. Could you not define it more closely than the latter part of 1878?—You see I could if I could go by the notes, but I could not go by the notes because Mr. Whitehead when here would change the dates so as to take up the old ones and renew them. I cannot trace them back on account of that, but my impression is that it was in December 1878.

13283. Then these notes were current at the time he gave you the second batch?—Yes, most of them. They were either held as collateral or discounted. One of them of \$4,000—I do not precisely remember all the particulars, but Mr. Carriere, who was then President of the *Citizen Co.* spoke to me about trying to arrange some financial matters, and I told him I would try to get Mr. Whitehead to accept that draft of \$4,000, which he did either by note or by draft, and Mr. Carriere endorsed it and we discounted it. That, I think, was after December.

13284. After he gave you the first batch of about \$15,000, did he give you any other notes except those which Mr. Bain got back or renewals of the portion of the first batch?—He may have given renewals.

Whitehead may have given some small notes.

13285. But besides renewals?—I do not remember whether he did or not. He may have given me some small ones.

He paid \$4,000.

13286. Did he give you any money?—He paid a small amount of one of those notes he gave me, and, as I said in my evidence on Saturday, I think he paid \$4,000.

13287. On any of those notes?—I think part of one of those—\$1,000, or something—I do not exactly remember; but I know there was some. He either paid \$4,000 I think—that is, he paid \$1,000 on one note and \$3,000 on another—\$4,000 in all.

13288. He paid you this in money besides the notes?—Yes.

13289. After the first batch?—I could not say that. That was a note I held before some of those drafts I was running through the bank.

13290. You did not understand my question to relate to anything after the first batch was given?—No.

13291. That was what I intended?—Any money paid prior to that batch was some note in the bank.

13292. Did you get any after the first batch?—None that I can remember at all. I could not swear positively, because he might have paid me a small amount—\$500, or something of that kind. Whitehead might have also paid a small amount of \$500.

13293. Is it in your power now to give us the correct dates of those different notes which you got from him, from the beginning till now?—It is not. I have tried my very best ever since Saturday. Yesterday, particularly, I looked through everything I could, to fix dates, but I could not do that because they were so often renewed, and new notes were given.

13294. This batch of \$15,000 was not renewed?—No.

13295. That you can give us exactly?—That I think was the 15th of April, but he never confined himself strictly to the dates. The batch of \$15,000 not renewed.

13295. I am speaking of the entries in your books?—I had no entries. I never kept any entries. If I had I could produce them; and though it is a private matter, I would have produced them. I could not say that there was a note dated 15th April; I could not swear that was the date that it was given on, because Mr. Whitehead might have dated it back, or said: "I will not be here until so-and-so," and he either dated it back or ahead, and consequently I cannot swear to the dates.

13297. Of these two principal batches, are we to understand that the last was given originally only as accommodation paper?—The last. As I informed the Commission on Saturday, I had gone into this arrangement with Mr. Whitehead, and I was therefore not so diffident about—

13298. I am not asking your reasons: at present I am asking whether that second batch was entirely accommodation paper at the beginning?—Yes; and I think I said to Mr. Whitehead, if I did not use them I would give them back—that was my expression. The second batch of notes (\$12,000) at the beginning accommodation paper.

13299. The first batch you led us to understand was not accommodation paper at all, but was paper which he agreed to retire?—I never looked upon it as accommodation paper.

13300. But, independent of the way you looked upon it, was it not expressed by him, and understood, that he was to take it up?—Yes; I always understood that, and my impression is, in fact, that he agreed to it. Always understood that the first batch of notes \$15,000 were to be paid by Whitehead.

13301. Did he say that that first batch was for value received, or to be received, from you, or was that the understanding only in your own mind?—I cannot remember that he ever said that about value

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received; but I always understood, and I think he understood, that these notes were to be paid by him, and to be carried by me as long as I could. He never expected to be in difficulties, and consequently never thought there would be any trouble about them.

13302. But, irrespective of consequences or after events, was the substance of the arrangement, at the time he gave you the first batch, that from that time forward they were to be a debt of his, or were they only paper of his that you were to use for your accommodation?—Well, I only know how I looked at it. I looked at it as an agreement made by him with me, and in agreeing to that he agreed to give me certain notes, and to take them up. That is the only way I looked at it, and the only way it was.

Whitehead agreed to take notes (first batch for \$15,000) up in the end, but witness to carry them as long as he could.

13303. Now you say he agreed to take them up?—Yes; he agreed to take them up in the end, but I was to carry them as long as I could.

13304. Then there was an agreement that he was to take them up?—Yes, an expressed agreement.

13305. Do you remember where that transaction happened?—I think it was in my own house; that he called on me and talked over matters, and told me what he proposed to do with me, and what he wanted me to do as far as I was concerned; and we then made that arrangement; but where the notes were given I could not say. Some of them, I think, were given in my office, but I could not be positive that was the first arrangement.

13306. I am speaking only of the first arrangement at present?—That was in my office.

13307. I am not speaking of the first arrangement strictly, but of the first large batch of notes?—Yes; that is what I mean.

13308. What is your explanation now of the value which you think you gave him for that batch of notes?—Well, it is a rather difficult thing to define value in a matter of that kind.

Value rendered for notes (first batch) to look after Whitehead's business and see that he was not unfairly crowded by others.

13309. Well, call it consideration if it was not full value?—It was an offer made to me by a contractor, and I accepted the offer, I suppose like any other business man under the circumstances, and particularly as there was not a large amount of work to do for him. The value I rendered was simply to look after his business, and to see that he was not unfairly and unjustly crowded by others who wanted to break him down, and to see when he was tendering to assist him in every way I could—every legitimate way—which I did; to write to him frequently and keep him posted as to the movements of other contractors and the movements of tenderers, and public works being let; and generally to look after his business. If you measured it by the cash value, as to the amount which my services were worth commercially, I was, of course, excessively paid; but the proposition coming from Mr. Whitehead himself and not from me, and he considering my services were valuable, he set his own value upon them and I accepted his proposal.

If sum measured by commercial value of witness's services he was excessively paid.

Witness never led Whitehead to understand that he could procure him favourable consideration from the Govern-ment.

13310. Don't you think that this excess of payment which you are now alluding to was because he was led to understand that he would get some equivalent from you in the shape of favourable consideration by the Government?—Well, if he was led to understand that it was by some other than me. I always understood from him, when his con-

tract was in a good position, that he was going to assist me in every way he could; but I never in my life told Mr. Whitehead that I would approach a Minister and ask anything that a Minister could not do. I would not have done it for him and I never did it in my life, and he has since expressed himself perfectly satisfied, and always did, with the way I was doing his business. His business was a difficult one because he was mixed up with a great many people in Manitoba and elsewhere, and I advised him how to manage it without consulting a great many. All I can say is that any and all business that I did for Mr. Whitehead was done in the most legitimate manner, and I would not fear if the whole world knew every word I said to him, and whatever I said to a Minister, and I very seldom saw a Minister. I suppose I am not in the Minister's office once in six months—in the Railway Department.

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All business done
by witness for
Whitehead
legitimate.

13311. Do you believe that he was led to expect that sort of benefit in compensation for this excess which he paid you over the fair value of your work either by any one else or by yourself, although you may not have intended it?—I could not speak for any one else, but if any one did it, it was without my knowledge.

13312. Did you not, from his manner and conversation, think he was under that opinion?—Only because he always consulted me, that was all. Mr. Whitehead never asked me. The only thing he ever asked me to do, I remember now, that I thought was rather out of the way (although I put it down to the fact that he was not conversant with the statutory law and parliamentary rules), he was anxious at the time of the second letting to get the entire work at his own prices without tendering and to continue it, having the means of access and the rolling stock and everything requisite, and he wrote to me about it. I wrote back to him telling him I was positive that no such arrangement could be made, that I could not go to a Minister to make such a proposition; and I think in January, when he came down, I explained to him that it was an utter impossibility for the Government to do anything of the kind. He said he supposed not, but that they were in a hurry to get the work through. I never made that proposition to a Minister, and I never thought that it was permitted, or anything of the kind would have been permitted by a Minister.

Whitehead's constant consultation of witness only thing which led him to believe that he (witness) could procure favourable consideration from Government.

Whitehead wrote to witness desiring to get the whole of contract C without tendering.

Did not make this proposal to any Minister.

13313. I am not quite sure that I have got an answer to the substance of my question?—I will try to answer it again.

13314. From his manner, or his remarks, did you believe that he was under the impression that he would get some advantage by your influence, and that that would compensate him for the excess which he paid you over the actual value of your services?—No. I can say that I positively was not aware that he thought that: because he did not ask anything in excess so far as I was concerned—did not ask me to ask the Government for anything in excess, never in his life. He simply spoke of carrying on his contract as it then was, and never spoke of having an advantage in his contract. There had been changes when Mr. Mackenzie was in power which he told me benefitted him very much. I did not think anything of that. I suppose, had it been done under the present Government, I would have been blamed for it; but I knew nothing about it, and Mr. Whitehead could never have been led to believe from me that any excessive prices, or any extra or excessive privileges would have been gained from co-operating with me.

Whitehead never spoke of getting any advantage in his contract.

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**\$15,000 an exces-
sive price for
witness's services**

**Explains charac-
ter of services.**

Acted as adviser.

**old Whitehead
he could not pay
the interest he
was paying for
six months with-
out failing.**

**Whitehead got
\$60,000 from the
bank, and 40,000
from Government
and got rid of the
interest he had
been paying.**

**About the time
Whitehead made
the above ar-
rangement he
gave witness
notes (first batch)
\$15,000.**

13315. You have said that this batch of \$15,000 in notes would be an excessive price for your services measured by the cash value?—Yes.

13316. For what reason do you think he gave you that excessive price?—I said measured by a commercial standard—taking a commercial view of it—for the services I rendered him and the time I gave him, certainly it was an excessive price; but there was more than that. He had involved in this work nearly two millions of dollars. He had everything he was worth involved in it, and he simply made a proposition to me to share in the profits to a certain extent and to look after his interests. He was in jeopardy unless he had a business man to look after it.

13317. What sort of a business man do you mean—a lawyer or a railway man?—I gave him a great deal of advice, not as a lawyer but as an adviser. As a railway man, of course I knew nothing about the railway itself, but I certainly knew when a man was paying a large amount of interest—as I heard 10 per cent. a month—and I further knew that when he was keeping his books irregularly, and when he had a large amount of rolling stock and did not know how his accounts stood, if he had some one to put those things in shape and to prepare a schedule, that it was worth something to him, and he having come to me and having made that proposition I accepted it.

13318. Do you say that he informed you that he was paying 10 per cent. a month or 10 per cent. a year interest?—What first called my attention to it was Mr. Whitehead saying to me that there was an attempt made—that by looking at his books, or that his book-keeper told him that some one had gone to his book-keeper and said he was to be charged 10 per cent. a month for advances. He made some explanation of that to me at that time as to the interest he was paying. I said: "It will simply crush you. You cannot do it for six months without failing." I said: "Make some arrangement as soon as you go to Toronto with the bank, and get yourself relieved from these advances, because if you are paying 10 per cent. a month it will ruin you." He said he would. He went off to Toronto and wrote me down afterwards to say that he was making arrangements to get himself relieved. At that time he was getting his rolling stock and plant taken as security for money to pay up this thing and get rid of the interest, and he also wanted to get some advances at the time I became that surety, and it was merely a formal thing. I think it was some claim he had on the Pembina Branch, and some other money on his contract, section 15, he having finished up the Pembina Branch.

13319. Did he get the loan that you speak of from the bank?—Yes, I think he got \$60,000; I think that was the amount.

13320. Was that from the bank or from the Government?—He got from the Government as well. Then just before that the Government advanced him—I don't exactly know how much.

13321. \$40,000?—Something like that on his rolling stock, but refused to grant him anything on his plant.

13322. Had he got rid of this burden of interest altogether before he gave you the \$15,000 of notes?—I think so. I think at that time he was just preparing to do it, or had made arrangement to get out of paying the interest.

13323. What interest, the 10 per cent. a month?—I do not know that he was paying the 10 per cent. a month at the time, because I told him when he went back to Winnipeg to try and make some other arrangements, and see if it was true that he was paying that much. He said that no one was to blame, that he did it with his eyes open.

13324. Was that paid for getting a surety at the time that he got the contract?—That is my impression.

13325. That was Mr. McDonald?—Yes, I think so; yes.

13326. And do you say that he got rid of that burden of interest, because he says it still exists?—He told me that he had done so. He told me that he had made other arrangements. I think he said that he had given a note without interest for the interest that others held in the contract—I am not sure. There was some explanation about having given the note and having to pay so much every month or six weeks out of his estimates, in payment of getting rid of the whole thing.

Whitehead assured witness he had got rid of burden of interest.

13327. I think you describe the gross sum which he had given you, either in the shape of cash or notes, at something like \$33,000 or \$34,000, and out of that you say you have returned \$11,000, and retired \$13,000, that will leave a balance of about \$10,000?—Yes.

Gross sum given by Whitehead to Mackintosh, \$33,000 or \$34,000, leaving \$9,000 or \$10,000 as the amount actually received.

13328. So that you make it \$9,000 or \$10,000 the amount that you actually received?—Yes, I think I got in 1877 and 1878 as much as I got in 1878-79. I cannot exactly remember.

13329. Besides those notes which you say you retired and which are Mr. Whitehead's, you have realized from him about \$10,000 in some shape?—It may have reached that amount.

13330. Is it about that amount?—Yes, about that.

13331. Has that all gone to your individual benefit?—Yes.

The whole \$10,000 gone to witness's benefit.

13332. Has no person shared it with you?—Not a soul—well I could not say that in my business—

13333. I mean according to some arrangement between you and somebody else: did anybody share it?—No, not a dollar.

13334. That \$10,000 and this \$13,000 in notes, which you still hold against Mr. Whitehead, would be \$23,000 in all?—Yes.

13335. For which you say the only services rendered to him were in the shape of advice and sympathy and giving some information?—I did not say sympathy.

\$23,000 in all for advice and information.

13336. Did you not say so on Saturday?—No; I did not say that it was for sympathy that he gave me the notes.

13337. But you mentioned it on Saturday?—I said Mr. Whitehead had a great deal of sympathy for me knowing the battle that I was fighting.

13338. And you said you had sympathy for him knowing the state of his business?—I read that in my written statement.

13339. And therefore you said it?—Yes; I used the word sympathy; but I did not say that he paid me for sympathy.

13340. I say what he got from you was advice, sympathy and information?—I do not see that I have ever said that he paid me for sympathy.

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13341. I am trying to find out what he got from you, whether he paid you for that or not: you can tell us in your own language better than I can describe what he got from you?—I can swear that he never told me he paid me for my sympathy.

What Whitehead got for the \$28,000.

13342. Can you tell us what he got from you for this twenty odd thousand dollars: use your own language in describing it?—I have on three or four occasions.

Information and advice.

13343. I may not have understood you properly: I am anxious to understand what you mean, and, therefore, I have to trouble you sometimes to explain a second time?—My explanation is that Mr. Whitehead voluntarily made an offer to me that if I would attend to his business, so far as keeping him thoroughly conversant with the movements of contracts and contractors, the publication of schedules and forms, advising him in different ways at different times—

Statements compiled.

13344. So far that is information and advice; now, what else?—As to his work, attending to his agency business, which included preparing statements and arrangement of details with regard to his rolling stock and plant.

13345. Were these statements compiled from information which he would give you?—Certainly. He used to bring all his documents down.

13346. That would be a job which persons without very great ability could accomplish—that would not be a very valuable service?—I do not think so—not that part of it.

Representing him.

13347. What else?—And to really represent him in his absence from Ottawa.

13348. Represent him with whom?—Represent him as an agent in any business he had with the Government, or any one else.

13349. Then it was representing him in business with the Government?—Well, yes.

Cannot say that he materially benefitted Whitehead any more than another man would have done.

13350. Was that a material part of it?—It was to represent him with the Departments.

13351. Did you materially benefit him as agent?—I cannot say that I did, any more than any other man might under the circumstances.

13352. You see it seems singular that a man who feels how much he is pressed even to pay interest for actual advances should be willing to give \$24,000 for services of the sort you describe, unless he obtained what he considered to be some real advantage, and I want to know, if he did consider it material, what the advantage was, and whether he secured it?—Well, I can only swear that I know of no advantage Mr. Whitehead received, other than I have detailed; that I ever secured from the Department any excessive advantage, or asked it.

13353. Do you remember any one note or acceptance which he paid of about the sum of \$5,000?—No; I never did.

\$2,000 the largest acceptance paid by Whitehead at Winnipeg.

13354. What was the largest acceptance or note which was paid at Winnipeg by him?—\$2,000, I think—\$2,000.

13355. Did that go into your own hands first from him?—Yes; it was endorsed by Mr. Carriere, of the *Citizen*, I think, and he drew on

me. I remember the transaction now. He drew on me through the Ontario Bank, and telegraphed me to draw on him. I forget what the result was, but he paid it ultimately. It was \$2,000 or \$2,200—\$2,000 I think. No \$5,000 was ever paid me.

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Did not receive
as much as \$5,000
in cash at a time.

13356. You mean at one time?—Of course, I mean that.

13357. Because altogether it was some \$9,000 or \$10,000?—Yes; I have said that.

13358. Now are you not aware that throughout his dealings from the beginning, or at all events from an early period in the transaction with the Government, that he has obtained some considerable favours from the Government?—I am not.

13359. Are you not intimate enough, notwithstanding these confidential arrangements between you and him, to be aware that he received a percentage which the Government was entitled to hold on his work, and which they gave up to him?—Yes; I know that.

13360. Do you not think that a material advantage?—I think it is a material advantage to some extent, but nothing more than would be done to any other contractor under the same circumstances.

Whitehead never
to witness's
knowledge got
any more favour
from the Depart-
ment than other
contractors
would get.

13361. Do you not understand it was entirely a matter of favour, and not of right, that he obtained that?—I never knew that it was a favour.

13362. Do you think that every contractor is entitled to get what they call the drawback, as a matter of right?—No.

13363. Then is it not a matter of favour?—It is a matter of favour to that extent, of course, but it was not a matter of favour individually applied to Mr. Whitehead. If another contractor were in the same position he would get the same favour. Mr. Whitehead had given his rolling stock and a large amount of security. The Government says in his contract, it will assume all this rolling stock when the work is finished—buy it, buy it at a certain price, consequently the Government was perfectly safe. It was a favour, of course, but not a favour jeopardizing any right of the Government or infringing any departmental right, when the Government advanced on that rolling stock.

How Whitehead
got drawback.

13364. Do you say that all along you believed it a matter of right that Mr. Whitehead should get this drawback from the Government, although the contract provided that it should be held until the work was complete?—I could not say that it was a matter of right. If it had been there would have been no necessity for applying for it.

13365. Do you not think it was a matter of favour?—I think it was a matter of privilege, but not specially to Mr. Whitehead. I must measure my opinion of this particular transaction by what has been done to others. Of course I think it was a favour if you put it that way.

13366. Of course that is the way I have been trying to put it: did you take any part in the negotiations at the time he first obtained this favour from the Government?—Well, I do not think there were any negotiations to speak of, except the preparation of the papers and application to the Government.

13367. Whatever it may have been, did you take any part in it?—Yes.

Took part in
negotiations for
drawback.

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Negotiations with
Mr. Trudeau.

13368. With whom did these negotiations take place?—Well, my impression is that most of the negotiations took place through Mr. Trudeau, and I think in the Justice Department, there had to be some papers prepared. Sir Charles Tupper, I think, was away. The application was made in October.

13369. Who was acting for Sir Charles Tupper?—I could not tell. I do not remember. I was not in the office. I do not think I was in the office while Sir Charles Tupper was away. The Minister very seldom has anything to do with it. It passed into the other Departments.

13370. Do you remember that you saw anybody on that subject?—Yes, I must have.

May have men-
tioned matter to
Sir Charles
Tupper.

13371. Well, whom do you remember having seen?—I do not remember. I remember seeing several departmental officers, but I do not remember any conversation I had with them. I remember, for instance, meeting Sir Charles Tupper. I do not know that he was Minister—yes, he was Minister then. He had just been appointed. I may have mentioned the matter to him, but merely casually, because I always considered that the Minister had very little to do with the matter until all the papers were prepared, and then I did not speak to him. Sir Charles Tupper had left. Mr. Whitehead saw Sir Charles and wrote that Sir Charles Tupper had spoken very kindly to him, and told him that if he could be of any assistance to him he would be glad to do it, that he was going to push the work on. I remember receiving the letter, and the contents of it. He was bound to have the work through as fast as men and money could put it through, and that he had said to Sir Charles Tupper that he would want him to assist him, and Sir Charles said he had better wait until he came back. That is all the conversation I had with reference to the matter and correspondence with Mr. Whitehead about it.

13372. Do you know whether that was the first occasion on which he had obtained from any Government the drawback?—I do not remember. Mr. Whitehead came to me the first conversation we had. He said it was nothing to do, because Mr. Mackenzie was going to do it for him. I said: "I do not know what the rule is; but if anything can be done I will do it for you."

Had a power of
attorney from
Whitehead in
1877.

13373. You say you had a power of attorney from him in 1877?—Yes.

13374. And that you were very intimate with him?—Yes.

13375. And had talked with him over his business?—Yes.

13376. I thought from what you said on the subject that you knew all about it: I ask if he had got all drawbacks before this time?—He never informed me that he had.

13377. Then your relations were not so confidential as you led us to suppose, if he had received it and did not inform you?—I did not say whether he did or not.

The first advance
of drawback to
Whitehead of
which witness
knew.

13378. Do you say now, the first advance of the drawback to him was the first time you spoke to Sir Charles Tupper?—That was the first time.

13379. That is your recollection of it now?—That is my recollection of it; of course other circumstances might make me recollect more, but I do not remember anything more.

13380. Do you remember when you were here before telling us that your compensation was fixed upon by a percentage being applied to some gross sum?—Yes.

Contract No. 15, and Tendering Generally—Alleged Improper Influence.

Witness remembers saying his compensation was fixed on percentage on gross sum.

13381. You remember that?—Yes.

13382. That was the basis on which the percentage was fixed when you took the first batch of notes?—Yes.

13383. Can you remember, after having refreshed your memory, what was the gross sum to which it was applied?—I cannot, and I have thought over it since. There was some percentage mentioned, but my impression has been that it was with reference to the rolling stock or the contract. I cannot remember which, it is so long ago.

Cannot remember the gross sum to which the percentage was applied.

13384. Now that you understand that he got a favour to the extent of the whole of the drawback so that he might use it instead of allowing it to remain in the hands of the Government, do you think it was to that sum that your 15 per cent. would apply?—No; it was not. I never had any agreement whatever, good, bad or indifferent, as to giving me a percentage on the drawback. In fact, when I made the application for Mr. Whitehead, and he made it himself, I did not know that it was not a perfectly regular proceeding, and I do not know to this day that it is not.

The 15 per cent. did not apply to the drawback.

13385. I do not intend to suggest that it is irregular at all. I am only endeavouring to find out some foundation for his paying you the sum which he has paid, and it occurs to me that he got a material advantage by the use of the large sum of money which he has described in his own evidence, as \$180,000, I think?—I do not remember what it was.

13386. The use of that sum?—No; the application was, I think, for \$80,000, because I remember it.

Whitehead's application was for \$80,000.

13387. Well, if it was \$80,000, 15 per cent. on that would be \$12,000?—Yes; but there was no such thing.

13388. That was not the basis at all of the percentage?—No; there was no such thing.

This not the basis of the percentage.

13389. You mean that was a single application, and Mr. Whitehead says he got his at different times?—Yes; he has got some this year, and I have not been doing any business for Mr. Whitehead this year. I have been doing nothing at all since I have had to take hold of the business of the paper. I have had nothing to do with him at all; but I could not state distinctly what our arrangement was. Mr. Whitehead may have thought he was giving me these notes and would get this advance by doing so; but he never told me so.

Whitehead may have thought that for giving these notes he would get the advance, but he never told witness this.

13390. Could you state the time of the year at which you went to him about the Powder Co.'s claim to inform him that he was likely to be arrested?—Will I describe it?

First week in August, 1879, went to Whitehead about the threat to arrest him by the Manitoba Powder Co.

13391. Yes; the time of the year?—I think it was the first week in August, 1879.

13392. He has never given you anything since that, has he? It was not for this service that any part of the money was given?—No.

This service formed no part of the value for the notes.

**Contract No. 15,
and Tendering
generally—
Alleged impro-
per influence.**

13393. It was something before that?—Yes; in fact I considered it was my duty then, in relation to the circumstances existing between us, to caution him that that was the intention, that efforts were being made to injure him.

13394. Do you remember the time of the year at which the Committee of Public Accounts was sitting when Mr. Haggart was pushing this matter?—I think it was in March. I could not say positively. I have not looked it up.

13395. Did they continue to sit through April?—I could not say as to that.

13396. The report published in the Blue Book of 1879 is dated 8th of May, 1879?—The report of the Committee?

13397. Yes, the report of that Committee?—Well, that may be so.

The Committee on Public Accounts met, 27th March, 1879. On the 9th April, Haggart active respecting contract 15.

13398. It opened in the Committee Room the 27th of March, 1879, and on 9th of April, 1879, Mr. Haggart appears to be asking questions on the subject, and on the 16th of April the Committee are still sitting and asking questions?—I think it was on or about that time I had the conversation with Mr. Haggart about it.

About the 12th or 15th April, 1879, received from Whitehead notes, \$12,000.

13399. Was it on or about that time that you got the \$12,000 notes from Mr. Whitehead?—Some time about the 12th; I think it was the 15th. It was about the 9th that I spoke to Mr. Haggart. I think it was the day after he commenced to ask questions that I spoke to him.

13400. After you spoke to him?—Yes; in the way I have detailed in my statement.

13401. You think you did not get the notes until about the 15th?—No; I think not, somewhere there. I was looking that up on purpose to see. I said in my evidence on Saturday, I think, I stated it was before. I may have stated it was before I spoke to Haggart.

Recollection now that he spoke to Haggart before getting the notes.

13402. Of course while you are giving evidence now your present recollection is of more value than your previous recollection: is that your recollection now?—That is my recollection now.

13403. That shortly after the 9th you spoke to Mr. Haggart, and you spoke to him before you got those notes?—Yes.

13404. You think it is possible then that you mentioned Haggart's name at the time you got the notes?—It was altogether possible that I did mention his name, but I have no recollection of mentioning it at the time I received the notes; but Mr. Whitehead frequently referred to members of the Committee who were pressing questions as to the details of his work.

Said to Whitehead two or three days after receiving the notes: "If I do not use those notes I will give them back to you."

13405. At that time when you got those notes you told him that you wanted the notes to use, did you not?—I do not remember exactly the conversation, or what I told him; I said I wanted those notes to use and my impression is I said—I do not know as I entered into any very lengthy conversation with him on the subject, because we had some talk before, and I do not remember the conversation, but I remember telling him the next day, or just the day after—some time after I got the notes—my having stated: "If I do not use those notes I will give them back to you," because I found, and I commenced to think, I could not use any more of his notes; that I had enough of them afloat.

**Contract No. 15,
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generally—
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per influence-**

13406. While you were getting them do you mean?—No; two or three days afterwards when I saw what I could do and found that even the last note I got from him I could not use it, and I commenced to think I might as well give them back to him; and the reason I cannot positively swear to the notes being given on the 15th of April, was that they changed the dates so often that I would be afraid to swear positively that that was the date.

13407. The substance of Mr. Whitehead's evidence is this: that while that Committee was sitting, and while you and he knew that Mr. Haggart was "pressing questions," as you call it, that you came to him and obtained \$12,000 in notes, and left the impression by your manner or by what you said, that the effect of his giving them would be that the proceedings in the Committee would be more favourable to him than if he did not give these notes?—No; well, if that was the impression it is a false impression. I can positively swear that I never insinuated to Mr. Whitehead that I was going to buy any one, or was going to pay any one or even suggested to him that there was anything wrong. He frequently said little things that I took no notice of at all.

Whitehead's impression that witness obtained the \$12,000 in notes with the view of making the action of the Committee more favourable to him, a false impression.

13408. If he had suggested to you to do something wrong, do you mean you would have taken no notice of it?—Something wrong?

13409. Yes; you made use of that language?—I said he did not suggest anything wrong, because if he had I would certainly have explained to him that the thing could not have been done, the same as I had when he suggested to me to get the 185 miles contract, without any tender, on the Pacific Railway. I wrote to him and afterwards explained to him that it was impossible to ask the Government to do a thing of the kind.

13410. I understand you to say that, although this \$12,000 of notes had been given to you as accommodation entirely, that shortly afterwards a new arrangement was made by which he agreed to make it a debt between you?—Yes.

13411. And that this was done in consideration of your freeing him from the bargain which he had made, to the effect that if he obtained the contracts on sections A and B, or on those two sections united under the name of C, or failing to obtain these but succeeding in getting an interest in another person's contract, that you were to have a share in it, and that the giving up of this claim was the consideration for his undertaking to pay the \$12,000?—I do not remember precisely what the conversation was in full.

Substance of conversation in which Whitehead agreed to pay the notes for \$12,000 on condition of the agreement to give witness a share in work on sections A and B being given up.

13412. Is that the substance of it?—It is the substance of it. There was a conversation in which I said I have those notes of yours—

13413. I have no objection to your giving the details of it—I would rather if you remember them?—Very well, I will not do it.

13414. At the time that he was tendering for this work, did you know anything about his circumstances?—At that time, in February or March, he told me that his circumstances were very good—very good.

In February or March, 1879, when Whitehead was tendering for sections A and B witness understood his circumstances were good.

13415. In May, at the time he gave you this substituted agreement, did you not understand that he was under the impression that Mr. Manning and the persons connected with him were trying to get his contract out of his hands?—Yes—no, not at that time.

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generally—
Alleged impro-
per influence.**

13416. When was it?—That was some time in August. At that time I had heard of the amalgamation between Mr. Whitehead, Fraser & Grant and some others, and that they were in fact going to buy Mr. Whitehead out, or that he was going to get their section or interest and amalgamate with the rest; that was the understanding I heard from some one who came from there.

In May, Whitehead told witness that his financial position was "all right," but that if pressed by all his creditors they might get contract out of his hand.

13417. Did you know anything of his affairs in May: were they flourishing or depressed?—He told me that he was all right, only that if he was pressed by all the other creditors who claimed—that if all his other creditors concentrated, they might get the contract out of his hands.

13418. Was it not a struggle with him at that time to hold his own: did you not understand that from the way that he was pressed by his creditors, and all surrounding circumstances?—I did not understand that he was pressed then, but later on—except one claim that pressed him and that was the Manitoba Powder Co. who held notes.

Witness's im-
pression in May,
1879, regarding
Whitehead's
financial position.

13419. When did you understand that they were pressing him and likely to arrest him?—In August, 1879. In May, I think, they were pressing him a little because they always came to me to explain, because Mr. Whitehead said I was looking after all his business for him, and they consulted me as to whether it was better to follow him up.

That he was all
right financially
but pushed.

13420. Supposing as you had reason to think that you knew the state of his affairs, what do you say was your impression about them at that time?—My impression at that time was that he was all right financially, but that he was cramped and pushed because he had assumed a pretty heavy burden, and was carrying them all himself.

13421. You understood that he was cramped and pushed then?—I understood that he was cramped and pushed for some time to come for ready money.

13422. If you understood that how did you think it likely that he was in a position to buy an interest in some other person's contract, on this 185 miles, he being already pushed and cramped—because you say that the probability of his purchasing a new interest was the reason for his becoming a promisor on those notes: are these two things consistent?—I think they are quite consistent so far as the position was concerned; that Mr. Whitehead would have brought in others with capital, and by amalgamating the entire work with the united capital and means of access to this new work, and utilizing all the rolling stock and plant which might otherwise lay idle, it would be most beneficial to him; that there was a great deal of rolling stock and plant that he had done with and which he would have been paid for by his partners, and would have been allowed so much. At that time I considered Mr. Whitehead was very well off, and if he was cramped he was only cramped because he had large amounts of cash to pay out for the time, but I never knew until August that he was in pushed circumstances.

Reasons why
witness did not
think that White-
head would have
to pay a bonus to
get in with the
contractors on
section B.

13423. Do you not think that if he obtained an interest in this other work of Fraser & Grant, that that would involve the payment by him of a considerable bonus?—No, I did not; because I looked upon it that it would be of mutual advantage to them—that if they amalgamated on section 15, the advan-

tage would be all on their side; that they would have access to their work which they had not then; that they would have plant and rolling stock to hand, instead of buying it at first price, and the experience which Mr. Whitehead had of the work there for years before; consequently, I think there was a mutual advantage to be derived from such an amalgamation.

13424. Then this arrangement which you say you fancy was likely to take place, and which induced you to refuse to give up your third interest without consideration?—I did not refuse.

13425. Yes, you did refuse, according to your evidence on Saturday?—I said it was rather unfair to me to do so without giving me some writing.

13426. Does not that amount to a refusal to give it up, except on a new condition?—Well, I never said that I would not give up the notes.

13427. You said, the other day, you would decline to do so, unless you got a written agreement?—Put it that way if you like. I remember there was no refusal on my part, because he made the proposition and seemed anxious, and consequently I had no reason to refuse. I remember saying to him—

13428. Really, Mr. Mackintosh, you forget what you say. Your evidence was in substance this: that when he proposed to tear up the old agreement, you said it would not be fair to you, because you would have nothing to show, and you required him to do something else, and that condition was to become the real, as well as the nominal, promisor on these notes?—No; he did not say: “you must give me notes.”—

13429. I said that the condition was that he was to become in substance the promisor of the notes?—Yes.

13430. And you made that a condition to the tearing up of the old bond; now I understand you to say the reason why you did not give up the bond without any new consideration was this: that you had been led to believe he was likely to enter into some contemplated arrangement with these other men?—Yes.

13431. And now you say it was not only that he was to have a share in theirs, but they were to have a share in his?—There would be two or three statements made as to what the probabilities were, and I could not at that time know which was correct. I had reason, and substantial reason, to believe that some amalgamation was to take place, but in what way I could not tell, and the fact that Mr. Whitehead came to me and wanted me to annul the agreement strengthened my impression that there was something that he was not telling me.

13432. Did you wish us to understand the other day that you looked forward to his making an arrangement, which would be of benefit to himself, with those other parties who had got sections A and B?—Precisely.

13433. And it was because you had that interest you wished to get \$12,000?—Precisely.

13434. You say now the arrangement which you contemplated as possible under the circumstances was this: that besides his getting a share in their new contract he was giving up his interest in his old contract—is that right?—Besides getting a share?

**Contract No. 15,
and tendering
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per Influence.**

The conversation between witness and Whitehead respecting the latter's desire to destroy agreement, to give former one-third interest in the event of Whitehead obtaining contract for sections A and B.

Reason why witness would not give up the bond.

Contract No. 15,
and Fendering
generally—
Alleged improper
influence.

13435. Besides getting a share in theirs they were to get a share in his : have you not just stated that it was by amalgamating section 15 and sections A and B, that he was to get control of both?—That was my information.

13436. I want to know what was operating in your mind?—All these things were operating in my mind.

Different state-
ments abroad as
to what was like-
ly to happen
regarding sec-
tions A and B,
and contract 15.

13437. I am trying to find out the moving spring which led to this transaction which you describe, and I want to have your impression : do you say it was contemplated in the arrangement that he was to give up part of section 15, as far as you could surmise at the time?—I mean to say it was, but there were different statements abroad, and I had heard different ones as to what was probable, and Mr. Whitehead also stated to me : “these men cannot go on with their work.” He wrote that to me and in conversation said so.

13438. Did you think contract No. 15 had been let at favourable prices to the contractor?—Yes.

Well understood
that contract 15 a
favourable con-
tract.

13439. It is well understood that section 15 was a favourable contract?—That was my impression.

13440. It was apparently the general impression amongst contractors also, was it not?—Yes; the prices were good; but Mr. Whitehead was very reticent about the matter.

How witness
would have re-
garded an amal-
gamation of the
contracts.

13441. If that was part of the price, the giving up of a share in that favourable contract by which he could have obtained an interest in the new contract, did you still think it was a very favourable arrangement in which your one-third interest would have been of advantage to you?—If he had done that there would have been time for me to consider; but I really would never consider it a favourable thing, and that was what was operating upon my mind, to be willing to get out of the whole thing at once and have no more to do with it. Of course there were details and circumstances that I had quite forgotten in the matter; I never gave it a second thought.

13442. Do you remember the fact of an advance of some \$40,000 or \$50,000 to Mr. Whitehead on his plant? I think you have spoken about that?—In 1878; I don't know whether he got it in 1878 or the beginning of 1879—but he made application, I think, for \$80,000, somewhere there.

13443. I think the books show that he asked for \$100,000?—Yes; I think he did.

13444. Mr. Marcus Smith advised it, but Mr. Fleming recommended it to be \$40,000?—They refused it.

Did not appeal to
any Minister to
get Whitehead
the advance of
\$40,000 on his
plant.

13445. What I was endeavouring to lead up to was this: did you take any part in obtaining this advance for him?—No part any more than I did for his other business. I did not appeal to any Minister for it.

13446. For the present confine your remarks to this one transaction: did you take any part in this one?—If I knew the date I could tell; my impression is he made application for one this year.

13447. This transaction was long before this year?—Then, of course, I would have something to do with it. That would be in 1879, I think. After he had paid up that money he made application to have it

enlarged again and have the drawback. There was a strike on the work. I think I remember it.

**Contract No. 15,
and Tendering
generally—
Alleged improve-
ment per influence.**

13448. In the Blue Book of 1879, in the evidence taken before a Select Committee of the Senate on matters relating to the Canadian Pacific Railway west of Lake Superior, there appears on page 120 a report of Mr. Sandford Fleming: he mentions that the contractor for section 15 applied for an advance of \$100,000 to enable him to carry on the work; that Mr. Smith gave it as his opinion that the Government would not only be perfectly safe in advancing the sum, but that it would be expedient, and good policy to do so; and a copy of Mr. Fleming's report is attached, by which it will be seen that he recommended an advance, but not to the extent strongly advised by Mr. Smith, instead of \$100,000 his recommendation was \$40,000—that appears to have been in May, 1878: now, with these facts before you, do you say whether you took any part in these negotiations or not?—No; I was away at that time—away the whole summer for two or three months. I was only home on Saturday.

**Took no part in
negotiations in
1878 by which
Whitehead got
\$40,000 on plant.**

13449. Have you been interested at any time on any other transaction connected with the Canadian Pacific Railway besides those that you have described?—No; I have not been interested in any of the Pacific Railway contracts.

**Never sought or
had a share in
any works tendered for on
Canadian Pacific
Railway, save
those tendered
for by Whitehead.**

13450. Did you at one time propose to obtain or obtain any share in a tender made for any of the works besides those of Mr. Whitehead's?—No, not a dollar.

13451. Was it intended, so far as you know, that you were to be a partner in Bowie & McNaughton's tender?—I never had a word with them. I think I was away at the time. I was away a great deal at the time that work was going on, down in Montreal, and I never had any interest with them. They never asked me; but anything they would have asked me to do I would have done. They did not ask me.

13452. Did you do nothing to obtain an interest?—No.

13453. You have no interest in the contract in any way?—No; I have no interest in any railway contract or any branch of the public service. I am not interested in any.

13454. Is there any other matter connected with the Canadian Pacific Railway which you can state to us by way of evidence?—Nothing that I can state by way of evidence, except general hearsay. Nothing in connection with the Pacific Railway that I know of.

JAMES COOPER, sworn and examined:

By the Chairman:—

COOPER.

**Purchase of
Railway
Tendering.**

13455. Where do you live?—In Montreal.

13456. Are you engaged in business?—Yes.

13457. What business?—Hardware and railway supplies—principally railway supplies.

Engaged in hardware and railway supplies.

13458. What is the name of your firm?—Cooper, Fairman & Co.

13459. Have you had any business connections with the affairs of the Pacific Railway?—Yes.

**Purchase of
Rails—
Tendering.**

13460. What were the first transactions?—I do not remember exactly; I am not prepared to say what were the first transactions. I have no book before me to note what it was.

13461. What is the first that you remember?—I remember the larger transactions.

13462. Which of those?—The spikes, bolts and rails. I would not be prepared to say that they were the first transactions.

13463. I mean the first that you remember?—I remember supplying the Government with spikes, steel rails, bolts and nuts.

Contract No. 8.

13464. Was there a distinct contract for these articles which you now mention?—On bolts and nuts there was; but the other transaction for rails we were acting as agents for the Mersey Iron and Steel Co.; we were representing the Mersey Steel and Iron Works in our transactions with the Government.

13465. You mean that the property that was sold in that transaction did not belong to you?—No.

13466. They belonged to some other firm?—We were acting for the Mersey Co.

13467. Who composed your firm at the time that you entered into that transaction?—If I knew the date of the transaction I could tell you. I really did not look up these matters or make any preparation at all.

13468. When were you informed that you would likely be questioned about it to-day?—Some day last week, I think it was. I was not informed of the nature of the questions I would be asked, so I could not make any preparation.

**Remembers
seeing advertise-
ments for steel
rails.**

13469. Do you remember the fact that the Government issued advertisements inviting tenders for steel rails, some time in the fall of 1874?—I remember the fact of seeing the advertisement in the western papers. I happened to be in Toronto at the time, and I think I saw it in the *Globe*; but I would not be prepared to swear whether it was in 1873 or in 1874.

**Remembers that
the time for re-
ceiving tenders
extended by a
subsequent ad-
vertisement.**

13470. Do you remember that the time for receiving tenders was extended by a subsequent advertisement?—Yes, I saw that.

13471. Do you remember whether you tendered under the subsequent advertisement?—It might possibly be that we did, but I have no recollection; I happened to be away from home.

**Does not know
whether tenders
were put in before
second advertise-
ment.**

13472. Do I understand you to say that you think you did not tender up to the time named by the subsequent advertisement?—I could not say whether we tendered before. I do not know whether there were two applications or two tenders went in, or whether they received tenders on the first advertisement.

**Put in a tender
within time nam-
ed in advertise-
ment of 8th of
October, 1874.**

13473. I have not yet spoken of the time or occasion when the first advertisements were published, my questions have been directed altogether to the time mentioned in the second advertisement; that was as appears by the Return to Parliament the 24th October, 1874: now, I am asking whether you put in a tender within the time named in the later advertisement?—Yes.

13474. At the time named for receiving tenders in the later advertisement, can you say who composed your firm?—That is in October?

**Purchase of
Rails—
Tendering.
Contract No. 8.**

13475. No; I think the later time was the 16th November?—I could not positively tell you, I could not positively swear; but I think there were three members of the firm, though I would not be positive. I would not be positive whether there were three members of the firm at that date. I could not be sure. I could not tell at least on oath. I would not like to be positive.

Could not positively swear who composed the firm, November, 1874. Could not say whether at that time there were three members.

13476. Without making it a matter of certainty, will you state your impression—we can, perhaps, ascertain more definitely afterwards?—I think that I should suppose that Mr. Mackenzie—Mr. Charles Mackenzie—was a member of the firm at that time. I suppose so. I think so. I know he had been talking about retiring, but I do not know whether he served us with his notification before that or after; that is the reason I have hesitation about saying so. Without looking it over, I could not answer you exactly; in fact I am nearly always the absentee of the firm. I used to be on the road most of the time and I am not as well posted perhaps as I ought to be.

Thinks that Charles Mackenzie was a member of firm at that time.

Does not know whether Charles Mackenzie served notification of withdrawal at this time.

13477. Look at the tender now handed you, and please say in whose writing it is—the written part of it?—Yes, I can do that very easily; that is Mr. Fairman's signature.

13478. What is the signature to it?—The signature is per Cooper, Fairman & Co., Agent, Montreal." That is the Mersey Steel and Iron Co., and signed "Cooper, Fairman & Co., Agent."

13479. Do you see attached to that tender a letter signed by Cooper Fairman & Co.?—Yes; there is a letter dated November 14th, 1874.

Identifies signature of firm as in handwriting of Cooper, Fairman & Co.

13480. Who is the writer of that?—M. Fairman.

13481. That tender which you looked at is, I think, for delivery at Montreal?—Yes, the printed one.

13482. In fact it alludes to delivery somewhere?—To delivery on the wharf at Montreal. Yes, I see that.

For delivery at Montreal.

13483. There is another tender for delivery at other points, Duluth or Thunder Bay: please look at that and say how that is signed?—Yes, I see it is to deliver at Duluth or Thunder Bay; that is signed by Cooper, Fairman & Co., at Montreal.

Another tender for delivery at Duluth or Thunder Bay signed by Cooper, Fairman & Co.

13484. That does not purport to be on behalf of another person or firm, does it?—No; I should judge not.

13485. It purports to be on their own account: I am not asking you what understanding there was between your firm and any other party—I am asking you if the tender purports to be on behalf of your firm or not?—It looks like it.

Tender purports to be on account of Cooper, Fairman & Co.

13486. In whose writing is the envelope addressed attached to it?—That is Mr. Fairman's writing.

13487. Is it upon one of these tenders that you understand your firm obtained a contract for rails, in the name of the Mersey Co.?—We tendered on behalf of the Mersey Co., and got 20,000 tons, I think it was, of rails. I do not know whether it was 20,000 tons or not, but we got a considerable quantity.

(Got 20,000 tons on behalf of Mersey Co.)

**Purchase of
Rails—
Tendering.**

13488. Had you any part in any other tender besides these two which I have mentioned to you?—Yes, we had.

Contract No. 11.

13489. What other?—We had; there was another quantity of rails which we supplied on behalf of Naylor, Benzou & Co.

13490. That was not awarded in consequence of any of the tenders at this time?—I cannot say.

13491. Do you remember whether you took any part alone, although on behalf of the firm, in the correspondence upon the subject of any of these rails?—No.

13492. On page 37 of a Return to the House of Commons, a printed copy of a letter, purporting to be written by you alone, appears: please look at it?—Possibly; I do not remember. That is a letter dated—that is the time Mr. Fairman was in England.

13493. It was on the subject of these rails, some part of them, was it not?—I will read it as I have forgotten that there ever was such a letter written. I see it is Mr. ~~German~~ here; it is a misprint, it should have been from Mr. ~~German~~.

**Fairman the cor-
responding mem-
ber of firm.**

13494. Can you say which member of your firm usually took part in the negotiations or the correspondence about any of these rails, being at Ottawa at the time of that correspondence or negotiation?—Mr. Fairman.

13495. Were you here taking any part in any of those doings?—No.

**Witness travel-
ling member of
firm.**

13496. Did I understand you to say that you are the travelling member of the firm?—Yes; I am travelling on ordinary business. I was up west most of the time when these negotiations were going on. I happened to be at home when Mr. Fairman was in England, and that is the reason why this letter was written by me.

13497. When you travelled westward, as a rule did you go to the furthest point first about your business and take your orders on your way homeward, or do you take them up on your way from home?—It depends on the ground I take; sometimes I commence in the west where I happened to have engagements at certain points. I have gone 100 miles sometimes, and returned next day; it is quite a common thing to do. I have gone to Chatham, for instance, and taken an order, and come right back again to Toronto.

13498. Do you remember where you were when you first had any intimation that this contract was awarded to your firm?—No; I do not.

**Cannot say how
where or when he
first heard of
contract.**

13499. Do you remember how it was communicated to you, whether by word or mouth, or by letter?—I could not say.

13500. Do you remember who communicated it to you?—I could not say.

13501. Has that been a matter which you have considered at any time before this examination?—What is that, Sir?

13502. Whether any particular person communicated to you the fact of the awarding of the contract, and where you were at the time, and who it was?—No; it never occurred to me before. I have no recollection, and could not tell you the way I got the information; whether I was at home or in the west, or where I was.

13503. Could you tell where you were when you first learned that one of your partners was about to retire, or wished to retire?—Yes; I think I could. I think I was in Montreal. I think I received a letter in Montreal to that effect.

13504. From whom?—From Mr. Mackenzie—from Mr. Charles Mackenzie.

13505. Could you give any information now about the date of that letter?—No; I could not. It just occurs to me that such is the case, but I do not remember the date.

13506. Have you the letter now, if you received such a letter?—I do not know; I do not think it.

13507. Why do you not think it?—Because it would have probably come to me. My own personal letters I generally tore up, but letters to the firm I generally kept filed away.

13508. But you do not think that that letter would come to the firm as well as to you?—No; I do not think so.

13509. Why do you think it would come to you alone?—Because he went in with me first, before Mr. Fairman became a partner.

13510. Mr. Fairman came into the partnership after him?—Yes; Mr. Mackenzie started with me, or at least assisted me to start the business in 1872; and then, when I took Mr. Fairman in, I found I could not run the business alone, and then Mr. Fairman entered the partnership. Of course, in a matter of that kind, he would likely communicate to me.

13511. You are aware that there has been a great deal of correspondence and many assertions on this subject?—There has been too much altogether.

13512. But would that be the means of refreshing your memory on the subject, because it is a matter on which public attention has been concentrated?—I have seen a great deal of it for years, but I have not read them, and do not intend to read them.

13513. As to those dates, do you say it is a matter which you have not considered of late years?—What dates?

13514. The date of your dissolution of partnership, the date of the contract being awarded, and the date at which it was communicated to you?—The date of the understanding of the dissolution of the partnership was at the end of the year. Of course I will tell you what I know; but I received a notification of the desire to withdraw before that. I could not say whether it was in October or November.

13515. When you say the end of the year, do you mean the calendar year, or the year of the partnership?—The 1st of January; but Mr. Fairman was in England, and we could not pass the documents without the signature of the firm.

13516. Was that the time you wrote to the Department in your own name, when he was in England?—Yes.

13517. And it was at that time that the partnership could not be concluded because he was in England?—Yes.

13518. So that this date on which you wrote in your own name would show the year which he was in England?—Certainly.

Purchase of
Railroad
Relation of
C. Mackenzie
with firm of
Cooper, Fair-
man & Co.

In Montreal
when he first
heard that
Charles Macken-
zie wished to
retire.

Thinks letter
from Charles
Mackenzie would
have come to him
personally.

Withdrawal at
end of year.

But notification
of withdrawal in
October or Nov-
ember.

Means by end of
year the 1st of
January.

**Purchase of
Bails—
Relation of
C. Mackenzie
with firm of
Cooper, Fair-
man & Co.**

Partnership ended 31st December, 1874.

13519. And it would be the 31st December following that, that your partnership ended?—No, 1st January, 1875.

13520. Do you say then that your partnership ended on the 31st December, 1874?—Yes, 1874.

13521. It ended in obedience to the previous notification?—It ended on the previous notification that it should be severed at once, but of course we could not do it until we closed our books; we could possibly arrange it then, but we could not arrange it in October when our business was going on. We could not stop all our business to take stock and close our books; of course it would be impossible until the end of the year.

The conditions of partnership in firm of Cooper, Fairman & Co.

13522. Do you know whether by the terms of your partnership with Mr. Mackenzie, he had the right to end it at any time he might name, and could dictate the terms upon which it was to be ended, or with reference to the terms with which it was to be ended, or were the terms upon which it might be ended a matter for negotiation between all the partners?—I could not say that; I could not tell. I do not think I ever read the document twice, but we all take it for granted that if any one member of the firm wish to retire we would not stand in his way. If I wished to retire on the 1st of January, Mr. Fairman would be willing that I should do so.

13523. But do you think he would be willing to do so upon any terms you chose to name?—No; because I would be a full partner and Mr. Mackenzie was only a special partner.

Thinks Mackenzie as special partner could have dictated the terms on which he would retire.

13524. I am endeavouring to ascertain this: whether, according to your understanding of the substance of the transaction, Mr. Mackenzie could dictate the terms upon which he should retire, as well as the time of retiring?—As special partner I should think he could.

13525. What do you consider the terms to be then?—That is for him to say, not me, of course.

13526. Have you nothing to say upon the subject?—Nothing at all.

13527. Do you say that whatever terms he chose to name must be accepted by the other partners?—I would not like to say that. It is a point of mutual agreement I suppose, or it might be a point of mutual agreement. I would not like to discuss that point. I do not want to have any trouble with anybody, and as long as I can meet them fairly, I will meet them without referring to law or anything else. I do not know what privileges he might have had; of course I could not tell.

13528. Have you any impression about what privileges he might have had on the understanding of the subject between you?—I do not know how you mean to imply that.

13529. Had you any understanding at all about the substance of the bargain?—When he notified me?

13530. First of all I am speaking about the terms of the partnership and irrespective of the terms in the written agreement between you: I am asking you whether you had any understanding in your mind about what was agreed to between you and Charles Mackenzie?—Do you mean if he continued in the firm?

13531. I want you to tell me if you remember any understanding there was between you?—I do not see the question. If you can put it in another way probably I can see it clearly.

13532. I wish to know whether when you went into partnership with Mr. Charles Mackenzie, there was any understanding as to the proportion of his capital that should be withdrawn by him in case he retired?—There was no understanding.

13533. Then was it a question for negotiation at that time as to how much of the capital it would be right for him to take out?—No; I merely stated in writing to him, if I remember right, that all I would undertake to pay him back would be the amount that he had put in, that is all I would undertake under the circumstances -- that he should take out what he had put in as his agreement.

13534. If you had made two or three times the amount of your original capital, would it not be fair that he should take out more than he had put in?—Not under those circumstances.

13535. Why?—On retiring just on his own opinion a man cannot do that without having to suffer some loss.

13536. Suppose instead of making a considerable addition to your capital you had lost a portion of it?—Yes; but I do not suppose anything of the kind.

13537. Mr. Mackenzie was under that impression?—Mr. Mackenzie should know what he is talking about first before supposing anything of the kind.

13538. What do you say on that subject?—That is my private business. If my banker wishes to know, I am willing to show him, but I think I can claim the privilege of that being private property of my own. I noticed that a—

13539. Then you do not wish to corroborate his statement on that subject?—I do not, most emphatically. If he had stated so in his evidence, I do not think I have read it, but certainly if he did he had no warrant for it. I say I never read it. I did glance over it, but I have no knowledge of what he said more than a child.

13540. But if he did say so you do not wish to corroborate it?—No.

13541. Do you know whether there was a clause in your partnership or in your understanding—I do not mean your partnership deed—that the partnership should exist for a certain length of time?—I think so. I think the term was four or six years, perhaps seven. I know it is something about that—a little over four years—between four and six.

13542. That time had not expired when the dissolution took place?—No.

13543. Are you willing to answer this: whether, in your opinion, at the time of the dissolution with Mr. Mackenzie the arrangement that was made insured him a greater benefit than if the partnership had been wound up and he had taken his share at that time? I do not insist upon your answering this question, because I do not feel quite sure that the affairs of your partnership are, properly speaking, within the matters pertaining to the Pacific Railway, although I think they have been made so by rumour and assertion and it is for the purpose of clearing up these things that I am giving you this opportunity. I

**Purchase of
Bills—
Relation of
C. Mackenzie
with firm of
Cooper, Fair-
man & Co.**

When going into partnership with Charles Mackenzie no understanding as to what portion of his capital should be withdrawn if he retired.

Mackenzie retired with his whole capital.

Does not suppose the firm lost.

Charles Mackenzie no warrant for saying firm had made a loss.

Partnership to have existed between four and six years.

**Purchase of
Ralls—
Relation of
C. Mackenzie
with firm of
Cooper, Fair-
man & Co.**

am only asking you whether you are willing to answer that question?—I think the question is not necessary, simply from the fact that I notified him that all he could have if he wished to retire would be his capital, consequently that answers the question. I notified him that all he could take out—it he retired he could have his capital. I notified him to that effect.

13544. Are you making this suggestion in order to create the impression upon our minds that you were diminishing his rights by that offer?—I am not prepared to say whether you take that view of it or not.

**When C. Mac-
kenzie wished to
go he said to him:
"You can have
your capital, and
there is no man
knows anything
about our affairs
except my
partner and
myself."**

13545. I am asking you whether you intended me to adopt that view—whether you are making the suggestion in that direction, that by your notice you diminished his rights rather than increased them?—I could not say. I never informed him anything about it. When he wished to go, I said: "You can have your capital, and there is no man knows anything about our affairs except my partner and myself."

13546. Are you willing to answer this: whether, if the partnership had been dissolved at that time, you and Mr. Fairman would have got your capital as well as Mr. Mackenzie?—If the partnership had been dissolved?

13547. Yes; if in your opinion the whole partnership had been dissolved, and the affairs wound up, you and Mr. Fairman would have got your capital?—Of course they could have got their capital. The firm were able to take their capital out of the business.

13548. You mean out of the assets of the business, not out of any private person's business?—The assets of the business is all I am worth. You know Mr. Mackenzie's liability has no limit to me.

13549. Do you mean by that, when you say that you and Mr. Fairman could have taken out of the business your whole capital—that is the whole of the capital put in—that the business had been so successful that none of the capital had been lost?—I could not answer that now without acquainting myself more fully with the subject.

13550. I do not wish to press you any further on that subject. Do you remember what time Mr. Fairman went to England in that year?—Mr. Fairman entered the firm in 1873.

**Fairman went to
England Decem-
ber, 1874.**

13551. What time did he go to England?—In December, 1874.

13552. And what time did he return?—In March.

13553. Then during that time if any correspondence took place by your firm it would be by yourself would it not?—By myself.

13554. And after Mr. Fairman's return who would do the corresponding?—Mr. Fairman probably would do it. Not in every case, but generally.

**Corresponded in
name of firm
with Bucking-
ham, Secretary
to Minister.**

13555. Did you correspond in the name of the firm with Mr. Buckingham, the Secretary of the Minister?—In the name of the firm?

13556. Yes?—I could not say for certain.

13557. Did you in your own name about any of this rail matter or bolts?—I do not recollect.

**Nothing in mem-
orandum or book
to inform him**

13558. Do you think you have any means of informing yourself, either by books or papers, as to the time when you got information of

this contract being let to you, or when you got the first notification that Mr. Mackenzie wished to retire?—No.

13559. Can you say which of those matters was first communicated to you—the fact of your getting the contract or the fact that Mr. Mackenzie wished to retire?—I cannot say. I could not place them. It is so long ago.

13560. Has this matter not been discussed by you and Mr. Fairman and Mr. Mackenzie since those events, and with reference to the relative dates?—It was never spoken of.

13561. Nor written about?—Nor written about.

13562. And have you taken no means to refresh your memory on those subjects?—No, I have not taken much interest in the matter after it went through. Business matters come before us every day, and our minds are fully occupied from time to time.

13563. Then you say that since those events have happened you have not taken pains to refresh your minds as to the relative dates?—The dates of all our letters are there.

13564. I am speaking of the dates of these two events only—one the awarding of the contract for rails to your firm, the other the notification by Mr. Mackenzie that he was to retire?—No; I have never spoken of it, and the thing has never occurred to me for years.

13565. Do you remember, while you were in Toronto, telling any person before you knew Mr. Mackenzie wished to retire, that you had got the contract?—No. If we had got it I might have told somebody.

13566. I am asking you whether you remember the circumstance?—I do not remember the circumstance.

13567. Do you remember the circumstance of hearing, while you were up west, that you had got the contract, or hearing it by letter from Charles Mackenzie? No; I do not. I got no such letter.

13568. Nor telegram?—Nor telegram.

13569. Nor any such communication as far as you know?—As far as I know I can sincerely say I do not recollect anything of the kind. I could not believe it except it was put before me—the facts.

13570. I suppose you are aware that there have been a great many rumours about all this sort of thing?—Yes; that is why I have not read up on the subject at all. I heard so much of it.

13571. In these negotiations between the Department and your firm, did you take an active part, or did you leave Mr. Fairman, when he was in the country, to do the negotiating?—Principally Mr. Fairman. I may say altogether Mr. Fairman when he was at home.

13572. Besides the contract for materials, such as rails and bolts, did you enter into any contract for transportation?—Yes.

13573. Do you remember whether in that matter you were representing some other firm, or was it entirely on your own account?—I cannot say. Mr. Fairman might be able to answer that question.

13574. Did your firm own any steamboats at any time, or have you been awarded the contract upon the boats of other firms, if you did enter into any contracts for transportation?—We do not own any boats.

13575. Have you owned any during this period?—No.

**Purchase of
Rails—
Relation of
C. Mackenzie
with firm of
Cooper, Fair-
man & Co.**

when he got in-
formation of con-
tract having been
let or Mackenzie's
determination to
retire.

Has taken no
means to
refresh his
memory.

The reason why
he did not read up
to inform himself
as to the facts
was that he
heard so many
rumours.

Firm owns no
boats.

Contract No. 15.**Fraser & Grant-
Whitehead
Partnership.**

13576. Did you take any part in bringing about the partnership between Fraser and Grant and Whitehead in connection with the Pacific Railway contract?—Well, it is a very long story that I do not know how to set around in conversation at all. Mr. Whitehead knew his own business, and I do not suppose I had anything to do with them going in. I do not know how to put it. I can tell you that better in conversation than by answering a question.

13577. Do you mean by stating it in the shape of a history?—Yes.

Statement as to part taken by witness in bringing about partnership between Whitehead and Fraser & Grant.

13578. Please do it in that way?—Mr. Whitehead was very much behind in his payments, and we had a pretty large account with him over due—once as large as \$40,000—and found it impossible to get our money and get paid; and he got into a pretty tight place up in Winnipeg there—I forget the month it was—but last fall the Ontario Bank took the whole of his estimate and kept it. He gave me an order for \$8,000, and the bank retained the whole of the estimate, and left me without anything. Fraser & Grant made a proposition to Whitehead that if he took them in—he had been negotiating before, I suppose—if he took them in that they would buy half the plant.

Fraser & Grant proposed, if taken in, to buy half Whitehead's plant.

13579. Were you present at that proposition, or at any time when it was repeated between them?—I was present, yes; and Mr. Young was present, and George Brown of the Ontario Bank was present, and Mr. Whitehead, and I think Dr. Schultz—I am not sure. I proposed several names to him. I proposed Mr. Rogers, and I proposed Manning & McDonald and Fraser & Grant, and suggested all these names to help him out of his difficulties. My interest was with Whitehead, to try and carry him through.

13580. Do you think it was your suggestion of those names which led finally to their being taken in as partners?—I think not.

13581. Do you think they had been suggested to him by some one else?—I think that the negotiations had been going on for months before that in Ottawa here, when they met here in Ottawa in July.

13582. When who met?—Mr. Whitehead and Frazer met last July—I mean the July before that.

Thinks statement that Whitehead wanted Fraser & Grant because of their influence with Government quite unfounded.

13583. There have been rumours that Mr. Whitehead was rather inclined to take them in as partners on account of the idea that some member of the Government wished it: do you know anything about that arrangement, or that reason?—I should think it would be quite unfounded. There would be no foundation for anything of that kind. It was a question of dollars and cents with Mr. Whitehead, who was going to help him out of his difficulties. I think they were the only men who were willing to take hold of him under the difficulties in which he was.

A question of dollars and cents with Whitehead.

Arrangement brought about purely on a business basis.

13584. Do you remember that the arrangement was brought about as a business arrangement, or was it in deference to some pressure?—Certainly as a business arrangement—purely as a business arrangement.

13585. Were you taking an active part in the negotiations, being such a large creditor?—Yes.

Witness's motive—he was a large creditor of Whitehead.

13586. Is that the only reason that you took an active part in the negotiations for the partnership?—My only reason was being a creditor to a large amount, and another was that Mr. Whitehead was no financier

**Contract No. 15.
Fraser & Grant-
Whitehead
Partnership.**

—not being able to conduct his business alone without assistance—that was my impression, that he was not.

13587. Were you representing any powder company at any time?—Yes.

13588. Was it in connection with this powder company that you had this claim?—Yes.

13589. Were you the manager of the company?—I was the manager myself principally up there.

Witness the manager of the powder company which was pressing Whitehead.

13590. Mr. Mackintosh speaks of a claim of some powder company in which he speaks of a Mr. Cooper acting against Mr. Whitehead: was that you?—Yes.

13591. Had you interviews with Mr. Mackintosh on the subject?—I think so.

Alleged improper influence.

13592. Do you remember conversations or the substance of them at those interviews?—The subject generally was Mr. Whitehead's difficulties—unable to meet his payments.

Had interviews with Mackintosh in regard to Whitehead's difficulties.

13593. Do you remember what part Mr. Mackintosh took in any of those conversations?—I looked upon him as a friend of Mr. Whitehead's and one who had a great interest in his welfare, and would try to assist him out of his difficulties. He would give him whatever assistance he possibly could; either endorse his paper or help him through; he seemed to be always behind and always in difficulties, unable to take up his paper when it was due. The man was willing enough but never seemed to be able.

Mackintosh's relations with Whitehead—a friend of Whitehead.

13594. You mean Mr. Whitehead?—Yes; Mr. Whitehead was honest enough, but never seemed to be able to pay.

13595. Was there any proposition on your part, or on the part of your firm, to arrest Mr. Whitehead on his leaving for Chicago?—I do not think so, I should doubt it very much; we would have no interest in doing that.

Never had intention to have Whitehead arrested.

13596. Are you aware of any such proposition?—To arrest him leaving this place?

13597. Yes, on his way from here to Manitoba, through Chicago?—There was no serious proposition of that kind. There might have been all kinds of rumours, but it would be of no interest for any one to do so.

13598. Do you know whether Mr. Mackintosh had any reason to suppose that there was an intention of that kind?—He might have supposed so at that time.

13599. Do you know whether he had any reason to suppose so: did you discuss the probabilities of the thing with him?—I could not say I might have done so. I might, on the impulse of the moment, have been indiscreet enough to say such a thing as that; but it would have been seriously against myself if I were to do such a thing as that, because our interest was to support Mr. Whitehead and carry him through, believing that he would come out right, but I would not say that I might not have foolishly said such a thing.

13600. I have not heard that you did say such a thing?—I have no knowledge of saying it; but as a business man it would have been against my principles, so that I would not entertain it for a moment,

Contract No. 15.

Alleged improper influence—Mackintosh's relations with Whitehead.

as I always worked to carry Mr. Whitehead through his difficulties and carry him along, believing him to be an honest man, but not able to manage his business, and if we could get any one in with him that could manage his business for him they could carry the contract through. I would have been an enemy of Mr. Whitehead to do that, and I had no wish to injure him, but to try and get our money if I could.

13601. Is this company which you represent known as the Manitoba Powder Works?—Yes.

13602. In speaking to Mr. Mackintosh upon this subject of Mr. Whitehead's indebtedness to you did you find it necessary to withhold your intention from Mr. Mackintosh or were you outspoken on the subject?—I was very outspoken to Mr. Mackintosh, believing that he would tell Mr. Whitehead and force him to come to terms with me; that is, by taking some of the notes out of the way that were past due.

13603. Did you mean to express your intention to Mr. Mackintosh?—I might have expressed my intentions to him.

13604. Do you mean that you wished to express more than your intentions to him?—I might have done so, but I do not think I ever did express myself in that way.

13605. I did not understand you to say that you did so express it: I will read you what he has said: "I was further informed that the Manitoba Powder Works intended to capias him if he left the city next day for Chicago *en route* to Winnipeg. Having reason to believe some of those rumours to be substantially founded, and knowing that such events would prove disastrous to Mr. Whitehead;" and then he goes on to explain what took place, I do not know that he alludes to a conversation with you or any one else?—I should say in the face of that, that I did not say so, but there must have been some rumours to that effect.

Witness's impression that he never threatened to capias Whitehead.

13606. Your impression is that you did not say so?—My impression is that I did not say so. If I did, I only did it for the object that Mr. Mackintosh should use greater pressure in trying to get him to settle our account; but it would be quite an absurd thing to think of to do nevertheless. I always believed Mr. Whitehead was perfectly honest and tried to pay, and would pay me every cent as soon as he could, but my desire was to try to get him to reduce his account as soon as he could, because it was accumulating. I might have explained to him in conversation that I had to keep him supplied with explosives to keep his contract going, and that his account was doubling on him every month and of course I tried to keep it down.

13607. Is there any other matter connected with the Canadian Pacific Railway which you could mention by way of evidence?—I do not know of anything that would be of any importance to you.

TRUDEAU.

TOUSSAINT TRUDEAU's examination continued:

Transportation of Rails—Contract No. 20.

By the Chairman:—

13608. Have you the papers in any of the matters which you were not prepared for last time that you can offer now, or do you prefer to proceed with the next one?—I would prefer to proceed with the next.

13609. Which is that?—Contract No. 20 with the Merchants Lake and River Steamship Co. It is for the transportation of rails from Montreal to Fort William or Duluth.

Transportation of Rails—Contract No. 20.
Transportation of rails from Montreal to Fort William or Duluth.

13610. Was that work let by public competition?—Yes.

13611. Have you the advertisement asking for tenders?—Yes; I produce it. (Exhibit No. 139.)

13612. Have you the report upon the tenders received?—Yes; I produce a list of tenders. (Exhibit No. 140).

13613. To whom was this contract awarded?—To the Merchants Lake and River Steamship Co.

Contract awarded to Merchants Lake and Steamship Co. whose name does not appear in list of tenders sent in response to advertisement.

13614. Is theirs one of the tenders mentioned in this report?—No.

13615. How did they make their tender?—Tenders were called for by advertisement to be received up to the 19th April, 1875. Eight tenders were received: these were opened on the 20th April. The lowest was from E. Samuel, of Montreal, at \$6 per ton, and the second lowest from C. Edwards, of Kingston, \$6.25 per ton. On the 22nd April Mr. Samuel was called upon to furnish a list and description of vessels he intended to employ. On the 26th April Mr. Samuel guaranteed in a telegram to ship by first-class propellor. On the 27th April Mr. Samuel enquires whether Department wishes a larger quantity of rails carried than the 5,000 tons named in the tender. On the 29th April Mr. Samuel asks for a reply to his tender—says that security and propellers will be made satisfactory. On the 23rd April, 1875, Messrs. Cooper & Fairman wrote to the Department stating that they consider the Department has accepted their tender for the delivery of rails at Duluth or Thunder Bay. A reference to the tender for the supply of steel rails, sent in by Messrs. Cooper, Fairman & Co., in November, 1874, shows that one of their tenders was for delivery at Montreal, at the rate of £11 3s. sterling, and another for delivery at Duluth or Thunder Bay, at the rate of £12 6s., and wharfage and harbour dues on ports payable by Government. The difference between delivery at Montreal and Duluth or Thunder Bay, being £1 3s. sterling or \$5 60. The acceptance by the Department was worded as follows:—

Tenders called for 19th April, 1875.

E. Samuel, lowest tenderer guarantees to ship by first-class propellor at \$6.

23rd April, 1875, Cooper, Fairman & Co. wrote Department that they considered the Department had accepted their tender for delivery of rails at Duluth or Thunder Bay.

“ To Messrs. COOPER, FAIRMAN & Co.

“ December, 2, 1874.

“ GENTLEMEN,—The tenders you have made on behalf of the Mersey Steel and Iron Co., of Liverpool, for the supply of steel rails, &c., having been accepted, I am directed to send you the enclosed draft articles of agreement, and to request you to have the kindness to have them executed by the company, and to then return them to me.

Letter in which, according to Cooper, Fairman & Co., the Department's giving the transportation of steel rails to Duluth was involved.

“ F. BRAUN.”

In their letter to the Department, of the 23rd of April, Messrs. Cooper & Fairman urged that they were committed in the matter of charter, &c., for delivery of from 10,000 to 12,000 tons on Lake Superior. They also add that they will perform the additional service called for by the tenders for transportation received on the 19th April, and not included in their tender of November, 1874, for the sum of 60 cts. per ton. Messrs. Cooper & Fairman state, in this letter, that in the matter of transportation westward they represent the Merchants Lake and River Steamship line consisting of eighteen first class propellers. The case having been fully considered, and in view of the fact that Mr. Samuel did not appear to be himself the proprietor of suitable vessels, or to be representing any person or company having the appli-

Proposed to perform additional service called for by advertisement and not mentioned in other contracts of date November, 1874, for 60 cts. extra.

**Transportation
of Rails—**

Contract No. 20.

Order-in-Council
30th April, 1875,
awarding work to
Cooper, Fairman
& Co. at \$6.20 on
condition named
in advertisement.
On 5th May, 1875,
Samuel informed
that his tender
was not accepted.

Extra service
what.

Cooper, Fairman
& Co.'s offer not
one of the tenders
sent in answer to
advertisement.

Accepted offer
made without
being based upon
any invitation in
any advertise-
ment.

Cooper, Fairman
& Co.'s offer the
lowest but one.

How a favourable
offer was refused.

ances necessary to perform the services, a report to Council was prepared on the 29th April, 1875, recommending that the work be awarded to Messrs. Cooper & Fairman on behalf of the Merchants Lake and River Steamship line at \$6.20 per ton, on the conditions named in the advertisement. The Order-in-Council was approved on the 30th April, 1875; Mr. Samuel was informed on the 5th May, 1875, that his tender was not accepted.

13616. What was the extra service for which the 60 cts. was added to Cooper, Fairman & Co.'s first offer?—Handling, piling, insurance and wharfage.

13617. Then this offer of Cooper, Fairman & Co. for this transportation was not one of the tenders which were put in in answer to the advertisement?—No.

13618. It was an offer connected with a previous tender for rails?—Yes.

13619. And was that previous tender for rails in answer to any advertisement, or was it outside of the terms of the advertisement which it purported to answer?—It was outside of the previous advertisement asking for rails.

13620. Then, this offer which was accepted finally was made without being based upon any invitation in any advertisement: I understand it was prompted by Cooper, Fairman & Co. in both instances, and not by the Government?—Yes.

13621. Have you considered whether the offer as accepted was better than any other offer that was made to the Government for the same subject?—It was the second lowest.

13622. You mean as between Samuel and Messrs. Cooper, Fairman & Co.?—Yes.

13623. Had there not been an offer by Perkins, Livingston, Post & Co. to do this same work—an offer made in November, 1874—at a lower rate than the one accepted, also coupled with an offer made for rails. Here are the original tenders by Perkins, Livingston & Post, and also by Cooper, Fairman & Co., compare them both and the effects of them upon this subject, and say which was the more favourable to the Government: first, for the purposes of this comparison, leaving out the extras included in the 60 cts.?—Messrs. Perkins, Livingston, Post & Co., in a letter dated 14th November, 1874, offer to deliver rails at Duluth, Fort William and Georgian Bay instead of Montreal, at \$4 per ton in addition to the price named in their contract, and at \$4.75 additional at Fort William. It is not possible for me to establish a comparison between tenders sent in by Perkins, Livingston & Post and Cooper & Fairman, because I understood at the time that Messrs. Perkins, Livingston & Post intended to bring the rails by way of New York.

13624. Do you know for whom Perkins, Livingston & Post were tendering?—Guest & Co.

13625. Did Guest & Co. get any contract?—Yes.

13626. Where were the rails to be delivered?—At Montreal.

13627. And did you not understand by this offer of theirs that these same rails would be taken to the points named—Duluth and Fort William—at the extra price mentioned in their letter?—Yes.

Transportation
of Rails—
Contract No. 20.

13628. How was it that you were not able to avail yourselves of that offer?—Because we had accepted tenders for the delivery at Montreal.

13629. But instead of accepting tenders for delivery at Montreal, had you not the option at that time—say, November, 1874—of taking the same rails delivered at Duluth?—Tenders had been invited for delivery at Montreal, and no others were considered.

Tenders invited for delivery at Montreal.

13630. But do I not understand that you did afterwards consider those made by Cooper, Fairman & Co., and that because they chose to add the condition of delivering at Duluth they had the opportunity instead of others who afterwards answered the advertisement?—It was not the intention of the Department to have accepted Cooper & Fairman's tender to deliver at Duluth. The letter which I have just read to the Commission was an acceptance for delivery at Montreal, but the letter was so worded that it might have been construed as applying to the other, and this gave to Cooper, Fairman & Co. what they considered a claim on the Department. It was not the intention of the Department to have accepted that tender.

13631. Was the result of the transaction that the Government paid a higher price to get their rails from Cooper, Fairman & Co delivered at Duluth than the Government could have got them from Perkins, Livingston, Post & Co. delivered at the same place: for the present, taking out of consideration the intention of the parties, was that the result?—If the tender sent in by Post & Co. in 1874, for delivery at Duluth, had been accepted, it would have cost less money than accepting the tender to Montreal in 1874, and then letting the carriage by separate contract as was done.

A higher price paid Cooper, Fairman & Co. than was asked by Perkins, Livingston, Post & Co.

13632. I have understood you to say that the contract as it was let was not by a separate understanding, but because the Government acceded to the contention of Cooper, Fairman & Co., that it had been involved in the first transaction of the rails, is that right?—Yes.

The Government yielded to Cooper, Fairman & Co.'s claim.

13633. Then it was not a separate transaction, because it was, if I correctly understand you, the result of the acceptance of the rail contract?—It was a claim which they urged in connection with the acceptance of the rail contract.

13634. Do you know how much advantage Cooper, Fairman & Co. got by the acceptance of their rail contract, in the way you have described, over what would have been paid if the other tenders had been accepted?—I can get a statement prepared.

13635. Are we to understand that Cooper, Fairman & Co.'s claim to take this transportation was made because of a letter of Mr. Braun, on the 2nd December, 1874, notifying them that the tenders made on behalf of the Mersey Steel and Iron Co. had been accepted, and that that offer involved the transportation to Duluth?—That is what Cooper & Fairman say in their letter of the 23rd April, 1875.

13636. Will you look at page 31 of the Return to the House of Commons before alluded to, and say whether the letter of Mr. Braun on the 2nd December, is the letter upon which Cooper, Fairman & Co. purport to base their claim for this transportation?—I think it is.

13637. Do you notice that in that letter Mr. Braun informs them that their tenders made on behalf of the Mersey Steel and Iron Co.

**Transportation
of Rails—
Contract No. 20.**

have been accepted?—Yes; but I am not so sure that the word tenders in the printed form is correct.

13638. Have you the original here?—No.

13639. Then will you get it for another time?—Yes.

13640. Will you look at the original tenders and say whether Cooper, Fairman & Co. in those tenders purport to make any offer on behalf of the Mersey Steel and Iron Co. to take rails to Duluth, or deliver rails at Duluth?—Yes, to Duluth.

13641. Please read the words which show the offer is made, not on their own account but on behalf of the Mersey Steel and Iron Co.?—The wording of the tender is this: “The undersigned hereby tenders to deliver on the wharf at Duluth or Thunder Bay, during the season of navigation in the year 1875, in accordance with the annexed specification of conditions, 5,000 to 10,000 tons of the Mersey Steel and Iron Co.’s Bessemer steel rails with a proportionate quantity of fish-joints at the following rates.”

13642. Is it because they describe them of this make that their offer is supposed to be on behalf of that company? Is it not an ordinary thing with dealers to describe this make although making the offer on their own account? Do you suppose that the Mersey Co. were tendering to deliver rails at Duluth?—No.

The offer to deliver rails clearly separate from the offer by the Mersey Co. to supply them.

13643. Then is that offer to deliver rails at Duluth made on behalf of the Mersey Steel and Iron Co.: is not that in fact distinct from another one attached to it, made plainly on behalf of the company?—It is.

13644. Then is that offer, as you understand it, to deliver rails at Duluth, made on behalf of the Mersey Steel and Iron Co., or is it made by Cooper, Fairman & Co on their own behalf?—It is only signed by Cooper, Fairman & Co., and probably on their own behalf, as representing the Mersey Steel and Iron Co. to supply rails; and the Merchants Lake and River Steamship Co. to carry them to the west.

13645. You make use of the words “as representing?”—Yes.

13646. Do you mean that they conveyed that idea in that paper, or that you think so from their reasons; of course, when you make use of the words “as representing,” you mean that they had some authority to represent, simply offered to represent, or that they purported to represent?—That they represented the steamship company does not appear from this tender.

Nothing to show that in the tender for transportation Cooper, Fairman & Co. represented the Mersey Co.

13647. Does it appear that they represented the Mersey Steel and Iron Co. from that letter, or from that tender?—Nothing more than quoting it as a brand of rail they would supply.

13648. Then do you mean that every person who tenders, and quotes that brand of rail to be supplied, does so on behalf of the Mersey Steel and Iron Co.?—Not absolutely, because a person might tender and have rails on hand.

13649. Then why do you make this particular tender differ from other people’s tenders in that construction?—I do not make it different from other people’s tenders, but I believe that Cooper, Fairman & Co. tendered on behalf of the Mersey Steel and Iron Co. in this parti-

Transportation
of Rails—
Contract No. 20.

ular tender, because on another sheet they say they do tender as representing the Mersey Steel and Iron Co.

13650. Do you say on another sheet, or is it an entirely different tender sent in a different way, and tendering to deliver at a different place?—It is on a separate sheet, but the sheets were all sent in together.

13651. Sent in together in what : do you mean in one envelope? See if you do not find two envelopes there, and if they are not entirely separate tenders: one for the Mersey Steel and Iron Co., and one for Cooper, Fairman and Co.?—Yes, they were sent in in two envelopes.

13652. Are they distinct tenders for delivery at distinct places, and in the names of different people?—Yes.

Cooper, Fairman & Co.'s tender for delivery at Duluth not made on behalf of Mersey, Steel & Iron Co.

13653. Now do you say that this tender for delivery at Duluth, was made on account of the Mersey Steel and Iron Company?—I do not.

13654. Then does the letter of 2nd of December, from Mr. Braun, saying that because the tenders of the Mersey Steel and Iron Co. have been accepted, involve the giving of the transportation of the rails to Cooper, Fairman & Co., to Duluth?—Not necessarily.

Braun's letter does not involve the giving of the transportation of rails to Cooper, Fairman & Co., whose claim was therefore not good.

13655. Then that contention or claim on their part is, in your opinion, not well founded?—It is not a good claim.

13656. Are there any other papers about previous matters which you have ready to produce to-day?—No; I have no other papers ready

OTTAWA, Friday, 5th November, 1880.

TOUSSAINT TRUDEAU'S examination continued :

By the Chairman :—

13657. Have you either the original or copy of the letter from Mr. Braun to Cooper, Fairman & Co., dated 2nd of December, 1874, concerning the acceptance of their tenders?—I have a copy and I produce it. (Exhibit No. 141.) In answer to the question asked yesterday by the Commission, I would say that tenders were invited in 1874 for the supply of rails delivered at Montreal. That among other tenders, Messrs. Perkins, Livingston, Post & Co. offered to supply 10,000 tons delivered at Montreal, at the rate of \$54.62; and further, they offered to deliver the rails at Duluth or Georgian Bay instead of Montreal, at \$4 per ton additional, and at Fort William at \$4.75 additional, thus making \$58.62 and \$59.37 per ton respectively. The price paid to the Mersey Co. for rails delivered at Montreal was \$54.26, to which add freight contracted for in 1875 to Fort William or Duluth, \$5.60 per ton, making in all \$59.86 per ton. The 60 cts. per ton for handling and piling, added in the case of the Merchants line, is not considered, as an equal amount would have been required for the performance of the work by the other party. Subsequent events have shown that if, in 1874, the tender made by Perkins, Livingston, Post & Co. had been accepted, the cost of the 10,000 tons, if delivered at Duluth, would have been decreased by \$12,400, and if delivered at Fort William by \$4,900.

Had the offer of Perkins, Livingston, Post & Co been accepted in 1874, \$12,400 would have been saved on 10,000 tons of steel rails.

**Transportation
of Rails -
Contract No. 20.**

Cooper, Fairman & Co. made the highest tender which was yet accepted.

13658. In the statement which you have now made, after consideration since yesterday, you mention that one tender was made by Messrs. Perkins, Livingston, Post & Co., and you mention the result of the transaction, as to the money paid to other people, but you do not happen to mention who made the tender which was the highest and which was accepted: please state who made that tender?—Cooper, Fairman & Co.

13659. There was no tender made by either the Mersey Iron and Steel Co. or by the Merchants Lake and River Steamship Co. for this particular work, was there?—No tender was signed by those companies.

13660. Was there any tender purporting to be made on their behalf for this work of transportation?—There is nothing on the face of the tender beyond the statement that the rails were to be of the brand of the Mersey Steel and Iron Co.

13661. And how do you think that intimates that the transportation from Montreal to Duluth was on account of the Merchants Lake and River Steamship Co., or on account of the Mersey Steel and Iron Co.? We are speaking now of the contract for transportation?—It does not appear on the face of the tender.

13662. Have you been in doubt of that since I have been asking these questions of you? Have you been in doubt about the nature of my question that it was about transportation? Read if you wish from some description of this contract and say if we are not discussing a matter of transportation only?—Yes; I understand that we are discussing a matter of transportation.

Nothing on face of tender to show that any one but Cooper, Fairman & Co. wished to contract for transportation.

13663. Will you read anything in that tender which suggests that any person but Cooper, Fairman & Co. wished to contract for transportation?—There is nothing on the face of the tender.

13664. Had you any other means, as far as you know, of understanding what was meant by the tender excepting what was on the face of it?—No.

13665. Have you investigated the particulars of the transportation of which we spoke the other day, and for which tenders were made by Fuller & Milne, and by Mr. Kittson?—I have not completed the investigation.

Contract No. 22.

13666. What is the next contract in the order of time which we have not investigated?—No. 22. It is with Holcomb & Stewart for the transportation of rails with their accessories from Montreal to Kingston.

13667. Have you the contract?—No; but I shall produce it.

13668. Was the work let by public competition?—A circular was sent to the various forwarders. The circumstances are related in a report by Mr. Fleming, which I now produce. (Exhibit No. 142.)

Cooper, Fairman & Co.'s letter regarding this contract.

13669. Is it concerning this same work that a letter of Cooper, Fairman & Co., addressed to yourself, dated 14th July, 1875, was written: a copy of it appears on page 66 of the Return to the House of Commons?—Yes.

13670. Was the work under this contract satisfactorily performed, as far as you remember?—Yes.

13671. And settled for without any dispute?—The accounts are not absolutely adjusted, but there is a very trifling difference.

13672. I noticed that in this telegram you mention—or rather Mr. Fleming mentions—the weight of the ton: I think the advertisement which you produced yesterday about the other matter, that is the other contract No. 20, the weight of the ton was not mentioned?—No; it is not mentioned.

13673. Then was it the short ton was contracted for in contract 20?—No; it was the long ton.

13674. I understood you the other day to explain that whenever the weight was not mentioned it meant a short ton?—It does.

13675. How do you explain, although the advertisement here does not mention the weight, the contract substantially was the long ton?—When these tenders were received we found that some of the parties said nothing about the weight or the number of pounds in a ton, thereby meaning it was a short ton, while other parties mentioned the long ton. We, therefore, ascertained from the parties what kind of ton they meant.

13676. Then it was by subsequent negotiation, and not by any implied understanding, that the weight was fixed?—Yes.

13677. Upon page 65 of the Return of the House of Commons there is a copy of a letter from Cooper, Fairman & Co. to you, dated July 13th, 1875, in which there is an allusion to western delivery: do you know whether that allusion was to this matter that was contracted for with Holcomb & Stewart, or was it to delivery on the lakes?—I do not know; I cannot remember.

13678. What is the next contract, in order of time, which we have not investigated?—Contract No. 26, with James Isbester, for the construction of the engine house at Fort William.

**Engine House
at Fort
William—
Contract No. 26**

13679. Was this work let by public competition?—Yes.

13680. Have you the advertisement asking for tenders?—No; I have no copy of the advertisement.

13681. Have you any of the tenders or a report upon them?—I produce the schedule of tenders. (Exhibit No. 143.)

13682. Was it awarded to the lowest tender?—Yes.

13683. Has the work been performed?—Yes.

13684. Has there been any dispute on that subject?—No dispute.

13685. Has there been any claim on the part of rival tenderers that the contract was not properly awarded?—No; no claim.

13686. Has the work been assumed by the Government and used?—Yes.

13687. Is there any other matter connected with it that you know of that should be further investigated?—No.

13688. Have you any report upon the tenders offered for this work, recommending either one to be accepted?—Yes; I produce a report by Mr. Fleming, dated May 22nd, 1876. (Exhibit No. 144.)

13689. What is the next contract, in order of time, that we have not investigated?—Contract No. 27, with the Merchants Lake and River Steamship Co., for the transportation of rails from Montreal, Lachine and Kingston, to Fort William or Duluth.

**Transportation
of Rails—
Contract No. 27.**

**Transportation
of Rails—
Contract No. 27.**

13690. Was this work let by public competition?—Yes.

13691. Have you a copy of the advertisement and a list of the tenders?—I have; and I produce it. (Exhibit No. 145.)

13692. Was there any correspondence besides the formal tenders upon the subject with the Department before the contract was let?—Yes.

13693. Can you produce it?—I produce it. (Exhibit No. 146.)

Letter of 31st December, 1875, before advertisement for tenders.

13694. This appears to be a letter dated 31st December, 1875, before your advertisement asking for tenders; has this been considered together with the tenders which were put in after your advertisement?—I do not know whether it was considered.

Offer accepted dated May 8th, 1876.

13695. It is from G. E. Jacques & Co., who describe themselves as agents of the Merchants Lake and River Steamship Co.; was this the successful offer—I mean was it this offer that was accepted by the Department?—No; the offer accepted by the Department is dated May 8th, 1876. It was one of the tenders sent in in answer to the advertisement.

13696. Has the work been performed satisfactorily?—Yes.

13697. Has there been any dispute upon the subject, either between rival tenderers or between the Government and the contractor?—No.

13698. Is there any other matter connected with it which you think requires to be investigated?—No.

13699. What is the next contract, in order of time, which we have not investigated?—It is contract No. 28 apparently, but it is only an extension of contract No. 18, with some new prices added, but which were not acted on.

13700. Then there has been no transactions under that contract which we may not investigate under contract No. 18?—No.

13701. Nothing which requires separate explanation from that of contract 18?—No.

**Railway
Spikes—
Contract No. 29.
Cooper, Fairman & Co.**

13702. What is the next contract, in order of time, which we have not investigated?—Contract No. 29, with Cooper, Fairman & Co., for the supply of railway spikes.

Let by public competition.

13703. Was this let by public competition?—Yes.

13704. Have you a copy of the advertisement and a list of the tenders?—Yes; and I produce it. (Exhibit No. 147.)

13705. Has this contract been fulfilled?—Yes.

13706. Was it awarded to the lowest tender?—It was.

13707. Has there been any dispute between the rival tenderers, or between the Government and the contractors?—No.

13708. Is there any other matter connected with it which requires explanation or investigation?—No.

**Bolts and Nuts—
Contract No. 30.
Cooper, Fairman & Co.**

13709. What is the next contract, in order of time, which we have not investigated?—Contract No. 30. It is a contract with Cooper, Fairman & Co., agents for Robb & Co., for the supply and delivery of bolts and nuts.

13710. Was the contract for these materials let by public competition?—Yes; it was one of the items in the tender received for the sup

ply of steel rails from the Mersey Iron and Steel Co., represented by Cooper & Fairman.

**Bolts and Nuts—
Contract No. 30,
Cooper, Fairman & Co.**

13711. Was this contract the result of accepting any one of the tenders, or was it reached by new negotiations?—The tender by the Mersey Steel and Iron Co. was accepted, and when the contract was prepared the Mersey Co. asked that they should not be called upon to supply the nuts and bolts. Thereupon Messrs. Cooper & Fairman, in a letter dated the 2nd of March, 1875, asked whether the Department would accept bolts and nuts made by Robb & Co. of the Toronto Bolt and Nut Works. The Department agreed to this by telegram dated the 5th of March, 1875, to Cooper, Fairman & Co., informing them that the proposition was accepted.

How contract came to be made.

Suggestion by Cooper, Fairman & Co.

13712. Then, on the 2nd March, 1875, there was no binding arrangement made with any one for the supply of these articles; I understand that in that same letter Cooper, Fairman & Co. intimate that the Mersey Steel and Iron Co. object to include these articles in their contract?—Yes.

13713. At that time do you understand there was no binding contract for their supply—I mean on the 2nd March, 1875; in other words, was it matter which the Department might deal with as seemed most to their advantage?—There was a contract in this sense: that the Mersey Co. had made a tender and the Department had accepted it.

13714. I understood you to say that the Mersey Co. declined to carry out the contract although the tender was accepted, and that therefore that freed the Department; am I wrong or right in this? As a matter of fact was not the contract with the Mersey Steel and Iron Co. executed without this being in it?—Yes, it was.

137 5. Then do you not understand that the Department was free from that subject in the Mersey Steel and Iron Co.'s contract or tender?—Well, I think it would be free.

13716. Being free, in your opinion; do you know whether the Department took steps to ascertain the lowest price at which these articles could be obtained. For instance: I notice in the list of tenders of November, 1874, in which these articles were connected with the tenders for rails, several persons offered to supply them at prices much below this \$101 per ton:—Guest & Co, \$93.79; James Watson & Co., \$92.47; J. B. Allis, \$94.50; William Darling & Co., \$92.47; and Rice, Lewis & Son, \$99; were any of these parties communicated with or any other steps taken to obtain the articles at lower prices than \$101—I mean after the Department was free in March, 1875? You will notice that the letter from Cooper, Fairman & Co. notifies the Department of this objection on the 2nd of March 1875, and that on the 5th of March you close a bargain with them: does that help you to say whether efforts were made in any other direction?—I do not think that anything was done beyond accepting Cooper & Fairman's offer to do the work for \$101.

Cooper, Fairman & Co.'s offer was accepted without competition.

13717. Does it happen that the lapse of a period, as long as that between the tenders of November, 1874, and this contract in March, 1875—somewhere about four months—materially affects the price of such articles as these in the market?—It might.

13718. Do you know whether any efforts were made, without applying to individuals on this occasion, to ascertain whether the market

Does not know if any efforts were made to ascertain whether prices had fallen.

**Bolts and Nuts—
Contract No. 30.
Cooper, Fair-
man & Co.**

price of these articles had changed materially since November, 1874 ?
—I do not.

13719. Have you the offer of Cooper, Fairman & Co. of the 2nd of March on this subject?—Yes; I produce it. (Exhibit No. 148.)

Fleming recom-
mends the accept-
ance of the offer.

13720. I notice a memorandum on this which appears to be by Mr. Fleming; will you please say whether that had anything to do with the acceptance of it, and read the memorandum?—The offer was referred to Mr. Fleming for report, and on the 4th of March he recommended the acceptance of the offer.

13721. Who gave the final decision on the subject after that memorandum by Mr. Fleming?—I find the word approved written by myself under Mr. Fleming's recommendation.

13722. Does this writing of your own refresh your memory on the subject as to whether any effort had been made by yourself to ascertain whether this price had been the best price?—It does not.

13723. Has this contract in the name of Robb & Co. been fulfilled?—Yes.

13724. Is there any other matter connected with it which you think proper to explain?—I do not know of any at this moment.

Does not know
whether the
goods were Cana-
dian make or not.

13725. Do you know whether these articles were Canadian made or English made; Robb & Co. from the tenor of the letter of Cooper, Fairman & Co. appear to be a Toronto firm: if you look at page 50 of that Return you will see what they say on the subject of the Toronto Nut Works, rather suggesting that they were to be furnished according to a sample from Sandberg, but perhaps it means that they were to come from England. I only wish you to say how that was?—I am not aware where the goods came from.

13726. Are you aware of any written contract or description which would make that plain, or is the contract included in this proposal and in the telegram in answer to it without any further document?—No, I do not know of any other document but this letter.

13727. In the reference to this contract in Mr. Fleming's special report of 1877, on page 396, it says that the bolts and nuts are delivered in Montreal or Toronto, and are to be manufactured according to a sample furnished by C. P. Sandberg: can you say now, looking at that reference by Mr. Fleming, whether these articles are English made or Canadian made?—No. The reference to the sample furnished by Mr. Sandberg does not make it necessary that the rails should be made in England, or that they were made in England. The rails were specified to be Sandberg's standard section, the fish-joints also were specified to be Sandberg's standard, and it was necessary that the bolts, in order to fit the holes in the rails and fish-plates, should also be for that standard.

13728. Then, upon the main question, can you say whether the articles furnished under this contract were made in Canada or England?—No, I cannot; I cannot at this moment.

13729. Will you be able to ascertain that?—I will try.

13730. Do you know whether articles of this kind made in England are considered more valuable than such articles made in Canada for railway purposes?—I am not aware that the bolts and nuts made in England are better than those made in Canada.

13731. Is there any other matter connected with this particular transaction which you would like to explain?—Not that I think of at this moment.

**Bolts and Nuts—
Contract No. 30.
Cooper, Fair-
man & Co.**

13732. What is the next contract, in point of time, which we have not investigated?—Contract No. 31, with the Patent Bolt and Nut Co., for the supply of bolts and nuts for British Columbia.

**Contract No. 31,
B.C.—
Cooper, Fair-
man & Co.**

13733. Where were these articles to be delivered?—At Liverpool.

13734. Is the contract made with this company or with some one else for them?—There is no further contract but this letter, and the acceptance by the Department. The letter is signed "The Patent Bolt and Nut Co., per Cooper, Fairman & Co, Agents." I produce it. (Exhibit No. 149.)

**No contract
save the letter
from Cooper,
Fairman & Co.,
and acceptance.**

13735. Was the supply of these articles contracted for after public competition on the subject?—No, tenders were invited for delivery in England; but in a tender sent in by Cooper & Fairman for the supply of rails the price of iron bolts and nuts to be delivered at Liverpool is stated to be £19. 10s. sterling.

**No public com-
petition.**

13736. When was that tender put in?—In November, 1874.

13737. Either in November, 1874, or at the time of this letter in March 1875, or between those times, had there been any invitation of public competition on this subject?—No.

13738. Had you, without public competition, received many offers on this subject out of which you made this selection, or was this the only offer—I mean for bolts delivered at Liverpool?—At this moment I think it was the only offer.

**Unaware of any !
means taken to
ascertain the
price of bolts and
nuts outside
Cooper, Fairman
& Co.'s offer.**

13739. Are you aware of any means being taken by the Department at that time to ascertain the prices of such articles otherwise than by this letter of Cooper, Fairman & Co.?—I am not.

13740. Is the acceptance of this offer recommended in the same way as the last offer by Mr. Fleming?—Yes; the offer by Cooper, Fairman & Co. was referred to Mr. Fleming for report, and he recommended its acceptance, and it was approved by himself.

13741. Is there any other matter connected with this contract which you wish to explain?—Not that I know of at this moment.

13742. What is the next contract, in point of time, which we have not investigated?—It is contract No. 32, with Cooper, Fairman & Co., for the supply of railway spikes to be delivered at Fort William and Duluth.

**Railway
Spikes—
Contract No. 32.
Cooper, Fair-
man & Co.**

13743. Have you the contract?—Yes; I produce it. (Exhibit No. 150.)

13744. Was this contract let by public competition?—Yes.

**Let by public
competition.**

13745. Have you a list of the tenders and any report upon them by the engineer or other person?—Yes; I produce them. (Exhibits Nos. 151 and 152.)

13746. Besides the tenders reported upon in the documents you produce was there any other tender which was not considered?—There was one tender received from Rice, Lewis & Son, of Toronto, on the 21st of March.

**Railway
Spikes—
Contract No. 32.
Cooper, Fair-
man & Co.**

Practice to attach envelopes to tenders to show when they are received.

Envelopes not attached to others.

Prices vary from \$54.95 to \$75 a ton.

\$55 the second, highest price 5 cts. a ton higher than Cooper, Fairman & Co.'s tender.

Letter from Cooper, Fairman & Co. before tenders asked for.

Probably on considering this letter tenders asked.

13747. Is there some envelope or something to show that that was received too late?—There is an envelope on which there is the stamp March 21st, showing it was received.

13748. Is it usual to attach envelopes to tenders showing when they are received?—Yes.

13749. Do you find them attached to all the other tenders in this case?—No; the others do not appear to be attached.

13750. Not to any of them?—No.

13751. In the tenders which you have considered, do the prices vary much, or are they all nearly the same price: state the limits between which they vary?—They vary from \$54.95 to \$75 per ton.

13752. What is the second highest price?—\$55.

13753. That is five cents a ton higher than Cooper, Fairman & Co.?—Yes.

13754. Do you know whether Cooper, Fairman & Co. communicated with your Department on the subject of this arrangement before tenders were asked for?—Yes; I produce a letter from Cooper, Fairman & Co. dated 19th February on the subject. (Exhibit No. 153.)

13755. Was it upon considering this letter that it was deemed advisable to ask for tenders on the subject?—Most probably, for it was about this time the order was given to receive tenders for spikes.

13756. Has the contract been fulfilled?—Yes.

13757. Is there any other matter connected with it which you think proper to explain?—Not at this moment that I think of.

13758. What is the next contract, in order of time, which we have not investigated?—No. 32 A; but I have not the papers with me. We can take it up at another time.

13759. What is the next in order?—Contract No. 34; but I am not ready now to offer the papers and a full explanation.

OTTAWA, Saturday, 6th November, 1880.

J. N. SMITH.

JAMES N. SMITH, sworn and examined:

**Tendering—
Contract No. 42.**

Carries on business in New York

By the Chairman:—

13760. Where do you live?—Brooklyn, New York. Perhaps I should say my office is in New York city. My business is in New York city, but I reside in Brooklyn.

13761. Have you had any connection with any of the transactions of the Canadian Pacific Railway?—I have; yes, Sir.

At Ottawa, February, 1879, at request of Andrews, Jones & Co.

13762. What was the first, in point of time, in which you were interested?—I cannot say that I was directly connected. At the time of letting section B—I think it was in February, 1879—I came to Ottawa at the suggestion of Mr. Andrews, of the firm of Andrews, Jones & Co., to investigate matters and to see whether the contract was one that I would be willing to back—myself and friends would be willing to back—in the way of putting up their security.

Tendering—
Contract No. 42.

13763. Had you any more knowledge of railway matters at that time than Andrews, Jones & Co. ?—Not at that time. No, Sir.

13764. Was it an opinion upon the matter of finances, or upon the practicability of the work or the prices of it, that you were to investigate ?—I was to investigate both in regard to the probability of its being a paying contract ; also, in effect, to investigate the whole matter—to look into the whole matter and to see whether we would be justified in going in or not as bondsmen, to furnish the 5 per cent. the Government required to be put up.

Came to investigate probability of contract proving a paying one.

13765. At that time was it intended by Andrews, Jones & Co. that you should have any interest in the profits or losses of the concern ?—Not at that time. It was afterwards—after I came to Ottawa. At the time I left New York it was not.

13766. At the beginning then it was merely in the character of surety that you were to be connected with it ?—As a favour to Mr. Andrews.

At first connected with contract only as surety.

13767. As a surety ?—As a surety or to furnish the money.

13768. You mean the money which was required as the deposit ?—Yes ; the 5 per cent.

13769. When you reached Ottawa, what took place on the subject, so far as you were concerned ?—Well, we investigated the matter. Mr. Jones made his statement, and I gathered all the information I could from one or another. I looked into the matter as closely as I could.

13770. Was Mr. Jones with you here ?—Mr. Jones was, yes.

13771. Any other member of the firm ?—No, Sir.

13772. That is Mr. N. F. Jones ?—Mr. N. F. Jones.

13773. He also is of Brooklyn ?—Yes.

13774. And was at that time ?—And was at that time.

13775. Well ?—After looking carefully into it, I told Mr. Jones that as far as I was concerned I would be willing to aid in furnishing the money, although I did not at that time anticipate the contract would ever come to us—or come to Andrews, Jones & Co. I should not have said us for I was not interested.

Told Jones that as far as he was concerned he would furnish the money, i.e. 5 per cent.

13776. When you say that you informed him that you would be ready to furnish the money you still meant the money of the 5 per cent. ?—The 5 per cent. ; yes, Sir.

13777. Was it before you left Ottawa that any change was proposed so as to make you directly interested in the transaction ?—It was, Sir.

13778. Was any understanding arrived at on the subject before you left Ottawa ?—There was ; that if I furnished the money I was to have a certain percentage in the contract.

Before leaving Ottawa it was agreed that if he furnished the money he was to have a percentage on the contract.

13779. To be a partner in effect ?—To be a partner in effect.

13780. Do you remember about what time that understanding was arrived at, whether it was long before you left the city or only a short time ?—It was a very short time before I left the city.

13781. Was it after you became aware that the contract was awarded to Andrews, Jones & Co. ?—No, Sir ; it was previous to that.

13782. Do you mean that at the time that Andrews, Jones & Co. were notified by the Department of the awarding of the contract you

**Tendering—
Contract No. 42.**

were by the arrangement with them a partner in the concern?—Not a partner, but I was to become a partner in case that I fulfilled certain conditions.

13783. You had the privilege of becoming a partner if you fulfilled certain prescribed conditions?—Yes, Sir.

13784. Was that understanding reduced to writing, or was it a verbal understanding between you and Mr. Jones?—I could not say. I could not say whether it was reduced to writing or not. My impression is, that it was, although I am not positive in the matter. I am not positive.

13785. Has there been, at any time, any difference of opinion between you and Mr. Jones on the subject as to whether such an understanding was arrived at?—No, I think not.

13786. Then it was a settled and understood thing?—A settled and understood thing.

13787. Do you remember whether it was you or Mr. Jones who first became aware of the intimation from the Government, that the contract was awarded to you?—I think the notice was handed to me by Mr. Bradley, the Secretary of the Minister.

13788. Have you that letter with you?—I have not.

13789. In a Blue Book published in 1880, on page 18, there appears to be a copy of a letter signed by the Minister of Public Works, dated on the 26th February, 1879, addressed to Andrews, Jones & Co. in this language:

“GENTLEMEN,—I have to inform you that your tender for the construction of section B of the Canadian Pacific Railway has been accepted, and that the contract will be entered into with you in accordance with that tender, provided you deposit the 5 per cent. required in the specification, by four o'clock, P.M., on Saturday next.”

Can you say now whether that was the substance of the communication you received?—From the best of my recollection I should say it was.

13790. Do you know that a day or two before that a communication had been addressed by your firm to the Secretary of that Department upon the subject of your getting the contract; and if so that you were ready to make the deposit immediately?—No, I was not aware of it. I might have been aware of it at the time, but if there was such a communication it has escaped my memory.

13791. Please look at this letter, dated February 24th, 1879, and say if you know whose writing it is?—It is the writing of Mr. Jones, I should say—Mr. N. F. Jones.

13792. The same gentleman you have just mentioned?—The same gentleman. I would add that I do not think I ever saw that letter; I do not think it was ever shown to me.

13793. Read it aloud?—

“We have the honour to inform you that we have associated with us Mr. A. Leberge, general contractor, of Montreal, in connection with our tender for the work of construction on the Canadian Pacific Railway, between English River to Keewatin, and to state, in case our tender should be among the lowest, and the work awarded to us, that we are prepared to make the necessary deposit of 5 per cent. immediately, and commence operations at once. We might add that our firm is composed strictly of practical railroad men of large experience.

“We have the honour to be, Sir,

“Your obedient servants,

“ANDREWS, JONES & COMPANY,

“per N. F. Jones.”

Notice that contract awarded Andrews, Jones & Co., first handed witness by Bradley.

Letter from Andrews, Jones & Co., saying that if contract awarded them they would deposit the 5 per cent. immediately.

Knew nothing of this letter.

I do not think, Sir, I ever saw the letter.

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13794. Is the tenor of this letter according to what you understood to be the case at that time, or is it a new idea to you now?—It is entirely a new idea to me.

13795. Had you not the information at that time that the firm was ready to put up the money immediately, if requested?—No; I had an idea that it depended entirely upon the report I would make when I got back to New York, and I knew that the money was not in the hands of any member of the firm here to put up, or at least I was supposed to put up that amount of money.

Thought the putting up of money depended entirely on the report witness would make when he got back to New York.

13796. Then is it your present opinion that that statement in the letter was made without proper foundation?—I think it was made—Mr. Jones was an extremely sanguine man, and I think it was made not thinking—that he did not give it sufficient thought of the time required to bring \$200,000 to bear at this point.

13797. Knowing that, as you say, do you think it was made with or without proper foundation?—I think it was made without proper foundation. I do not think it had proper foundation at that time. I would like to add, at this point, that I do not believe that Mr. Jones intended to make a false statement. I think in writing that he intended to say that the money should be forthcoming as soon as it was practicable to get it here. Immediately might be at once—in a minute. Well, of course, if a man had to put up \$200,000 for instance, in a day, it would be a very difficult matter when he hadn't it here; but I suppose by that he intended to cover a longer space of time. As soon as practicable for us to bring about the matter.

Promise to put up security made without proper foundation.

13798. Do you mean that his sanguine disposition affected his judgment, and that he was led to hope for what could not be accomplished?—I think, perhaps, that might be so.

13799. Not intending to mislead; but as a matter of fact his statement was not well founded?—The statement was not well founded; but Mr. Jones is a man of honour whose word I would take at any time.

13800. I do not presume to question it for a moment; my questions were not meant to touch that subject. On the same day on which you are informed that the contract is awarded to you, a letter appears to have been written by your firm to the Department upon the subject of extension: will you please look at this letter and say in whose writing it is, and if it was by the same person who wrote the other?—It is a letter of Andrews, Jones & Co., signed by N. F. Jones, the same as before.

13801. Do you know how soon after the writing of that letter you left for New York?—I think we left the very evening. I knew of Mr. Jones writing that letter, for he showed it to me. There is one point you spoke of—our firm up to this time. I have never become a member of the firm, from the fact that we never complied with the terms which would have made me a member.

Jones and witness left Ottawa together for New York.

13802. The completion of the firm is not rendered necessary because the work was not undertaken?—The work was not undertaken and we did not comply in furnishing the 5 per cent., which was to be furnished by myself and associates in New York.

13803. Do I understand that Mr. Jones and you both left the city on the same day?—Yes.

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Does not remember the arrangement made to get answer to New York in reply to their letter requesting extension of time to put up security.

Arrangement made with Jones.

13804. What arrangement was made about getting an answer to this letter, in which you ask for an extension?—I could not say now. I disremember.

13805. Mr. Chapleau, in his evidence, I think said that the letter was to be addressed to some hotel here, and some one was appointed to ascertain the contents and to communicate with you by telegraph: does that refresh your memory on the subject or are you still in doubt?—I am in doubt, because that arrangement was made by Mr. Jones himself

13806. Then you made no arrangements by which the substance of the answer was to be communicated to you?—No, I made no arrangement; the arrangement was made by Mr. Jones. I know there was some arrangement made by which we were to receive, as early as possible, a communication in answer to that letter.

13807. Mr. Chapleau also said, if I remember rightly, that he was asked to ascertain from the Secretary of the Department what the substance of the answer was, and to communicate directly with you by telegraph; and he did so: does that refresh your memory?—Was that directed to me, or to Andrews, Jones & Co.?

13808. I am not exactly sure what he said, but I will read from his evidence:—

Chapleau's account.

On the 26th of February, Andrews, Jones & Co. were informed that their tender was accepted for section B, and a stated time was given them to deposit the required 5 per cent. security. Mr. Smith immediately left for New York. I may as well here state that, previous to his leaving for New York, he sent for me, and asked me to inform him of the decision that the Government should arrive at in the matter of the application which he had made for an extension of time to put up that 5 per cent. security. He asked me if I would ascertain whether the time was extended or not, and telegraph him. Accordingly, two days after I telegraphed him that his application had been refused. He left on the 26th, at night, and it was on the 28th I telegraphed to him.

Chapleau telegraphed on the 28th, that application of time had been refused.

—My recollection would be the same: that it is the same. Mr. Jones and I have every telegram that was sent in connection with the matter, but I have not got them with me. When I say myself, either myself or Mr. Jones hold the telegrams that were sent. It may be correct, however. If it is, why it has slipped my memory.

Does not remember whether the telegram was addressed to him.

13809. You do not remember now that the communication from Chapleau was directed to you: is that what you mean?—I do not remember. The majority of them, I think, were directed to Andrews, Jones & Co.; there may have been a special one sent to me, but I do not remember at this time, for I have forgotten.

13810. As I understand, the completing of this contract with the firm of Andrews, Jones & Co. depended upon your being willing and able to furnish the necessary deposit?—Yes.

The person who was to raise part of the security refused after hearing witness's statement.

13811. And you left Ottawa with the view of doing so, or of discussing when you got to New York whether it would be advisable to do so: which do you mean?—I left Ottawa with the view of doing so, if the party who was to aid in furnishing the funds agreed with me, and it was practicable to raise the money in that short time. I think I might as well state here that the party who was to raise part of the funds refused after hearing my statement. I gave him a full statement and told him that it was then February and spring was soon coming on, and the difficulties of transportation of men and supplies to this remote country; and when the ice went out—I had

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been informed by them, I had never been there—that it was very difficult to get there, almost impossible; and after hearing my statement he refused, utterly refused, to have anything to do with it. I still would then have gone in, but the time was so short that I had not time even to make an application to any other party to furnish the other part of the money. Mr. Jones and I both endeavoured to persuade another party, but the time was too limited.

*Time too limited
to get another
person to aid.*

13812. Could you say how soon after you left Ottawa it was that you informed this gentleman with whom you first discussed the subject, and when he refused to put up the deposit?—I left Ottawa at ten o'clock, my recollection is, at night, and I think we arrived in New York next evening, but too late for business hours, and it was the following morning that we arrived.

13813. The morning of the 28th would it be?—We left on the evening of the 26th, and that would be on the morning of the 28th.

13814. Was it at that same interview that he decided not to put up the money?—It was at that same interview, after receiving the despatch in answer to our request for longer time. We were then—I may state right here—we were having an interview at the time that the despatch came and was brought in.

13815. Was the decision, as you understand it, from this gentleman that he would not put up the required money because it was not a safe transaction, or because the time was too short?—I think with him it would have been from my statement to him that he made up his mind that it was not a very safe transaction.

13816. Did you part with him at that time with the understanding, as far as you know, that although the time might be extended, that he would still not put up the money?—After we had got the answer. We had got the answer before we parted; but I do not think he would have put up the money under any circumstances whatever.

*The original
party having
heard witness's
statement would
not have put up
the money under
any circum-
stances.*

13817. I understood you to say just now that it appeared a hopeless case to persuade him, and that you and your friends, Andrews, and Jones, were looking about for some other person to put up the money?—Yes.

13818. Would that have happened if he was willing to put up the money in case the time was extended?—I say, and think still, he would not have put up the money.

13819. Have you any doubts yourself about it?—We might have persuaded him, but I do not think so; I may say that I am nearly positive that he would not have been persuaded to do so.

13820. Would you have tried to persuade any one else, since there was no hope of persuading him?—No; I would not.

*Witness would
not have tried to
persuade any one
else.*

13821. Would you explain more fully the difficulty which you communicated to this gentleman about the time—I mean the breaking up of winter and of ice, and how that affected the transaction?—I told him that from parties that I had met that were acquainted with the country here, I had gained information that in the month of March—some time in the month of March—the ice on the lakes and rivers broke up; as that country was made up of inlets of water extending into the land impossible to cross, that there was points where it was almost utterly impossible to get across, and that to transport the freight across, which

*The breaking up
of the winter
what deterred the
party in New
York.*

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would be necessary to carry on the work—supplies for the work and plant—and that I had understood that it would be late in the summer before we would be able to get in our supplies, unless taken in the winter time and carried across ice, which was the information I received here from parties.

Looking at the time of year contract should have been let as quickly as possible.

Everything depended on getting the supplies in.

13822. Then from that information, in your judgment, for practicable purposes was it desirable that the contract should be let as quickly as possible, or that the time should have been extended?—I think that it should have been let as quickly as possible. I do not see any reason why it should not. In fact, if I had been going to do the work it would have been better to have let it a month before, for everything depended upon getting the supplies in.

13823. Do you mean that, in your opinion, it was late then in the season for letting the contract to advantage?—I mean that it was too late, although not perhaps too late, but they could not have got in supplies; but there ought to have been more time to get in supplies and plant for carrying on a work so large as that.

Would have been more advantageous to have let the work earlier.

13824. You mean that it would have been more advantageous to have let the work earlier?—Yes.

13825. For practical purposes?—Yes, for practical purposes; as far as getting in supplies and plant.

No further attempt made to get money.

13826. After you had parted with your friend in New York on the 28th, did you make any further attempt to procure money advanced by any one else?—I think not. I think that after that Mr. Jones and myself finally gave up. I think there was no attempt made.

13827. Do you remember whether there was any communication to you from Mr. Chapleau to reconsider that decision?—I think there was.

Chapleau wrote saying it would be better to reconsider decision and put up the money.

13828. Can you give the substance of his communication?—I think he wrote to me—I am not sure; but I think he wrote to me stating that the Government would give additional time, and that he wished I would reconsider my—that he thought it would be better for me to reconsider our decision and put up the money.

13829. What was your answer?—I answered that we had made up our minds not to do anything with it.

Decided not.

13830. Do you mean that you had finally concluded that even if the time had been extended, it was not a desirable transaction?—We had decided then to give up, partially from the fact that my friend who was joining me in this transaction in furnishing the money had decided that he did not think it was advisable, and I listened to him to a certain extent.

13831. Judging from Mr. Chapleau's evidence, his recollection is that that was communicated to you by telegraph, and that it was the information that \$50,000 had been deposited on your account?—Yes.

13832. Do you remember any such communication as that?—I think there was a communication that deposit was made by a party, that Mr. Jones had agreed to give a certain interest to for furnishing a certain part. We were to furnish, I should have stated, a certain part of this 5 per cent.

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Contract No. 42.

13833. Who was to furnish the balance?—It was found that it was necessary. I believe he was to make arrangements with some Canadians here to furnish the balance and to have an interest. The arrangement, I do not think, was ever fully perfected, but I do not know.

13834. Upon the question of this communication, do you remember that you were informed that a portion of the deposit had been provided, and for that and other reasons you had better reconsider your decision to give up the matter?—I think that is so, although I am not positive; but I think that is so. It is some time since, and I could not say positively that there was such a communication, but I think there was such a communication. I do not think; perhaps it was sent to me; it may have been sent to Andrews, Jones & Co., or it may have been sent to me.

Thinks he was informed that a portion of the deposit had been provided.

13835. After the 28th, upon which you say you had this first discussion with your friend, did you ever make any further attempt to carry out the tender?—I think not.

Made no further effort to carry out tender.

13836. Or to complete the contract?—No, I think not.

13837. Do you know whether any person made any deposit on account of your firm?—No; I do not know.

13838. Do you know whether any authority was given to any one to make a deposit?—As at that time I was not a member—

13839. I speak of the firm of Messrs. Andrews, Jones & Co.?—No; I do not know whether there was any deposit made or not. I have no knowledge of my own in regard to it.

13840. There is a letter of March 5, 1879; please look at it (handing it to the witness) and say in whose handwriting it is if you know?—Will you be so kind as to give me one of Mr. Jones' to look at?

13841. Could you not say without comparing it with another of Mr. Jones' letters (handing another letter, which witness looks at)?—No, I could not. I should say that that was not Mr. Jones' writing. I do not think it is.

13842. Do you know whose it is?—I do not know.

13843. It is dated on March 5th; are you aware whether Mr. Jones was in Ottawa at that time?—March 5th: no, he was not here then.

13844. That would be some weeks after the day on which you say you and he were discussing with your friend the propriety of going into the contract. There is another letter of March 3rd; please look at it and say if you know whose writing it is (handing the letter)?—No, I do not. I have no knowledge of the writing whatever.

13845. Was Mr. Jones here at that time?—He was not to my recollection. I think after leaving here he did not come back at all.

13846. Where does the other member of the firm live—Mr. Andrews?—In Brooklyn, New York.

13847. Do you know whether he was up here on the 3rd or 5th March?—No, he was not. He was never up here on this business.

13848. What would you say about those letters signed on the 3rd of March and 5th March respectively—Andrews, Jones & Co.; were they signed by any member of the firm do you think?—I could not say. I know that is not Mr. Andrews' writing.

Does not recognize handwriting of letters purporting to come from Andrews, Jones & Co.

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13849. Is it Mr. Jones' ?—It is not Mr. Jones'.

13850. Is it yours ?—No, it is not mine.

13851. Was there any other person authorized to sign the name of the firm ?—There may have been.

13852. Do you know if there was ?—I think Mr. Jones made arrangements with some other parties to come in, as they stated there was a feeling against our being an exclusively American concern, and I think he had made arrangements with two or three other parties to come in. What that arrangement was I could not now say, but this letter of the 5th March is not Mr. Jones' writing, neither should I say that the letter of the 3rd March is his writing.

There were persons from the western part of the Dominion whom it was proposed to take in.

13853. Do you say that Mr. Jones arranged when he was here that there should be other members of the firm who were to join, and that you do not know who they were ?—I was to join on certain conditions, on furnishing—if my recollection is right—one-half of the money—\$100,000 more or less—one-half of the 5 per cent., and there were other parties that he used to talk with, discussing this matter with, from the western part of Canada. What arrangement he definitely made with them I could not say.

13854. Had he the privilege of bringing any persons into the firm without your consenting to them—I mean without your knowing who they were, or consenting to the particular individuals coming in ?—Of course at that time I was not a member of the firm, and he could even shut me out if he chose.

13855. By the arrangement that he made had he that option ?—The arrangement that was made was made just previous to my leaving to go to New York. He had made some arrangements with those parties previous to that I think. He told me that there were two or three Canadians that he intended to have brought into the firm in order to obviate the difficulty, so that it could not be said to be purely an American firm.

Some talk that Morse, Nicholson & Marpole were to become members of firm.

13856. Was it arranged, so far as you know, that any of the persons who had lower tenders and had not complied with the conditions were to become partners of your firm—for instance, was Morse to be a partner, as far as you know ?—I could not say that Morse was, that it was definitely arranged. There was a talk that Morse and a man named Nicholson, and there was another party that I forget. I disremember.

13857. Marpole ?—It may have been Marpole, but I disremember.

Witness understood that Morse & Co. would not take their contract at any price.

13858. Did you understand from Mr. Jones that there was a possibility of these persons who had not complied with these conditions, still being interested in the contract at the higher price ?—No; I understood that they would not take their contract at any price.

13859. Who would not take it ?—That Morse & Co. would not take their contract at any price.

13860. Did you understand that they were to take a higher price contract or any interest in it ?—Nicholson told me that if he had got both sections that he bid for, A and B, he was willing to take them. That they had given A to another party, and that was a section where he had an advantage in, and B was awarded to him; but I do not think there was any arrangement made with Nicholson on account of

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Contract No. 42.

his bid. I think he would never have signed his contract, and could not have signed his contract.

13861. Mr. McDonald, who afterwards became interested in the contract, mentioned in his evidence at Winnipeg that it was by the efforts of one of the lowest tenderers who had not complied with the conditions that those deposits were put up, and it was an attempt on their part to get an interest in the same contract at a higher price than their own tender: do you think that is what led to this deposit—I wish to know whether you are aware of any such arrangement or any thing in that direction?—I am not aware of any such arrangement. Mr. Jones stated to me his object was in taking them in that he wanted to add two Canadians to the firm so as it should not be called exclusively an American concern.

Jones' object in taking Morse & Co. in was to give a Canadian element to the firm

13862. Will you please state what took place, either in any personal interview or in any communication between you and Mr. Chapleau, upon the subject of your not completing this tender or putting up the deposit required?—Well, I had various talks with Mr. Chapleau while I was here. I had known Mr. Chapleau for many years, and perhaps had known him very much longer than any one in Canada, and when I came here he used to come and call on me, and when he was in New York I used to call at the hotel and see him, and he even came to my house, and consequently he took more interest, I suppose, in advising me in these matters. He had a conversation with me in regard to section B—had various conversations—from the time I came here with Andrews or with Jones, and he seemed to think that it was a very excellent contract, and said to me that he would like to have me to come here and get hold of this work; perhaps I might get hold of something more to do afterwards. And previous to leaving to go to New York he came to me and said he thought I would make a mistake if I did not hurry up. He thought that I ought to telegraph to have my partners ready to put up the security.

Relations with Chapleau.

Witness states what took place between him and Chapleau.

Chapleau told him that the contract was an excellent contract.

13863. When do you say he told you that?—Previously going to New York.

13864. While you were in Ottawa?—Yes, while I was in Ottawa, and I explained that I had to see this gentleman who was furnishing the money, and it would not do to telegraph without first seeing him and making an explanation.

13865. Was that all that took place between you and him on the subject before you left for New York?—That is all I remember.

13866. After you left for New York what took place?—After I left for New York he may have sent this telegram that is spoken of. He may have sent it to me or to Andrews, Jones & Co., I could not say.

13867. You mean the one in which he advised you to reconsider your decision?—Yes; the one he says to reconsider my decision.

13868. Did he not see you in New York on the subject?—I think he did some time afterwards. It is so long after I have forgotten, but I think it must have been a week, or two or three weeks, afterwards when he came to New York. It may not have been so long.

13869. What took place between you at New York on this subject?—I do not recollect of anything now, Sir. I could not state. I think that I stated that the time being short, and the same reasons that I gave

Chapleau telegraphed to reconsider decision not to take the contract.

Does not recollect what took place between himself and Chapleau.

**Tendering—
Contract No. 42.
Relations with
Chapleau.**

Thinks he gave same reasons as before against accepting contract

Chapleau never by word or act tried to induce witness not to complete contract.

Never any talk of Chapleau becoming interested as a partner.

before—that the spring was coming on and the ice going out, a difficulty of getting in supplies, &c., was one of our reasons, as well as the shortness of time for the procuring of the money. I do not recollect of anything else.

13870. Did he ever, by his conduct or his language, induce you or endeavour to induce you not to complete the contract?—Never, never.

13871. Could you remember the time more nearly than you have described that he saw you in New York?—I could not. I could not state—I know he came down shortly after. I think he came down, if I recollect right, after writing us the letter that the time would be extended, in writing or telegraphing to Mr. Jones or myself. I could not recollect now whether it was a letter or a telegram, I think it was shortly after that.

13872. Was there ever any talk between you and him or between Mr. Jones and him as far as you know, of his becoming interested as a partner in the transaction?—Never; I may add that he never insinuated to me or hinted that he wanted an interest or that he wanted money from me in any way. That what he had done I took to be from pure friendship and nothing else.

13873. Is there any other matter connected with this section B, or with Mr. Chapleau's interviews with you, which you could explain by way of evidence?—Connected with section B at the present time?

13874. Or with Mr. Chapleau's position?—There is nothing; I may just know the parties and that is all. There is nothing further that I could say in regard to it.

13875. Have you been interested in any other transaction connected with the Pacific Railway?—I became interested later with Mr. Ripley, who was a former partner of mine and is a partner to-day, who at that time—I think it was in the month of June or July, 1879—became connected with me in the building of the Georgian Bay Branch which he had bargained for with Heney, Charlebois & Flood.

13876. *The Chairman*:—As Mr. Chapleau is in the room I would like to say to you, Mr. Chapleau, if I have omitted any questions which you think would bring out anything on the matter in which you are interested, I would be glad to know so that I might consider whether it is proper to ask them.

13877. *Mr. Chapleau*:—I should like to have you ask Mr. Smith if there was not a conversation between us to the effect that if he took the contract I was to leave the Government and take an active part with him—that is, to be employed by his firm in taking charge of transportation, for instance, supplies, &c.

By the Chairman:—

Does not remember any conversation to the effect that if Andrews, Jones & Co. took contract Chapleau was to leave Government and take an active part.

13878. Do you remember, witness, whether at any time it was proposed by yourself or any one interested in Andrews, Jones & Co.'s firm, that if they obtained this contract Mr. Chapleau should take some position in the business either as partner or as one employed for the firm, or in any other way in the managing of parties or in transporting provisions?—There may have been such an arrangement, but I disremember; it has been some time since, and there may have been such an arrangement, but I have not—

13879. Did you know him at the time of the American war?—Yes; I have known him for a long time.

13880. Did you know him intimately?—Not to say intimately, but we have known each other ever since however.

13881. Were you aware of his management during that time of bodies of men or transport of materials or anything of that kind?—I was only aware from other officers who came more closely in contact with him than myself.

13882. And from that information how were you impressed upon that subject?—I have always held him in high esteem.

13883. I mean in these particular branches?—I should consider him a man entirely capable of any undertaking of that kind.

13884. Having that opinion, is your memory at all refreshed upon the subject as to whether you suggested at any time that he might be connected with this work in any way?—My memory is, as I stated before, not clear upon the subject. It may have been so.

13885. Do you remember that it was so?—No, I do not. I could not state positively.

13886. *The Chairman*:—Is there any other question, Mr. Chapleau, which you consider should be asked?

13887. *Mr. Chapleau*:—No.

By the Chairman:—

13888. Returning to the Georgian Bay Branch matter, will you please state in what capacity you first became interested in the transaction?—I became interested with Mr. Ripley at a late day, perhaps not more than two or three months previous to the closing of the works. He came to me and said that the concern that he was with—Charlebois & Co.—had not sufficient means to carry on the work, and asked me to join him.

13889. Do you say Mr. Ripley?—Yes; Mr. Ripley.

13890. How was Mr. Ripley interested in the matter?—He became interested with Heney, Charlebois & Flood—bought an interest in the firm.

13891. Do you know whether he was one of the original contractors?—He was not.

13892. Was it by substitution that he became a partner, or was it an addition to the original firm?—I think it was an addition, but I am not certain.

13893. Do you know, personally, whether he was recognized by the Government, or is it only from some one else's statement?—The only knowledge I have is from what he told me. I told him at the time that before I went in I wanted him to come to Ottawa, and to see if the Government would have any objections to our buying out these parties, or buying out a portion of their interest. He informed me that he came and saw Mr. Trudeau and had a conversation with him in regard to it, and said that the Minister being away at that time he saw the Deputy, and stated that Mr. Trudeau said that it had been the policy of the Government to strengthen at any time, and that the Government

Tendering—
Contract No. 42.
Relations with
Chapleau.

Witness acquainted with
Chapleau a long
time.

Aware of Chap-
leau's manage-
ment of large
bodies of men
and experience in
transport of
materials only
by hearsay.

Would consider
Chapleau capable
of such duties.

Georgian Bay
Branch—
Contract No. 37.
Two or three
months before
works were closed
became inter-
ested with
Charlebois & Co.

Trudeau said the
Government had
no objection to
any addition to a
firm which
brought it
strength.

**Georgian Bay
Branch—
Contract No. 37.**

had no objections to add to the firm, if it gave a greater strength, and it was upon that representation that I went in.

13894. Do you mean that Mr. Ripley went in?—It was on that representation that I went in. I joined him; he was already in.

**Negotiated only
with Ripley.**

13895. Did you negotiate with Heney and Charlebois or only with Ripley, as to your going in?—Only with Ripley.

13896. Did you understand that he was negotiating on account of the whole firm, or only for his own interest?—He was negotiating, I think, on account of the whole firm, although I think there was a certain reservation made that Charlebois reserved a certain interest which Ripley was to give him if he went out, which we have since paid since the work stopped.

13897. Are you still connected with Ripley?—I am.

13898. Is any one else now interested with you and Ripley?—No.

**Witness and
Ripley represent
the whole firm
now.**

13899. You claim to represent the whole firm as it originally stood, and with the addition of Ripley?—Yes; we have an assignment of their entire interest which we got since the stoppage of the work.

13900. The contract was not carried on to its fulfilment?—No.

**Reasons for
stopping work.**

13901. Why not?—We were informed by the engineer that the policy of the Government had changed, that they did not intend to build the branch, but intended to build the road north of Lake Nipissing.

13902. Was that by writing that intimation?—No; I do not think that was in writing, but we had a notice. Our notice to suspend was in writing. I do not think there was any cause given—any reason given—why they suspended.

13903. Have you any claims against the Government on account of this stoppage of the work?—Yes, I have.

**Claim against
Government:
nature of.**

13904. What is the nature of the claim?—The claim is for work performed, for tramways, building docks, building and clearing the entire line through wooded country, and also for all the moneys that we have expended and a reasonable profit for the suspension of the work.

13905. You mean a reasonable profit on the balance of the work, if it had been completed?—Yes, if it had been completed.

13906. When you say for work done, do you mean work done under the contract or work done when preparing for the fulfilment of the contract?—A portion of it had been done under the contract—I think, from memory, \$30,000 or \$35,000—perhaps more than that had been done under the contract, may be \$40,000. The balance was for plant which we put there, which was lost largely; and for loss of tools, loss of flour and food—and a large amount of flour and bacon, and supplies for our men that had been carried into the country and dragged up French River, that had to be brought back; which really netted us very little—and I should have said horses and cattle that we had to bring back. We had bought them, and had to bring them back, and sold them at a nominal sum.

**Furnished Gov-
ernment with
general but not a
detailed state-
ment of claim.**

13907. Have you furnished the Government with a detailed statement of the particulars of this claim?—I am not sure that we have. I do not think we have. We did with a general statement, I think, but not a detailed statement.

Georgian Bay
Branch—
Contract No. 37.

13908. Has the claim been acceded to, or do you know whether they have refused to entertain it?—I do not think they have acceded or refused. I have had several talks with Sir Charles Tupper, and he has always stated that he was willing to do what is right in the matter, although we have never been able to arrive at what that would be.

13909. Have you a personal knowledge of what was done and of the foundation of this claim, or is it from persons whom you employed that you got this information?—I have a personal knowledge from my books, and from being on the work part of the time myself; but from my books. We have cash vouchers for all the money, and also from furnishing the money. There has been many bills paid since I have looked at the books, but the last time that I remember we had paid over \$100,000—considerably over \$100,000—in money, that we have cash vouchers for.

Paid over \$100,000
on work.

13910. I understand that your claim is composed of two branches: one for actual outlay and loss, and another for contemplated profits, if the rest of the work had been done?—That is the fact.

Claim bifurcated:
(1) actual outlay
and loss; (2) con-
templated profits.

13911. But you have not furnished particulars of these different items?—The Government have never been ready to receive them that way. I do not know but they were ever placed in your hands, Mr. Macdougall (turning to Hon. William Macdougall, who was sitting behind him).

13912. As to the branch for the outlay, can you say in round numbers the amount which you have actually expended, and which will be lost to you in consequence of the suspension of the work?—I could not state the exact amount, but I can state positively that it exceeds \$100,000—I am speaking of the outlay we have made—the loss we have actually sustained.

13913. I am asking for the outlay alone, not speaking of the contemplated profits?—It is over \$100,000.

Outlay over
\$100,000.

13914. It may be literally within the scope of our enquiry to hear evidence upon this subject, but I have a grave doubt whether we should finally pass upon it, and while we have no objection to receive evidence, we wish to say that for the present we do not feel authorized to give any conclusive report on such a claim even if we heard much fuller evidence than you have offered to day: taking that into consideration, do you wish to go further into the particulars or substance of your claim in this matter?—Nothing further than to say that we have cash vouchers for all the money that we have expended. We can show besides a voucher for each and every dollar that we have expended.

13915. If it should be hereafter decided by the Governor General that claims of this kind ought to be finally investigated by us, we will have to give parties further notice, in order that both sides may be represented, and witnesses examined and cross-examined from the interest of the different parties; so that if it should happen that we ever take up the claim with the view of deciding it, you will get further notice on the subject. When you speak of \$100,000, do you mean that it is the balance unsettled—that you have received nothing on account of that \$100,000?—We have got nothing on account of that \$100,000.

13916. You consider that you have a claim for that amount expended?—Over that amount. I could not say exactly the amount, but

Georgian Bay**Branch—****Contract No. 37.**

it runs over \$100,000. If you should conclude to take this matter up, Mr. Macdougall is my attorney, and through him any notice could be given in which we would appear at any time, and bring books and vouchers to substantiate our claim.

13917. That will save us the trouble of communicating with you at New York?—Yes.

**Tendering—
Contract No. 61,
B.C.****Had an interest
with Ryan &
Goodwin.**

13918. That will be recorded. Is there any other matter connected with the Pacific Railway in which you have been interested?—I had an interest in section B of the Canadian Pacific Railway, and also in British Columbia, in connection with Mr. Goodwin—Mr. James Goodwin, of Ottawa—and Mr. Ryan.

13919. Was this firm one of the tendering firms for the work?—It was.

13920. Do you know whether the tender was the lowest for that particular work?—It was the lowest.

13921. Was the contract signed by this firm as originally constituted?—I think it was. It was signed by Mr. Goodwin on my part; I left him a power of attorney.

13922. Have you remained interested in it?—No; I am not interested in it at present.

13923. Has the Government assented to any transfer of your interest?—I have no knowledge upon that subject, as I left the matter entirely in Mr. Goodwin's hands after leaving here.

13924. Do you understand from your partner that it has been concluded by arrangement with the Government?—I understood that it was satisfactory to the Government.

13925. And that your interest has been parted with?—Our interest has been parted with.

**Interest passed to
Onderdonk.**

13926. To whom?—To Andrew Onderdonk. I think he is from San Francisco.

13927. Did you negotiate with him directly yourself, or was it done through some one else?—It was done through myself, James Goodwin and Mr. Ryan. We were all together at the time the negotiation took place. The final concluding writings was done, I think, by Mr. Goodwin and Mr. Ryan, I leaving power of attorney. Having to leave and go to New York, I left a power of attorney with Mr. Goodwin for the fixing up and signing of some papers. What they were I do not remember.

13928. Was there any consideration given to your firm for this transfer?—There was a certain consideration.

13929. What consideration?—Well, I should rather ask to be excused from answering that. It was a private matter between Onderdonk and myself, and he might think I was violating his confidence.

13930. I do not think we are at liberty to excuse you after having undertaken the duty which we have under our Commission, namely to investigate into all matters connected with the Pacific Railway; our authority on this point is a subject which we have given serious consideration, because we were aware that such an objection as this of yours might arise. I can only say, speaking for the Commission, that we feel it our duty to ask the question, and that we think it proper

to press it?—Under the circumstances I shall, of course, answer. We each one—that is Mr. Ryan, Mr. Goodwin and myself—had each one-third, and I received thirty-three thousand odd hundred dollars for my part.

13931. That would be equivalent to \$100,000 for the whole interest?—Which I divided with my partner, that is my present partner, Mr. Ripley.

13932. Do you mean that is, as far as your interest is concerned, that it was disposed of on the basis of the whole contract being worth \$100,000?—I wish to correct that. I did not receive the full 33½ per cent. of the \$100,000, but something like \$31,000.

Tendering—
Contract No. 61,
B.C.
Ryan, Goodwin &
Smith had each
one-third of con-
sideration; wit-
ness receiving
\$83,000 odd.

Corrects himself:
what he received
was
one-third of a
\$100,000 less \$1,500.

13933. It was less \$1,500, was it not?—Yes; the 33½ less \$1,500.

13934. Did you take any part in making the tender, or arriving at the prices named?—I did.

13935. Was it from personal knowledge that you arrived at these prices, or had you any extraneous information on the subject?—The knowledge that I got came from engineers who had been on the survey there, and the character of the ground—that is the character of the material and the difficulties to be overcome.

13936. Had you any reason at all to think that other person's tenders upon the same subject were higher than the tender you were making at the time?—No; I had no knowledge of any tender excepting our own.

13937. Had you any information, directly or indirectly, upon the subject?—No information whatever.

No information
as to character of
tenders until
after they were in.

13938. I mean as to the tenders which had been put into the Department?—Never, until after the tenders were in.

13939. I mean up to the time that you put in your tender?—No.

13940. Did you get any information on that subject from any of your partners—I mean as to the contents of other tenders?—No; I had no knowledge from any one. In fact, I am not aware that they had.

13941. This \$100,000, the nominal price for the interest of all the partners in that contract, was reduced by \$4,500, was it?—Yes.

The \$100,000 re-
duced by \$4,500
which was given
to one of the
partners.

13942. For what purpose was that \$4,500 taken out?—It was given to one of the partners. One of the partners insisted upon not selling out.

13943. And it was a bonus to him?—It was a bonus to him. He insisted upon not selling out.

13944. It was not for assistance received from any one in the Department?—No; it was not. One of the parties insisted on not selling out, and the others of us agreed to give him more in order to get him to sell out.

13945. There are rumours in this country that information has been improperly obtained from the Department, and it is our duty to ascertain whether such was the case or not?—Well, we have a good many rumours of the same kind in our country too.

Tendering—
Contract No. 61,
B.C.

Aware of no im-
proper influence
to assist his firm.

13946. Are you aware of any promise given, or any money paid, or any advantage bestowed upon any person connected with the Department to assist your firm, or any of them, in obtaining this contract?—No; I am not.

13947. Are you aware of any Member of Parliament, Minister of the Crown, or otherwise, getting any advantage or any promise upon this subject?—No.

13948. Do you remember about the amount of the gross price upon the estimated work of that contract?—You mean the total?

13949. Yes?—I forget now. I could not state; but it seems to me that it is—I will not attempt to state it because I should make a mistake, and it would be useless for me to do it.

Total amount of
contract \$3,017,180

Expected to get
all the sections.

13950. I may mention, for your information, that the Blue Book gives it at \$3,017,180 : do you know whether that will refresh your memory at all on the subject?—Yes; that is about it as I recollect. I should like to state here, in justification for the selling of this, at the time that we put in the bid we expected to get the other sections; that was our intention—to get them altogether. When we found we had but one section we found that it would be disadvantageous to us to do that one section and other parties doing other sections, as there would be conflict in labour between the different contractors on these three different divisions, or four, and the same arrangements would have to be made for carrying out supplies and carrying out men for one section that would have to be made for all of the sections. While it would not pay three or four men, it would pay one man to carry on this work, and have the entire thing very much better.

13951. You make use of the word justification : the Commissioners do not intend to suggest that it requires any defence, or that it is wrong to sell a contract fairly obtained?—I would like to have it struck out, and to say by way of explanation—

13952. This wish is recorded, and that will probably answer the same purpose : is there any other matter connected with this contract in British Columbia that you think proper to give by way of evidence?—There is nothing further of interest that I know of.

13953. Were you interested in any of the other contracts in British Columbia, which were obtained in the names of other persons?—No; I was not.

13954. You mentioned the principal reason for parting with this interest, that you had been disappointed in not getting more of the contracts : have you ever considered the effect of having several of those contracts, as to the general cost—I mean having two, or three, or more—would it decrease your expenditure by any particular percentage for instance?—It would very largely.

Underdonk by
having the whole
work could save
enough in work-
ing expenses to
enable him to pay
what he did each
of the contractors

13955. Then, as a consequence of that, would the effect be, that if Mr. Underdonk got several of them he could afford to pay any individual contractor as much as he did pay, and still save that much upon the whole?—He could, as far as I know.

13956. I mean reasoning upon the premises which you have described?—Yes.

13957. According to that idea, it would be better always for the Government to let longer portions of the line than shorter ones : is that

your theory?—That is my theory; where they have responsible parties I think it is very much better, and I think it is to the interest of the Government. I merely give it as an opinion; but I give it as an opinion that the Government are better off to have this work, that we are now speaking of, in the hands of one party, than they would be to have it in the hands of several. Railroad corporations are coming at the present time to that. They find that they cannot go on letting small contracts; it brings a conflict with labour. One man will hold labour at one price, and another at another, and the consequence is that before they are through it costs them a great deal more than to let it to one responsible party.

**Tendering—
Contract No. 61,
B.C.**

The Government better off with this work in the hands of one party than they would be with it in several hands.

Concentration saves in the cost of labour.

13958. Would it not make a material difference also in the expense of machinery and implements; the same amount of machinery and implements necessary for a single contract being equal to the needs of a longer piece of work?—It would; machinery is often removed from one section to another. We often take our steam shovel or steam drills from one place and remove it to another, and where a man has a large amount of rock or earth to remove by machinery, it is a great advantage to him to have a place to set his machinery at work, when he is done at one point, and keep it employed.

And economises machinery.

13959. Have you been interested in any other work connected with the Canadian Pacific Railway?—No.

13960. Have you been interested in any railway works in any other country?—I have.

Has had experience outside Canada.

13961. Are those opinions which you have given us, upon the practical result of letting longer or shorter portions, based upon your experience derived from those works?—They are from my practical experience on railways. I have been contracting and railwaying for over thirty years; I am to-day building about 300 miles of road, 200 in State of New York and 100 in Connecticut.

The above opinions based on his experience.

13962. Is there anything else connected with the Canadian Pacific Railway which you think proper to give by way of evidence?—There is nothing else.

13963. *Hon. Wm. Macdougall*:—I would like you, Mr. Chairman, to ask the witness, as he has mentioned my name in connection with him as his attorney, to ask him whether I have any relation to him in his tenders.

By the Chairman:—

13964. You have mentioned Mr. Macdougall's name as attorney to whom notice should be given in case a further investigation is had upon the subject of your claim: will you say whether you have had any dealings with him in connection with those tenders which you have made, or whether you derived through him any information on those subjects in connection with any of those tenders?—No, never. I have never derived any information from him or paid him money, except as attorney. He has always told me that in case the Georgian Bay Branch matter came before Parliament he, being a Member of Parliament, should have to withdraw from the suit; but in case it went before the Court, of course it was then another matter, and he could then act as my attorney.

Hon. Wm. Macdougall connected with witness only professionally.

**Tendering—
Contract No. 61,
B.C.**

Hon. Wm. Macdougall used no influence for witness and was wholly unacquainted with his tenders.

13965. Has he exercised any influence, as far as you know, in his capacity as Member of Parliament on account of your claim, or in any other of those matters that you have been speaking of?—Never to my knowledge.

13966. *Hon. Mr. Macdougall*:—I would wish to get his answer more distinct with regard to the British Columbia matter, that really I was not in his secrets at all, although I was his attorney and adviser on the other matter.

13967. *The Chairman (to witness)*:—Was Mr. Macdougall aware of your doings in connection with the British Columbia tenders?—He knew nothing about our tender. I suppose he knew, perhaps, that we were going to bid. He knew I was here for that purpose, but he had no knowledge whatever of the transactions between Goodwin, Ryan, myself and the Government.

13968. Did he take any part in assisting you in your tender either generally or particularly?—He did not.

13969. Did you say there was nothing else that you could give by way of evidence?—There is nothing else that I think of.

13970. *The Chairman*:—Before adjourning I wish to say that on Friday last the hearing of evidence was then formally postponed until Monday morning; but inasmuch as the witness just examined appeared in the city, and wished to go away this evening, we thought it better to hear him to day, rather than to ask him to wait until Monday, particularly as we were not sure of our power to detain him.

OTTAWA, Monday, 8th November, 1880.

TRUDEAU.

TOUSSAINT TRUDEAU'S examination continued:

**Transportation
of rails—
Contract No. 34.**

By the Chairman:—

13971. Have you the papers now concerning contract 34, so as to give as any explanation of it?—Yes.

13972. What is the subject of the contract?—It is the transportation of rails, fish-plates and bolts from Kingston to St. Boniface.

13973. Was it let by public competition?—Yes.

13974. Have you the advertisement and any report upon the tenders?—Yes; I produce it. (Exhibit No. 154.)

13975. Have you the contract or a copy of it?—Yes; I produce it. (Exhibit No. 155.)

13976. There appears to be a change in the form of advertisement asking for tenders: can you explain that and the reason of it?—In the first advertisement dated 24th February, 1878, the time of delivery in Winnipeg was fixed at the 15th July. This advertisement was cancelled and replaced by another in March, fixing the time of delivery for the 2,500 tons by the 1st of August, and the balance on the 15th September, 1878.

13977. The time for receiving tenders was not altered by this change of advertisement was it?—No.

Let by public
competition.

13978. In the description of this contract in Mr. Fleming's special report of 1879 appears an item of transportation from Fort William: is that included in the advertisement for tenders or in the contract?—It is neither in the advertisement nor in the contract.

13979. Then it is improperly described, as forming a portion of this contract, in Mr. Fleming's report?—Yes.

13980. Was that work performed from Fort William?—Yes.

13981. By whom?—By the same company who performed contract 34—the North-West Transportation Co.

13982. Was that work let by public competition?—No.

13983. How was the arrangement arrived at?—I shall search for the papers and produce them on some other occasion.

13984. Do you know whether there was any written agreement on the subject?—There were some letters.

13985. Has contract 34 for the transportation from Kingston been fulfilled?—Yes.

13986. Has there been any dispute on the subject?—No.

13987. What is the next contract?—Contract No. 35, with Cooper, Fairman & Co., for the supply of railway spikes delivered on the wharves at Fort William and Duluth.

13988. Have you the advertisement and any report upon the tenders?—Yes; I produce it. (Exhibit No. 156.)

13989. Have you the contract?—Yes; I produce it. (Exhibit No. 157.)

13990. Does the question of duty enter into consideration at all in deciding upon these tenders?—Yes.

13991. In what way?—Parties from the United States when they send in goods pay the duty.

13992. The tender which was accepted was the lowest was it not?—Yes.

13993. Everything considered?—Yes.

13994. Was there any duty upon these articles coming from England at that time?—Spikes coming from England. Yes.

13995. Did these articles come from England under this contract?—No.

13996. Where were they made?—At Montreal.

13997. Then they paid no duty of course?—No.

13998. Could you have obtained the same articles at a lower price from other persons tendering if no duty had been collected?—Yes.

13999. How much less would those articles have cost if furnished by any other tenderers without paying duty—by the lowest of the other tenderers?—There was one tender from Dreworth, Porter & Co., for spikes delivered at Duluth within the United States at the rate of \$48.16; and one from Dana & Co., also delivered at Duluth, at the rate of \$48.86 per ton.

14000. And what was the contract price to Cooper, Fairman & Co.?—\$49.75 delivered at Duluth and Fort William, within Canada—that was in bond in Canada.

**Transportation
of Rails—
Contract No. 34.**

Transportation from Fort William improperly placed in Fleming's description of this contract; Report 1879.

**Transportation
from Fort
William let with-
out public com-
petition.**

**Railway
Spikes—
Contract No. 35.
Cooper, Fair-
man & Co.**

**Tender accepted
the lowest.**

**The spikes made
at Montreal.**

**Railway
Spikes—
Contract No. 35.
Cooper, Fair-
man & Co.**

The spikes could have been furnished cheaper at Duluth if the duty were subtracted.

14001. Then, but for the necessity or expediency of collecting duty, these articles could have been furnished at this lower price?—They could have been furnished so far as Duluth was concerned, but a portion of the spikes were required at Fort William. Then to the price of delivery at Duluth, it would have been necessary to add the cost of transportation from Duluth to Fort William at the expense of the Government.

14002. Do you know whether the price at Fort William, if delivered by either of those tenderers would have been necessarily higher than at Duluth : do you know whether they were to be transported by rail or by boat, because if by boat through the lakes it is not likely that they would cost more at Fort William?—I do not.

14003. Do you know whether there was any correspondence with either of those American tenderers to ascertain whether the delivery at Fort William would cost more or less than at Duluth?—There was no correspondence.

Practice in considering value of tenders to reckon duty.

14004. Do you know whether it has been the practice in all cases in considering the relative advantage of tenders to add the duty?—Yes.

14005. So that this matter was decided according to the usual practice upon such subjects?—Yes.

14006. Has this contract been completed?—Yes.

14007. Has there been any dispute upon the subject?—No.

14008. What is the next contract, in point of time, which we have not investigated?—The next contract is No. 37, but I am not prepared on it. No. 38 is with Edmund Ingalls.

**Neebing Hotel :
Offices for
engineers—
Contract No. 38.**

14009. Have you the contract?—Yes; I shall produce a copy later. It is for the conversion of the Neebing Hotel, at Fort William, into offices for the engineering staff.

14010. Was the work let by public competition?—Yes.

14011. To the lowest tenderer?—Yes.

Let to lowest tender.

14012. Has it been completed?—Yes.

Completed.

14013. Has there been any dispute between the Government and the contractor?—No.

14014. Is there any other matter connected with it which you think requires explanation?—No.

Total amount involved \$3,400.

14015. About what is the total amount involved in contract No. 38?—About \$3,400.

**Transportation
of Rails—
Contract No. 39.**

14016. What was the next contract?—No. 39, for the transportation of rails from Esquimalt and Nanaimo to Yale, British Columbia.

14017. Have you the contract or a copy of it?—I have not got it with me.

Let by public competition.

14018. Was the work let by public competition?—Yes.

14019. Have you a copy of the advertisement or any report upon the tenders?—Yes; I produce a copy of the correspondence. (Exhibit No. 158.)

14020. Can you say how it was decided to do this work: I mean was it by Order-in-Council, or by the Minister, or upon a report by the

engineer, or how otherwise; the first communication which you produce seems to be a telegraphic communication from the Secretary of the Department to some person in British Columbia to ask for tenders?—Yes.

14021. Can you explain what took place before that upon this subject of transportation?—I would have to refer to the office to say whether there was any previous correspondence.

14022. As it will not be convenient to investigate this subject further until you produce the contract and the directions for the transaction, we will proceed to the next—which is that?—The next is No. 40, but I am not prepared, nor am I prepared for contract No. 43.

14023. We have already investigated contracts 41 and 42, I believe?—Yes.

14024. Then as to 44, have you that contract?—No. 44 is for the supply of 2,000 tons of steel rails with a proportionate quantity of steel fish-plates to be delivered at Montreal.

**Transportation
of Rails—
Contract No. 39.**

**Purchase of
Rails—
Contract No. 44.**
2,000 tons of rails
with fish-plates.

14025. Have you the contract?—There was no formal contract entered into.

14026. How was it arranged?—By letters.

14027. Was it subject to public competition?—Yes.

14028. By advertisement or by letters?—By letters sent to makers by an agent of the Department in England.

Subject to com-
petition but not
by advertisement

14029. Is that the competition which you mean?—Yes.

14030. Could you say to whom the letters were sent?—They were sent to Guest & Co., The Ebbw Vale Co., Bolckow, Vaughan & Co., Cammell & Co., West Cumberland Co., John Brown & Co., Moss Bay Co., The Rhymney Co., Wilson, Cammell & Co., and Brown, Bayley & Dixon.

Firms to which
letters were sent.

14031. Have you any report upon the offers made by any of those firms?—I produce a report from Mr. Burpee in Mr. Fleming's office. (Exhibit No. 159.)

14032. This appears to be a letter from Mr. Burpee accompanying the original documents, such as correspondence upon the subject; what I meant was a report as to the result or relative merits: have you any report of that kind?—I don't think we have such a report.

No report as to
relative merits.

14033. Have you ascertained the relative value for the purposes of the Department and have you any statement upon the subject?—Yes; I produce one. (Exhibit No. 160.)

14034. About what is the date of the contract or agreement?—The date of the order is about the 24th of June, 1879.

Order dated 24th
June, 1879.

14035. And the time for delivery?—The 15th of August, 1879.

14036. Were these subsequent contracts, Nos. 45, 46 and 47, considered about the same time by the Department?—Yes.

**Contracts Nos.
44—47.**

14037. What is the price paid on contract 44 per ton?—£4 19s. sterling.

£4 19s. paid under
contract 44; £5
under contract 45.

14038. And on contract 45?—£5.

14039. Will you explain why, about the same time, a contract was given to one firm at £5, and to the other at £4 19s; in other words, could you not get a larger quantity from the first mentioned firm at

**Purchase of
Rails—
Contracts Nos.
44—47.**

Reasons why £5
was paid under
contract 45.

Rails under these
contracts del-
ivered at Mon-
treal.

the low price?—In the correspondence I have produced you will find a letter from the West Cumberland Co. to Mr. Reynolds stating that they would not like to undertake more than 2,000 tons delivered at Montreal by the 15th of August.

14040. All those rails were delivered at Montreal, I understand, by those contracts?—Yes.

14041. Did you take from the next contractor the quantity which they proposed to sell to you—the Barrow Hematite Steel Co?—The remaining 3,000 tons were divided between the Barrow Hematite Steel Co. and the Ebbw Vale Steel Co., both at the price of £5.

14042. Contract 47 appears to be for bolts and nuts?—Yes.

**Bolts & Nuts—
Contract No. 47.**

Circulars sent to
firms instead of
advertising.

14043. Was that contract made with the lowest tenderer?—For contract 47 circulars were sent to the Patent Nut and Bolt Co., Bayless, Jones & Bayless, and Messrs. Horton Bros. The lowest tender was accepted.

14044. Were these English firms?—Yes.

14045. You mention the name of Mr. Reynolds: in what capacity was he acting and where was he?—Mr. Reynolds resides in London, and he was there acting as agent for the Department.

14046. Do you know whether it was discussed in the Department as to the expediency of advertising in newspapers, or in sending circulars of this kind, or at whose suggestion was this course adopted?—This course was adopted at the suggestion of the Chief Engineer, as it was urgent that rails should be obtained early in the season.

Before sending
circulars, instead
of advertising,
the alternative
courses fully dis-
cussed by Chief
Engineer and
Minister.

14047. Do you know whether there was any discussion as to the possibility of this mode producing as low offers as the ordinary mode of advertisements in newspapers?—Before adopting this course the matter was fully discussed by the engineers and the Minister.

(Evidence, Continued Vol. II.)