

OTTAWA, Friday, 19th November, 1880.

Tendering—  
Contracts Nos.  
41 and 42.

FRANK NICHOLSON, sworn and examined :

*By the Chairman :—*

15917. Where do you live ?—In Toronto.

15918. What is your occupation ?—Contractor.

Contractor.

15919. In what kind of work ?—General road making, sewer building and bridge building, &c.

15920. Have you had any experience in railway matters ?—I never had any experience in railway matters, but the work is similar.

15921. Have you been interested in any transactions on the Canadian Pacific Railway ?—Yes.

15922. Which was the earliest ?—Sections A and B.

15923. East of Red River ?—From English River to Keewatin.

15924. How were you interested in that ?—I was interested with Messrs. Morse, Marpole and Thompson, in the contract for the two sections taken together, forming section C.

Member of the  
firm of Morse,  
Nicholson &  
Marpole.

15925. Did your firm tender for all the sections ?—Yes.

15926. A and B and C ?—A and B—no; let me see—B and C, and then we notified the Department to the effect that B taken from C was our tender for A. The prices were the same, but the amount of B deducted from C the amount remaining would be our price for A.

Tendered for B  
and C, and notified  
Department  
that the amount  
tendered for B  
taken from the  
amount tendered  
for C would be  
their tender for A.

15927. What way did you notify them of that ?—I think it was by letter.

15928. Was it after you had put in the tender that you sent that letter ?—Yes.

15929. Was it after the time for receiving tenders which had been named in the advertisement ?—Yes.

15930. So that before the time named as the last day on which tenders would be received, you had not made any tender for it ?—A alone? We did not think it necessary.

Made no tender  
for A separately.

15931. I am not at present asking your reasons, but I want to know the fact decidedly ?—No; we did not.

15932. Will you look at this tender for the whole distance called C, and say if that is the tender to which you refer ?—Yes; that is the tender. (Exhibit No. 220.)

15933. Was the firm which tendered for the whole section C, composed of the same members as the firm that tendered for section B ?—The same.

15934. And who were partners in that firm, by arrangement among yourselves, besides the three mentioned in the tender: Morse, Nicholson and Marpole ?—A. J. Thompson.

15935. Was any one else a partner ?—No one else.

15936. Where were the tenders made up: I mean the figures finally put to them ?—At Ottawa.

15937. Were the tenders signed in blank and the figures added afterwards ?—The sureties, I think, signed in blank.

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Sureties and the tenderers signed in Toronto, the figures not being filed in.

15938. Did not the members of the firm?—I could not say positively. They may have done so, because I recollect we knew that we could not get the sureties here, so that we had the sureties sign in Toronto. We might have signed in Toronto.

15939. Do you remember whether the figures for the prices had been arranged at Toronto at a higher rate than the figures that were finally put in?—Yes.

15940. Does that help you to say now, whether the figures were left blank and they were put in here afterwards, when it was signed by the firm?—I think they were.

Marpole's estimate of prices higher than those finally adopted.

15941. Was Mr. Marpole's idea of the price considerably higher than the figures that were finally adopted?—Yes.

15942. Then, have you any doubt that the figures as adopted were put in after Mr. Marpole signed the tender?—Oh, I think Mr. Marpole was aware of the alteration in the figures.

15943. Aware when?—At Ottawa.

15944. Was he at Ottawa when the tender was put in?—Yes.

15945. Did he take part in the final adoption of prices?—He was here. I cannot say whether he took part or not. Well, I should say he did. We were all present with the exception of Mr. Morse, I think, and Mr. Thompson.

Tender for section C on long time, \$5,699,645; on short, \$5,937,870

15946. Can you remember the amount of the gross sum at which you tendered for the whole section C?—Yes, I can. (Looking at a paper): On the long time, \$5,699,645.

15947. And at the short time?—\$5,937,870.

15948. Can you give the figures at which you tendered for section B?—Alone?

For section B alone \$3,364,274 long time; \$3,467,506 short time.

15949. Alone?—\$3,364,274 for the long time.

15950. And for the short time?—\$3,467,506.

15951. In tendering for section B alone, did you understand that you tendered with any condition, or unconditionally?—In what respect?

15952. As to whether some other section might or might not be added to it?—Yes; we fully expected, in tendering for section B, that our tender for the whole would be favoured, and that we would have both sections if our tender was lowest.

15953. But besides the tender for section C, you did make an offer for B alone?—Yes.

15954. In making that offer for B alone, did you attach any condition to it, or did you understand that it was a conditional tender, and not an absolute tender for section B?—I do not understand you.

Tender for section B (contract 42) wholly unconditional.

15955. Well, it turns out that after tendering for B and being offered it, you declined to take it?—We made no conditions with the Government whatever.

15956. It was an unconditional tender for section B?—Yes.

15957. Were you at Ottawa at the time the tenders were opened?—I was.

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15958. Did you understand that they were opened the same day that they were to be received: the last day for receipt?—Yes.

15959. Were you informed of the rank of the different tenders on that day?—I was. I was informed at four o'clock that our tender for the whole was the lowest.

Tenders opened last day received, and at four o'clock witness heard from Shields that their tender was lowest on the whole section.

15960. Who gave you that information?—I think it was John Shields, now of the firm of Manning, McDonald, Shields & Co.

15961. Was any one else present when he gave you the information?—I think Mr. Boulton was present.

15962. Any one else?—I do not recollect.

15963. Was any other of your firm present do you think?—No; I think not. I might say now that Mr. Watts was to have an interest in the firm; but that interest had never been arranged. He may have been present on that occasion.

15964. Besides the information that you were the lowest on the whole section did you get any information as to your rank on section B?—Yes; we were informed that we were lowest on section B.

Also heard that they were the lowest for section B.

15965. Did you learn how Mr. Shields had got the information?—Well, he said he had got it from the Department.

15966. Which one in the Department?—I do not know, he did not say.

15967. Did he name any one?—No.

15968. How soon after that did you get a formal communication to the effect that the contract was awarded to you on section B?—About two or three weeks; I think it would be probably the 20th of February.

On 20th February formally notified that contract for section A awarded his firm.

15969. A letter appears in the Blue Book addressed to your firm by Mr. Braun, the Secretary, dated on the 20th February?—I think that was the letter. Yes, I have got the letter.

15970. Have you it here?—I think I have it here with my papers. I did not bring it up. I sent for those papers yesterday, it is at the hotel.

15971. Is your recollection that this is the substance of the letter you got?—Yes; that is correct.

15972. Did you accept the contract upon that tender?—No.

15973. Did you communicate formally with the Department that you declined to accept the contract on that tender?—Yes.

15974. In writing?—Yes.

15975. Before that communication to the Department to that effect, did you enter into any other arrangement with Andrews, Jones & Co.?—Not definitely before that, we had talked the matter over.

15976. Do you remember whether you sent the notification to the Department the same day on which it was written?—Yes, I think we did.

15977. Who took part in the negotiations with Andrews, Jones & Co. as to the interest which you were to have in their tender?—Mr. Morse, Mr. Thompson, Mr. Marpole, Col. Smith, of New York, and myself.

15978. And Mr. Jones?—And Mr. Jones.

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Agreement made with Andrews, Jones & Co. previously to notifying Department that they declined section B under their own tender.

15979. Where was that?—At the Windsor House, Ottawa.

15980. Well, although it was not reduced to writing you came to an understanding about it, did you not?—Previous to our refusing the contract for B?

15981. Previous to your notification to the Department?—Yes.

15982. What was the substance of that arrangement with your firm?—That each party would find half the security, and take equal parts in the contract.

15983. When you say each party, do you mean each firm?—Yes, each firm.

15984. So that the members in each firm would not alter the proportionate interest of the firm?—No.

15985. The New York branch had one half, and the Toronto branch had the other half of the whole contract?—Exactly.

15986. That understanding was arrived at, although not reduced to writing, before you notified the Department that you would not accept the contract on section B, was it not?—Yes.

15987. How long after that arrangement did you send a notification to the Department that you declined section B contract?—Immediately after receiving notice that the contract would be awarded, provided we furnished the security.

15988. You mean after the 20th of February?—Yes, within a day or two; I could not be positive.

15989. How soon after you arrived at the understanding with Andrews, Jones & Co. did you notify the Department that you declined to accept the contract on your own tender?—Well, it was about the same time—within a day or so.

15990. How soon after that was the understanding with Andrews, Jones & Co. reduced to writing?—Well, probably within a day.

15991. Have you the writing?—Yes, I have got it.

15992. Will you produce it?—I do. (Exhibit No. 221.) All these papers will be returned to me, of course.

15993. Unless something turns upon the genuineness of the signatures, which is not likely, a copy will answer our purpose as well as the originals, and after keeping them some time we will return them, perhaps not immediately to-day, but we have no intention of depriving you of the final possession of them. Read the agreement?—

Agreement between Andrews, Jones & Co., and Morse & Co., of the 26th February, 1879.

“Memorandum of agreement made this 26th day of February, A. D. 1879, between Andrews, Jones & Co. of the one part, and Morse & Co. of the other part:—Whereas, the said Andrews, Jones & Co. have been awarded the contract for the construction of section B of the Pacific Railway of Canada, and whereas, under an agreement between the said parties, bearing date the 24th of February instant, one-half interest in the said contract was to be assigned to Morse & Co. as soon as the same should be awarded by the Department of Public Works. Now, this agreement witnesseth that the said Andrews, Jones & Co. have assigned (for good and valuable consideration and in pursuance of the said last-mentioned agreement of the 24th instant) and hereby do assign and convey to the said Morse & Co. one-half part and interest in the said contract with the Department of Public Works: and they hereby agree with the said Morse & Co. to make and execute, within ten days after the said contract is executed by the Department, a more formal and effectual transfer of the one-half interest therein to the said Morse & Co., and will enter into proper articles of co-partnership with the said parties for the performance of the said contract, pursuant to the terms of the said agreement of the 24th instant. And it is hereby agreed, by and

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between the said parties, that each of them, that is to say, the said Andrews, Jones & Co. of the one part, and Morse & Co. of the other part, shall, within the time required by the Department of Public Works, deposit with the Receiver-General of Canada the 5 per cent. in respect of their interest in the said contract—that is to say, the said Andrews, Jones & Co. will deposit \$100,000 and Morse & Co. \$100,000, or so much thereof respectively as may be demanded by the Department.

“Signed, sealed and executed by the said firms in our presence this 26th day of February, A.D., 1879.

“ANDREWS, JONES & CO.  
“G. D. MORSE & CO.

“SAMUEL E. St. O. CHAPLEAU.”

15994. This refers to a previous agreement dated 24th of February; that was a written agreement, was it not?—I have no recollection of that, still there may have been such an agreement in existence.

15995. If there was one it was intended to show this understanding which you had previously described, was it not: that in the event of the contract being awarded this should be the arrangement which is embodied here?—Yes.

15996. Can you produce this previous agreement of the 24th of February?—I cannot. Cannot produce agreement of the 24th February.

15997. If there is such an agreement, do you know who has it?—I do not.

15998. Was there any further understanding upon the subject, beside what is contained in this written document?—There was an understanding that Col. Smith, of New York, was to be the manager for Andrews, Jones & Co. He was to take the leading part for the New York part of the firm. Col. Smith was to be manager for Andrews, Jones & Co.

15999. Was there any other understanding upon the subject of the New York branch failing to put up their share of the deposit, as to what would become of that one-half?—We were to have the whole work. If New York firm failed to put up their half of security witness's firm to have the whole work.

16000. There was an understanding between you to that effect?—Yes.

16001. Was that reduced to writing?—I think it was.

16002. Do you know where that writing is?—I do not; I do not recollect.

16003. Then do we understand that the substance of all the understandings together was this: that if the contract should be awarded to Andrews, Jones & Co., upon your failing to take it upon your tender, that then it should be for the benefit of the two firms combined—the New York branch and the Toronto branch—supposing each put up their share of the deposit; but in the event of the New York branch failing to put up their share of the deposit, then you should be the sole firm interested in the contract?—Exactly, that was the understanding.

16004. Did that event happen: did the New York branch fail to put up their security?—They failed to put up their security.

16005. Then do you understand, in pursuance of this agreement which you have described, that the interest in the whole contract became the property of the Toronto firm, Morse, Nicholson & Co.?—It did. New York firm failing to put up security in virtue of above agreement the interest in the whole contract became the property of Morse & Co.

16006. And you understand that this would be the result of the previous agreement, not that it was transferred to you by written

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document at the moment, but because of the New York branch failing to put up their deposit?—Yes.

16007. Was there any formal assignment from them to you of their interest in the tender?—Not excepting by telegram.

Telegram notified failure to put up security, and handed all the New York firm's interest over to Morse & Co.

16008. Did the telegram contain a formal assignment of their interest, or only a notification of the fact?—A notification of the fact, and saying that their interest would be transferred to us provided we made the necessary deposit.

16009. Have you that telegram or a copy of it?—I think I have.

16010. Will you produce it?—I produce it. (Exhibit No. 222.)

16011. Read it?—

“NEW YORK, 28th February, 1879.

“Hon. Wm. MACDOUGALL, Russell House.

“Evident hostile attitude fatal to project with friends here forces us to withdraw. Use our rights as if all were held by friends there and they will be fully transferred. Particulars in letter.

“N. F. JONES.”

16012. Was this communication in accordance with a previous understanding with that New York branch, that they should notify you to this effect if they failed to put up the deposit?—They were quite positive that there would be no failure on their part, but still it was so arranged that in case of failure that this should be done, that their rights should be transferred to us.

16013. Was there any formal document, as far as you know, which afterwards transferred their interest to your firm?—No.

16014. Did you communicate the substance of this telegram, or of the arrangement between you and the New York branch, to the Government?—I did.

16015. In what way?—Personally, and I think by letter.

16016. To whom?—To the Minister of Public Works at that time.

16017. Who was he?—Sir Charles Tupper.

16018. Where did you see him?—At his office.

16019. Do you know at what time this happened?—I could not be positive.

16020. Where were you when this telegram was received in Canada?—I was here, at Ottawa.

16021. Did the substance of it become known to you on the same day on which it was dated?—I think so.

16022. Does that help you to say when you saw the Minister of Public Works?—Well, it may have been the next day after the receipt of this telegram. I think probably it was too late that evening.

16023. The next day after this was the last day named by the Government for the receipt of the deposit, was it not?—Yes.

16024. Do you say that you communicated this position of yours, as the holder of the whole of the rights of Andrews, Jones & Co., by writing as well as by verbal communication?—Not as a whole. It was as Andrews, Jones & Co.; that is the way I communicated it, as Andrews, Jones & Co.

Communicated substance of arrangement to Sir Charles Tupper, but did not let him know they had obtained the whole rights of Andrews, Jones & Co.

16025. What I meant to ask you—I am not sure whether my question covered it—was this : whether, when you became by the arrangement with Andrews, Jones & Co. the sole proprietors, you communicated that circumstance to the Government ; that you had become the sole proprietors ?—No.

16026. Did you withhold that from them ?—I communicated the fact that there was some difficulty in the New York party raising the security, and asked for an extension.

16027. Did you do that entirely in the name of Andrews, Jones & Co. ?—Yes.

16028. Then did you withhold from the Government the fact that you had become the proprietors of the contract by virtue of the circumstances which had happened ?—We did not communicate that fact to them.

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Did not communicate to Government the fact that they had become sole proprietors of Andrews, Jones & Co.'s tender, but said there was some difficulty in the New York portion of firm raising security and asked for extension of time.

Withheld from Government that fact that they had become the proprietors of Andrews, Jones & Co.'s tender.

16029. Then you withheld it ?—We withheld it.

16030. Do you know the difference in the figures of the whole sum mentioned in your tender for this work and the whole sum mentioned in Andrews, Jones & Co.'s tender ?—I do not know the exact amount ; somewhere about \$400,000.

\$448,436 difference between Morse & Co.'s tender and Andrews, Jones & Co.'s tender.

16031. It was given yesterday as \$448,436 or thereabouts ?—That is about it as near as I can remember.

16032. Do you remember when the members of the New York branch left Ottawa ?—The exact date would be about the 24th February, or thereabout.

16033. I will mention the date of the letter, which will perhaps refresh your memory. It was on the 26th February, 1879, that Andrews, Jones & Co. had notice that the contract was awarded to them ?—It would be on that day, I think, they left.

16034. You think they left on the evening of the 26th ?—Yes ; I think so.

16035. After the 26th of February, and up to the time that the contract was finally awarded to Fraser & Grant, do you know whether any one of the original firm of Andrews, Jones & Co. was in Ottawa ; either Col. Smith or N. F. Jones, for instance ?—I do not.

Neither Col. Smith nor N. F. Jones in Ottawa between the 26th February, when contract awarded them, and the 5th of March, when contract given to Fraser & Grant.

16036. Did you see any of them ?—I did not.

16037. Were you here yourself ?—I was.

16038. Do you think that if either of them had been here you would have met them ?—I think so.

16039. A letter is dated on the 1st of March, and signed by Andrews, Jones & Co. (Exhibit No. 223), please look at it and say if you know who wrote it ?—(After looking at the letter) : I cannot say.

16040. Do you know any person who would be authorized to use the name of that firm, and who was in Ottawa on the 1st of March ?—I do not know, except their sureties. They had one surety here.

16041. Who was he ?—I think Mr. Heney was one of the sureties, and there may have been other parties authorized that I am not aware of.

16042. Do you know whether Mr. Heney took any active part in the matter after they had left for New York ?—I am not aware of it.

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16043. Did you write any letter in the name of Andrews, Jones & Co.?—I may have done so.

16044. Look at this one, dated March 3rd, and say if you know whose writing that is (Exhibit No. 224)?—I do not know.

16045. Here is another letter, dated 5th of March, and signed Andrews, Jones & Co., please say if you know whose handwriting it is?—That is mine.

16046. Had you any authority, on the 5th of March, to use the name of Andrews, Jones & Co.?—It was decided when they left that I was to use it in any communication with the Government.

Does not know if any one except himself was authorized to use the style of the firm of Andrews, Jones & Co.

16047. Then you do know that there was some person authorized to use their name besides Mr. Heney, if he was authorized?—There was, myself. Outside of myself I do not know of any, although there may have been others.

16048. Read your letter?—

“ OTTAWA, March 5th, 1879.

“ SIR,—We have the honour to inform you that the balance of the 5 per cent. required to be deposited to the credit of the Receiver-General on our tender for section B, Pacific Railway, has this day been provided for through our agents at Toronto, of which you will receive notice through a bank in Ottawa before the day closes.

“ We have the honour, Sir, to be,

“ Your obedient servants,

“ ANDREWS, JONES & CO.

“ To the Hon. The Minister of Public Works.”

Letter dated 5th March, from witness informing Minister that the balance of security had been provided and Minister would be officially notified of this before the day closed.

16049. Do you know now whether that fact which you state there was as you stated it, that the amount had been provided through a bank in Toronto?—The \$100,000?

Balance not arranged for when this letter was written.

16050. The balance of the 5 per cent.?—I am not aware that it was arranged for at this date.

16051. Then when you wrote that letter you were not sure that the fact was as there stated?—I was informed by telegram that such was the case.

16052. I have understood from Mr. Morse that he was to make arrangements, but that the arrangements had not been completed for that purpose, and in consequence of the telegram from the Department of that same date, he did not proceed to make an arrangement with any bank?—Well, I think that they had proceeded to make arrangements up to the time that they received the telegram from the Minister of Public Works that the contract had been awarded to Fraser, Grant & Pitblado.

Minister's telegram announcing that contract given to Fraser & Co. dated 5th March, 7.30 p.m.

16053. This telegram which Mr. Morse alludes to was dated Wednesday, the 5th of March, at 7:30 p.m., and I understood Mr. Morse to say that after the receipt of that telegram he ceased to make arrangements, and that those arrangements were made with the view of the deposit being completed the next morning: on the 6th?—Yes.

16054. Now, you write your letter on the 5th, and say that the arrangement has been completed?—I had written this letter on the strength of the letter received from Toronto.

16055. But you had no other knowledge of it?—No other knowledge.

Witness's letter saying balance was arranged for not correct.

16056. So if Mr. Morse had not completed his arrangement on the 5th, then this letter of March the 5th from you is not correct?—It would not be. (Exhibit No. 225.)



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16057. Are you aware of any further negotiations, or notice, or communication of any kind, between your firm and the Department after the 6th March?—There may have been other communications. I think one of our firm, that is Mr. Thompson, communicated with Sir John Macdonald in reference to the matter.

16058. In writing?—I think so; yes.

16059. Have you any copy of that?—I have not. I suppose Mr. Thompson would have it.

16060. That, I understand, was after the 5th March, was it?—Yes.

16061. Are you aware of any communication or notice upon the subject, between your firm, or any of them, and the Department, except what we have alluded to now in evidence?—Not at present; I have not.

16062. Is there any other evidence which you can give upon the subject of your dealings with the Government about this section B contract?—In what respect?

16063. I do not know; I am asking to see if there is in any respect?—Not directly with the Government. We had some dealings with Mr. Close and Mr. Shields, of Toronto.

16064. Please describe those dealings?—We had an agreement that we were to give them a certain percentage on the gross amount of the contract for influence that they were to use with the Government on our behalf. Agreement with Close and Shields to give them a certain percentage.

16065. When was this agreement made?—I think it was made on the 30th of January, or thereabouts.

16066. Was that the day named for the last receipt of tenders?—No; it would not be on that day. It would be, probably, on the 23rd or 24th of January.

16067. Something like a week before that?—Yes.

16068. Who took part in those negotiations?—Mr. Morse, Mr. Marpole, myself, P. J. Close, and John Shields. Parties to negotiations: Morse, Marpole, witness, Close and Shields, in Close's store, Toronto.

16069. Where was it that you had the interview?—In Mr. Close's store in Toronto.

16070. Was that reduced to writing?—Yes.

16071. Have you the writing?—I have a copy of it.

16072. Will you produce it?—Yes. (Exhibit No. 226.)

16073. Please read it?—

"This agreement made this 22nd day of January, 1879, between G. D. Morse, of the City of Toronto, in the County of York, contractor; R. Marpole, of the Town of Barrie, in the County of Simcoe, contractor; G. F. Thompson, of the said City of Toronto, contractor; and Frank Nicholson, of the said City of Toronto, merchant, of the first part, and Patrick George Close, of the said City of Toronto, merchant, of the second part: Agreement.  
Date 22nd  
January, 1879.  
Morse, Marpole,  
Thompson,  
Nicholson, parties  
of the first part;  
Close party of  
second part.

"Whereas, the said parties of the first part are tendering for the construction of section B of the Canadian Pacific Railway, and have requested the said party of the second part to assist them in obtaining the said contract for construction, and to waive and abandon all efforts to obtain the said contract on his own behalf, which, in consideration as after-mentioned, the said party of the second part has agreed to: Close agrees not  
to seek to get con-  
tract for section  
B for himself.

"Now, therefore, this agreement witnesseth that the said party of the second part do exert his utmost and his all legitimate endeavours to procure for the said parties of the first part the contract for the said section, and act in their behalf for this special

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And to act as broker to aid Morse & Co. to get contract.

Morse & Co. to pay Close 2 per cent. brokerage on the amount of the contract.

This brokerage to be a first charge upon the monthly payments made to contractors.

This agreement to bind the assignees of Morse & Co. should they assign.

Close to have preference in supplying goods to contractor.

purpose as their agent or broker, and abandon all application for the said contract upon his own personal behalf or upon the behalf of any person or persons other than the said parties of the first part; and provided that the said parties of the first part or any of them obtain the said contract, or any portion or part thereof, then it is also agreed and understood as follows, that is to say: the said parties of the first part covenant to pay to the said party of the second part, as brokerage or commission, in relation to the contract, an amount equal to 2 per cent. of the amount of the said contract to be paid to the said party of the second part from time to time upon the amounts paid to the said parties of the first part under and by virtue of the said contract, and at the times when such amounts are paid to the said parties of the first part; but it is understood that the first three monthly payments under such contract shall be paid to and received by the said parties of the first part, free and clear of any deduction by or payment to the said party of the second part; nevertheless that the said brokerage or commission upon the said first three monthly payments shall be charged against and payable out of the fourth monthly payment along with the said brokerage upon the said fourth monthly payment to the said party of the second part:

"It is also agreed that the said brokerage be the first charge or lien upon the amounts so paid from time to time to the said parties of the first part save as aforesaid. And the parties of the first part do grant and assign the said 2 per cent. unto the said party of the second part, and authorize and direct the Government of Canada, or whomsoever pays the amount of the said contract to the said parties of the first part, to pay the said brokerage to the said party of the second part:

"It is also agreed that this covenant and grant and assignment shall be binding upon the amount coming from time to time under the said contract to the said parties of the first part whether the said parties of the first part keep the said contract or assign the same. And that this assignment is considered as being made under the statute to render *choses in action* assignable.

"It is also agreed that the party of the second part shall have the preference of supplying to the parties of the first part such goods as they may from time to time require in relation to the said contract, that is to say, if the said party of the second part offers to supply said goods of as good quality and for as low prices as can be obtained, then the said parties of the first part shall be bound to purchase the same from him.

"In witness whereof the said parties have set their names and seals the day and year first above written.

(Signed) "G. D MORSE,  
"R. MARPOLE,  
"A. J. THOMPSON, G.D.M.  
"FRANK NICHOLSON,  
"P. J. CLOSE"

"Signed, sealed and delivered  
in the presence of  
"JOHN A. PATERSON."

16074. Where was this agreement signed?—In Mr. Paterson's office.

16075. Toronto?—Yes.

16076. Did you understand, at the time of making this agreement, that Mr. Close was tendering, or about to tender, on his own behalf for this work?—No.

16077. Did you understand that he had any interest in any of the tenders which were being made in any other persons names?—No.

16078. In the recital at the beginning of the agreement it is suggested that he was about to make, or was making, some effort to obtain the contract on his own behalf?—I have never heard of it.

16079. It is written in this document: did you not read the document before it was signed?—I did read the document; but previous to the agreement I had never heard of such a thing.

16080. Then this written agreement did not express what you had previously understood to be the reason for the bargain?—Certainly not.

16081. What did you previously understand to be the reason for the bargain, or the reason why you should pay him something?—We called on him for a letter of recommendation, supposing at the time that he had considerable influence with the Government—

Called on Close for a letter of recommendation

Tendering--  
Contract No. 42.

16082. Is that Mr. Close?—Mr. P. J. Close. He then said that he would give us such a letter to Sir Charles Tupper and Sir John Macdonald; but that, in order to make the thing sure, he would introduce a friend that would put the contract past a doubt, if we could secure his influence with his—Mr. John Shields. Then, he stated that the Government had been under great obligation to Shields and himself, and he thought that if we could secure Shields' interest with his own that our chances would be good, and it was in consideration of that that this agreement was given.

Close suggests  
Shields' name.

16083. Then you believed his representations in that matter, did you?—Well, we supposed that there was something in it.

16084. Were you led to understand by what he said that you would be able to get the contract, whether your tender was the lowest or not?—Yes; he intimated—both intimated such a thing.

16085. That without your tender being the lowest you would be able to get the contract, through their influence?—Yes; they said that if there was not too much difference that any firm with whom Shields was associated would be sure to get the contract.

Led to believe  
that they could  
get contract even  
though their tender  
not the  
lowest.

16086. You say if the difference was not too much. Was a limit put to it beyond which they could not effect it?—I think they mentioned \$50,000 or £60,000; or, perhaps, up to \$100,000.

16087. You were led to believe that the Government would lose that much rather than that their friends should not get the contract?—We were led to believe that they had sufficient influence with the Government to obtain the contract for us, provided there was not more than that much difference in the price.

16088. Then that was the real reason for your agreeing to give them this percentage?—That is the real reason.

16089. The reason mentioned here is not the true reason (pointing to the document)?—No; it is not the true reason. I might say that although Shields' name is not mentioned he was present at the time and dictated this agreement.

Consideration  
mentioned in  
agreement not  
the real consideration.

16090. You mean although his name was not mentioned in the writing?—Yes.

16091. Then it was understood that Close was really acting for himself and for Shields together?—Yes; for himself and Shields.

16092. But in the name of Close alone?—Exactly.

16093. Was there any verbal understanding, or any other understanding, except what is expressed in this writing, as to any other interest you might obtain through any other tender but your own?—Yes.

16094. What was that?—Not through any other tender but to the agreement. All the further conversation that took place referred to section A as well as section B. This only covers the contract for section B.

16095. But there was a similar understanding in reference to section A, was there—verbal?—Well, no; not verbal. Before leaving Toronto, but after coming to Ottawa—I might say previous to leaving Toronto—we received a circular from the Engineer-in-Chief stating that the

Contract No. 41.

**Tendering—  
Contract No. 41.**

Government would favour a tender for the whole work rather than a part, and after coming to Ottawa we decided to tender for the whole work, and when Shields and Close found that our tender for the whole work was the lowest they made a demand for a similar amount on section A as we had agreed to pay on section B.

**Shields and Close proposed another similar agreement to cover section A.**

16096. Then, in other words, they claimed that this agreement should apply substantially to the whole of section C, which combined A and B, as well as it applied to section B alone?—No; they wanted us to execute a further agreement covering section A.

16097. Well, that would, in effect, make the agreement apply to the whole section C?—Oh, yes.

16098. Had you any understanding with them as to any percentage or any benefit being given to them in case you should obtain an interest in anybody else's tender or contract?—None, as far as I am concerned.

16099. Are you aware that it was made with any other member of your firm, so as to apply to any other work but that of your own tender, either section A or B, or both of them?—I am not aware of it.

16100. Did this agreement between your firm and Close take effect?—No; it never took effect.

16101. Why not?—Because we did not receive the contract.

**Mr. Boulton present at one interview.**

16102. One or two of your firm mentioned an interview at some hotel in Ottawa, when Mr. Boulton was present, and when some such agreement as this was spoken of: can you describe the circumstance?—That would have reference to this same demand made for a further agreement covering section A. I think on the evening of the 30th, on the day the tenders were opened, Shields and Boulton called on me at the Windsor House and asked for such an agreement. I told them then that I was acting for the rest of my partners, and I could not agree to anything of that kind until such time as I communicated with them. I notified them by telegram, and they came down next morning. That was when Boulton and Shields called on me at the Windsor.

**Subject discussed—  
a new agreement relating to section A.**

16103. Then that interview was had upon the subject of the new agreement to be applied to section A only, and like that which applied to this previous agreement for section B?—Yes.

16104. Who was present at the interview?—Mr. Morse, Mr. Marpole, and I think Mr. Watts was present; Mr. McCormick, Mr. Shields, Mr. Close, Mr. Boulton and myself.

**Watts among those present.**

16105. Was that the Mr. Watts who was interested with you?—Yes.

16106. Did you describe his interest before?—Yes; his interest was not defined.

16107. He was to have some benefit from the contract, but it was not clearly settled?—He was a practical man; he was an engineer.

16108. What was his occupation up to that time?—He had been engineer of the Credit Valley Railway.

**Watts had been engineer on Canadian Pacific Railway.**

16109. Was he connected with any Department?—He had been on the Canadian Pacific Railway, I think, in the capacity of an engineer previous to his joining us.

**Tendering—  
Contract No. 41.**

16110. His connection with it had ceased at the time you speak of?  
—Yes; his connection with the Pacific Railway.

16111. At that interview at the Windsor—I think you said at the Windsor—was it suggested that any one else should be interested in the benefits of this proposed agreement in addition to Close and Shields?—No.

16112. Was Mr. Boulton to have any interest, as far as you know?  
—Well, not that I am aware of.

No suggestion that Boulton was to have an interest.

16113. Did he propose upon that occasion to take any interest in the matter himself personally?—Well, I was not aware up to that time that Mr. Boulton had any interest; but when these gentlemen called on us at the Windsor House, Mr. Close and Mr. Shields came into the room and, of course, we refused to execute a further agreement, stating at the same time that we thought they were very well paid, but in case the undertaking proved profitable that we would be willing to do what was fair. Then Mr. Boulton came in. He was outside the door in the other room. Then some words took place. I think he insisted on the agreement being signed, or something to that effect; and I said to him that I was not aware at that time that he had anything to do with this thing, that I thought I was dealing with Shields and Close. I forget the exact words that he used: but he said he had been interesting himself on our behalf, and that he did not wish to be treated in that manner. I think I said he had perhaps better wait outside until he was called, or something of that kind; that I was not aware that he was interested in the concern. That was the reply I made. I cannot recollect the exact words.

Boulton insisted on the signing of agreement, this witness resented.

16114. I understand you to say that he alleged at that time that he had been interesting himself on your behalf?—Yes.

16115. Is that what you mean when you say that he had been interested?—Yes.

16116. Was there any suggestion made by him that he was interested in it pecuniarily himself?—No.

16117. Was that arrangement ever carried out, as to section A, the percentage going to these people, Close and Shields, or did you refuse to sign it?—I refused to sign it on that occasion. I think there was an arrangement at a later date.

At a late period arrangement agreed to and signed.

16118. Reduced to writing?—Yes.

16119. Have you that writing or a copy of it?—I think I have.

16120. Will you produce it?—I produce it. (Exhibit No. 227.)

16121. Read it?—

"This agreement, made the 31st day of January, in the year of our Lord 1879, between George D. Morse, A. F. Thompson, and F. Nicholson, of the City of Toronto, and Richard Marpole, of the Town of Barrie, contractors, of the first part, and P. G. Close, of the City of Toronto, merchant, of the second part:—Whereas the said parties entered into an agreement bearing date the 22nd day of January, A.D. 1879, respecting the tendering for and doing the work of section B of the Canadian Pacific Railway, and whereas it has been thought desirable to tender also for the work of section A of the said railway, and also to tender for both the sections together, now this agreement witnesseth that the said parties agree that in case they, the said parties of the first part, should obtain the contract for either the said section A, or the two together, that then all the provisions and stipulations contained in the said recited agreement shall extend to and

Agreement. Morse & Co. of the first part; Close of second.

Provisions the same as section B agreement and to relate to section A or to sections A and B combined.

**Tendering—  
Contract No. 41.**

Save that brokerage would be one per cent. instead of 2 per cent.

include the contract for said section A or the two together, as if said section A had been originally included in the said agreement of the 22nd of January, 1879, excepting only that the brokerage or commission which shall be paid to the said party of the second part in respect of the amount received on account of said section A shall be only one per cent. instead of 2 per cent. And this agreement shall be binding on the heirs, executors and administrators of the said parties. Witness our hands the day and year first above written.

" G. D. MORSE, per his Attorney,  
F. NICHOLSON,  
" A. J. THOMPSON,  
" F. NICHOLSON,  
" R. MARPOLE,  
" P. G. CLOSE.

" Signed in presence of  
" THOMAS WATTS."

16122. Where was this agreement signed?—At Ottawa.

16123. What place in Ottawa?—The Windsor House.

16124. This is the original agreement is it not: it is not a copy?—No; that is the original.

Watts prepared second agreement

16125. Do you know who prepared it?—I think it was Mr. Watts.

**Contract No. 42.**

16126. Do you know who prepared the former agreement as to section B—I mean the percentage on it?—It was Mr. Paterson, Mr. Shields' solicitor.

16127. In Toronto?—Yes.

16128. Do you know who prepared the first agreement between your firm and Andrews, Jones & Co.?—I cannot say.

16129. Do you remember whether it was written upon the occasion upon which it was signed, or was it prepared before?—I do not.

16130. Did this last agreement, as to percentage on section A, take effect?—No; it never took effect.

16131. Why not?—Because at that time we considered that the contract for the whole work would be awarded to us, but it was not; that was the reason.

No Member of Parliament nor any person connected with Departments to have benefitted pecuniarily.

16132. Was there any understanding, as far as you know, that any Member of Parliament should be pecuniarily interested in the result of any of those transactions?—Not as far as I am aware of.

16133. Are you aware, or have you reason to believe, that any information was obtained through any Member of Parliament, or through any person in the employ of any Department, which affected this transaction?—Only from what Mr. Shields and Mr. Close said.

Close and Shields professed to have special information.

16134. And was that to the effect that they would be able to influence Members or Ministers in the way you have described?—Yes; they pretended to be on very intimate terms with several Members and some Ministers, and pretended to say that they could get almost any information that they wanted. This was what they told me; of course I do not know it to be a fact.

16135. Did they mention any particular Minister or Ministers?—Oh, yes; they mentioned Sir Charles Tupper, Mr. Pope, Mr. McDonald, Minister of Justice, and I think Mr. Haggart, M.P., that they could get information through them.

Tendering—  
Contracts Nos.  
41 and 42.

16136. Any others: Members?—They may have mentioned some others.

16137. Do you remember any others mentioned by them?—Well, perhaps Mr. Boulton. I do not remember of any other, excepting those.

16138. Did they mention any officers in any of the Departments from whom they could get information?—No.

16139. No officer?—Not that I recollect now. Of course it is so long ago that I have not taken any particular interest in the matter since.

16140. I understand you to say substantially that it was because they promised to exercise this influence to obtain this advantage for you in this way that you agreed to give them the percentage?—Yes.

16141. And that the agreement did not take effect because the tender was not accepted either for section A or B?—Yes.

16142. Are you aware whether it had been at any time arranged by any member of your firm, or by any member of Andrews, Jones & Co.'s firm, that any officer in any Department was to be pecuniarily interested in the results of any of those transactions?—I think there was a name mentioned at one time, but I cannot say what. That was in Andrews and Jones' company, but I cannot say what was the amount he was to receive.

Chapleau's name mentioned to receive something. Does not know amount.

16143. Who was the person?—Mr. Chapleau, I think.

16144. Was he to be interested, as you understood it, in the result of the contract, or in consequence of something that he was to do?—No; in the result of the contract.

16145. He has himself given evidence to this effect: that it was at one time proposed that he should leave the Department in which he was and take an interest with Andrews, Jones & Co?—Well, he was a particular friend of Col. Smith, and I suppose it was in that way the thing was arranged.

16146. Is what you remember substantially what I have related?—Yes.

16147. And is that what you allude to when you say he might become interested in the result of the contract?—Yes.

16148. You mentioned Mr. Pope as one of the persons who might be influenced by Close and Shields?—I do not know that he would be influenced, but he was one of the men they mentioned as a particular friend.

16149. Which Mr. Pope was that?—I think it was the Minister of Agriculture.

16150. The original figures in your tender upon Section B were reduced at the suggestion of some person, you said?—Yes.

Original figures in tender B reduced at suggestion of Shields.

16151. At whose suggestion was that?—At the suggestion of Mr. Shields.

16152. What reason did he give you for reducing the figures?—So that we would be sure not to miss the contract.

16153. Did he lead you to understand then that the amount of the contract was a material question?—No; he said it did not matter very much. It could be made up in other ways, that is by getting favour-

**Tendering—  
Contract No. 42.**

able engineers, and the Government furnishing rails for construction purposes, and so forth, that the difference could be made up in that way.

Suggested that even if prices were low it could be made up by getting favourable engineers.

16154. Was it then that even if your prices were too low to make a profit upon them you could afterwards arrange with the Government officers to get a profit in another way?—He did not mention Government officers, but he mentioned by getting favourable engineers, which he claimed to be able to do.

16155. But as to the acceptance of the tender by the Government, I understand you to say now that it was suggested that it was desirable to have the figures low enough?—Yes.

Suggesting that tender should be low and that the contract could be got whether tender lowest or not inconsistent.

16156. Is that consistent with the other idea, that you could get the contract whether your figures were low enough or not?—It does not seem consistent.

16157. Did you believe both of those propositions?—Well, towards the last I had not much faith in anything he did say.

16158. Why not?—Because I found that he was working for other parties as well as ourselves, at least I was told that he was.

16159. What do you mean: that he was giving his best help to some other firm as well as yours?—Yes.

16160. Did he undertake to get each one the contract?—I suppose; I do not know for a fact, but I was told so.

16161. And is it because you found that he was helping some other person that you lost your faith in his statements: is that the only reason?—Well, I consider that he did not act in accordance with the agreement, according to his word.

Shields did not prove able to get for Morse & Co. any position to which they had not a right.

16162. Did you ascertain at any time that he was able to get for you a position, or any rank, or any favour which you were not entitled to as a matter of right?—No.

16163. Have you any further papers or letters relating to any of those transactions in your possession?—I may have, but I have not got them here.

16164. Could you state what they are?—I could not, till I put my hands on them. It is almost two years since the thing occurred, and they are scattered around, and I may not have anything of any importance.

16165. Is there anything further which you think ought to be made known to us, in order to enable us to understand the different bearings of these negotiations on the transactions?—Nothing that I am aware of.

16166. Is there any other evidence that you wish to give, either by way of explanation or in addition to what you have already said?—No; I think not.

16164. I am not sure that I asked you before, but at all events I will ask you now: did Mr. Shields or Mr. Close at any time name to you any officer in the Department through whom either of them expected to get any advantage in the shape of information?—No.

16168. Or in any other shape: either information or documents, or any other benefit?—No.



Tendering—  
Contract No. 42.

16169. Is there anything further which you would wish to say on the subject?—No.

16170. Have you been interested in any other transaction of the Canadian Pacific Railway?—Yes.

Contracts Nos.  
48 and 66.

16171. Which other?—I have tendered with others for the first 100 and second 100 miles west of Winnipeg, and for some canal work.

Tendered for first and second 100 miles west of Red River.

16172. Have you any idea as to whether you were the lowest tenderer upon those railway works, or either of them?—No; we were not the lowest tender.

Not the lowest tenderer and did not receive contract.

16173. Have you any complaint to make on account of the manner in which the contract was awarded in either of those cases?—No; not that I am aware of.

16174. Is there anything that you know of, which would lead you to think that the contract was not awarded properly?—Not that I am aware of.

16175. Is there anything further upon either of these works which you consider it proper to state by way of evidence?—No.

16176. Have you been interested in any other matter connected with the Pacific Railway?—Nothing further than what I have stated.

16177. Is there anything further which you wish to say by way of evidence?—Nothing that I can think of.

[At the request of the Hon. Wm. Macdougall, who was present, the examination of this witness was continued as follows]:—

16178. In what capacity did you understand the Hon. Mr. Macdougall to be connected in the receipt of this telegram which you have produced?—Well, Mr. Joseph Macdougall, of Toronto, acted as solicitor for George D. Morse, and I consider that the Hon. Wm. Macdougall acted in Joseph Macdougall's interest here. I might say that Joseph Macdougall is Mr. Morse's solicitor.

Contract No. 42.  
Capacity in which Hon. Wm. Macdougall acted in relation to Andrews, Jones & Co. and Morse & Co.

16179. Then who engaged Hon. William Macdougall to take any part in this matter, as far as you know?—He was not engaged that I know of.

16180. You are aware that he received this telegram from N. F. Jones?—Yes.

16181. Have you any idea that in doing so he acted in any other way except as a professional man—a lawyer?—I have not.

Acted as a lawyer

16182. Have you at any time had any reason to think that he was interested in any other character, or had any pecuniary benefit from the transactions themselves?—I have not.

16183. Had it ever been suggested that he should have any interest, except as a lawyer?—No.

16184. Has it been suggested in any way that any influence which he might possess as a Member of Parliament should be made use of to his advantage by being paid for it in any way?—It has not.

16185. Has he at any time proposed to use such influence as a Member of Parliament, for the benefit of your firm, or any of them, or of Andrews, Jones & Co., or any of them?—Not that I am aware of.

**Tendering—  
Contract No. 42.**

Macdougall acted  
as solicitor for  
Col. Smith.

16186. Did you say that you understood that he and some members of the firm of Andrews, Jones & Co. were friendly?—No, I have not said so.

16187. Do you know whether, as a matter of fact, he is well acquainted with any of them?—I have heard that he acted as solicitor for Col. Smith, of New York, in some matters connected with the Canadian Pacific Railway.

16188. Is this telegram from the partner of Col. Smith, N. F. Jones?—Yes, the then partner.

16189. Is the substance of this telegram in accordance with what you understood to be the relation between them at that time, as a professional man: this is directed to Hon. Wm. Macdougall by N. F. Jones?—It may be that.

16190. Have you any reason to think it is otherwise?—No; unless as Mr. Morse's solicitor.

16191. Then do you mean that it is either as the solicitor for Mr. Jones, or Mr. Smith, or Mr. Morse?—Yes.

16192. But do you say in no other character than as a lawyer?—No other character as far as my knowledge goes.

16193. Do you know whether Mr. Macdougall was solicitor for Col. Smith at the time of this telegram?—I do not. I do not know it now, only from hearsay.

16194. Was it in connection with the claim arising out of the Georgian Bay Branch that you understand that he was solicitor for Col. Smith?—Yes; so I have heard.

Hon. Wm. Macdougall acted in place of Joseph Macdougall as solicitor for Morse.

16195. Is that how you allude to him as being his solicitor?—Yes. I have said that he acted in the interest of Mr. Joseph Macdougall, of Toronto. Perhaps I might correct that by saying that he acted in his place as solicitor for Mr. Morse.

Macdougall neither asked nor obtained any advantage because of his being a Member of Parliament.

Firm of Morse & Co. never offered to sell nor received any money.

16196. Throughout all those transactions, have you any reason to think that Mr. Macdougall obtained any advantage, or asked for any advantage, in consequence of his being a Member of Parliament?—I have no reason whatever to think so. I might say before closing that our firm, although having offers to sell out, never offered to sell, nor received a cent in any way directly or indirectly, in connection with the Pacific Railway, although our firm was offered by Mr. John Leys, of Toronto, \$50,000 to drop out; but we tendered for the work and expected to carry it out. We wanted the contract and did not entertain the offer.

16197. Do you know for whom he was acting?—I do not; I have asked Mr. John Leys, but he would not disclose the name.

16198. Is there anything further?—Nothing further that I can think of now.

**WADDLE.**

JOHN WADDLE, sworn and examined:

**Telegraph—  
Tendering.  
Contract No. 4.**

*By the Chairman:—*

16199. Where do you live?—At Kingston.

16200. What is your occupation?—Contractor.

16201. On what kind of work?—Different kinds of works. Building.

Telegraph—  
Tendering.  
Contract No. 4.

16202. Have you had any interest in any contracts on railway works or telegraph lines?—I have tendered for the telegraph line on the Pacific Railway. I have built telegraphs—a great many miles of it—previous to that, but not for the Government.

16203. Have you been interested in any of the tenders or works of the Canadian Pacific Railway?—I tendered on behalf of myself.

16204. For what work?—The whole of the sections 1, 2, 3, 4, 5 and 6. My tender is in the Department, I suppose, some place yet. I and George Smith were in the tender, and I bought him out afterwards; I made him sign off.

Tendered for all  
the sections.

16205. When your tender was made was it on your own account or on account of a firm?—I made it out principally myself, and then he was used to being in the bush, and I took him in as a partner. He signed the tender with me. He had no further interest further than at the rate of \$4 a day.

Smith no interest  
in contract save  
\$4 a day as a  
practical man.

16206. Look at this document (Exhibit No. 4) and say whether that is the tender to which you refer?—That is the document, Sir.

16207. Was the contract on either of these sections under this tender awarded to you?—No. 5, Sir. I got notice of No. 5, and I got notice of No. 6 also, afterwards.

16208. Have you the notice which you got on No. 5?—Yes, I think so.

16209. Can you produce it?—Yes. (Exhibit No. 228.)

16210. Did you come to Ottawa in obedience to this telegram?—Yes.

16211. And what took place between you and the Government?—I came to Ottawa a day or two afterwards to see Mr. Mackenzie the Premier, and he was not in Ottawa. He had left and gone to Montreal or some place. I saw Mr. Scott then. Mr. Scott was acting in his place while he was away.

Went to Ottawa  
and saw acting  
Minister Scott.

16212. Which Mr. Scott?—The Hon. Mr. Scott. I think he was in the Senate then.

16213. Did you see some one?—Yes, I saw him of course. He spoke first about the amount of the security, the amount of the bond, and talked about \$20,000.

16214. Did he not first speak of the section that you were going to get?—It was No. 5 tender that I was to get.

16215. Was section 5 for the whole telegraph from one side of the continent to the other?—Section 5 only from Thunder Bay, or Prince Arthur's Landing as they call it, to Winnipeg. It is the same section as Oliver and Davidson got afterwards.

16216. Do you say that you were notified that you were to have that contract?—Yes, Sir.

16217. Have you that notification?—That is the telegram I got to come down.

16218. Where is that notification?—Is that not it?

16219. No, it is not; this contains these words: "Could you immediately come to Ottawa about your tender for Pacific Railway Telegraph. Answer."—Yes, that was the section that was awarded to me.

**Telegraph—  
Tendering.  
Contract No. 4.**

16220. There is nothing about section 5 here: how did you get information about that?—Mr. Scott and Mr. Trudeau told me. He was the Deputy Minister at the time.

Trudeau told him section 5 was awarded to him.

16221. What did he tell you?—He told me that section 5 was awarded to me and Smith.

Hon. A. Mackenzie told witness he was satisfied with \$10,000 as security.

16222. What else?—He wanted to know if I was prepared to enter into the contract. I said it would take some time to look up the amount of the security. Mr. Scott said it would be \$20,000. I said: "The Government has laid down a schedule of 5 per cent., and I am not satisfied with that \$20,000." I said I would be satisfied with the 5 per cent. "Well," said he, "you will let it stand until Mr. Mackenzie comes home. I will not take any active part until Mr. Mackenzie returns." About the week following Mr. Mackenzie came home, and I wrote him a letter stating the amount that I considered he was entitled to. Five per cent. would come to \$8,500 on the tender, but I was willing to make it \$10,000 and say no more about it. The day after I sent the letter, I saw Mr. Mackenzie coming from one wing to another, and he told me he was satisfied with \$10,000, and arranged on the amount it would be—

16223. Have you this letter which you wrote to Mr. Mackenzie?—I produce the letter which I wrote. (Exhibit No. 229.)

Contract signed by two sureties and security sent to Ottawa.

16224. Proceed.—Then when I arranged on the amount of the security, the party that was going in with me on the contract—there was one or two of us at the time—I was to give a mortgage as security. The party that was to value the property was appointed by Mr. Mackenzie. His solicitor and architect in Kingston was to go and value it, and then was to report to the lawyer, Mr. Brittain, and Mr. Brittain approved of the security to the contract, and I came down again and showed the certificate to Mr. Mackenzie, and he said it was all right. I stayed here until the contract was drawn out, and took it up to get it signed in Kingston. It was signed by the two sureties, and the mortgage was registered and sent down to Ottawa. I came down and left it behind me in Mr. Brittain's hands for that purpose; so I came down here the next day to the Deputy Minister of Justice's Department.

Agreed to take in a nephew of A. M. Smith's and give him one-third provided he put up all the security

16225. Who was that: Mr. Lash?—No, Bernard was his name—Sir John's brother-in-law. He was Deputy Minister then and he got it, and he said that there was a previous mortgage on it, and that had to be released. Well, in the certificate it also showed that it was quite sufficient for the security, independent of the mortgage, but to have it removed. Then the Government did not sign the contract and I went away, and Mr. Mackenzie told me I would have time to have it removed, or get other security, whichever I liked. Then I went up to Toronto and I arranged with A. M. Smith, of Toronto, and took in his nephew or some relation with me, and made him pay, and he was to make the necessary deposit with the Government and do away with this mortgage altogether, and I was to give him one-third of the contract, and he was to give all the security which was required, which papers I have got here to show.

16226. Have you any written communication to show that you were awarded the contract for section 5 of this telegraph line?—Well, now, I don't think it mentions section 5, but I was looking after the latter. I think it mentions in the telegraph that I would see a letter, and I

Telegraph -  
Tendering.  
Contract No. 4.

was looking about it, but I could not find it. These papers, I think, have been mislaid. I ought to have the letter, but the contract will show—it is in the Department some place—that No. 5 is mentioned in the contract, and it is in the Department some place, signed.

16227. Did you get some other section awarded to you afterwards? —Yes. There is a letter from Mr. Fleming notifying me that I was the lowest for No. 6, and that the Government was prepared to go on with it—that I was the lowest, that I might hold myself in readiness to go on with it, and I will produce that directly. Here is a letter dated August 12th, showing section 5 (Exhibit No. 230), and here is the letter showing section 6. It was wrote to Dr. St. Jean by Mr. Fleming, and I got a copy of it from Dr. St. Jean. He was friendly to me at the time, and he was acting for me in my absence.

Informed by  
Fleming that his  
was the lowest  
tender for section  
6.

16228. Were you ever awarded any contract for any section of the telegraph line except section 5?—No, Sir.

16229. That was the only section upon which you had a chance of fulfilling your tender?—Yes; that is correct.

16230. Do you know what reason was given at last for not letting you have the contract for that section?—I never found out any reason, and they kept me here for three weeks after I came down, when Mr. Mackenzie spoke about not taking the mortgage as satisfactory, and giving me time to go and get any security I required. Here is the agreement I entered into in Toronto. (Exhibit No 231.)

Never found out  
why he was not  
awarded contract  
for section 5.

16231. This is an agreement between yourself and Robert D. Perry, is it not?—Yes.

16232. The Government is not a party to this agreement?—No; but you see I have produced that to show you the reason how the thing came.

16233. How what thing came?—How that document came. Of course, I took Perry in, you know, he gave us A. M. Smith, of Toronto, as security to me for \$30,000 to carry out the contract, and I had half of it in that document, and he makes a deposit with the Government of \$10,000, and he wants Mackenzie to transfer the contract to him—the son did any way.

16234. I do not want to investigate, at present, your arrangement with Perry: I want to know what took place between you and the Government?—Perry and I both came down on the 6th or 7th of the month of December, 1874, after the date of that document, and Mr. Mackenzie said, says he: "You were so long I have notified another party, but he is not likely to take it up;" and, said he, "wait, and if he does not sign the contract you can have it."

Hon. A. Macken-  
zie told him he  
delayed so long in  
getting security  
that another  
party was notified

16235. Can you tell me whether you ever got a notice from the Government that your time was up, and that you no longer had any chance to get contract 5?—In writing or verbally I never got one. It was quite to the contrary.

16236. Did you ever get any notice that unless you finished putting up your security by a certain time that the Government would pass over your tender and go to the next man?—No; that is what I asked Mr. Mackenzie why he didn't notify me when he found out I had signed it, and give me a chance before he gave it away; and he told me that was his own business.

Telegraph—  
Tendering.  
Contract No. 4.

16237. In putting up your security did you not understand that it was necessary that Mrs. Sellick, or some person of that name, should release the claim upon the property offered as security?—It was Mrs. Sellick's property, but there was a mortgage on it, and he wanted that released or a cash deposit.

Security.

16238. Then you understood that it was necessary to get that release before your security was perfect?—Yes.

16239. Did you get that release?—No; that was not done, but this other was done in lieu of it.

16240. What other was done?—This agreement was entered into between Perry and I, and I got a letter of credit for \$10,000 with A. M. Smith, of Toronto.

16241. Who got the letter of credit?—Mr. Perry took it back to Toronto. Mr. Mackenzie had it in his hand and kept a copy of it, and he had nothing to do but to send it down to him when the contract was signed.

16242. Who had nothing to do but to send it down?—If the Government signed the contract the money would have been deposited.

16243. You expected that the Government would have signed the contract before you deposited the money?—No, I didn't think they would; but they would give me some satisfaction that they would do it. I didn't want them even to do it, but to say yes instead of putting off and putting off from day to day.

16244. Did you not get information at that interview with Mr. Mackenzie that he had already awarded the contract to somebody else?—No; nor I didn't for months afterwards, and I never knew until it was fetched up in Parliament that it was. When I was here and when it was fetched up that the contract was signed on the 9th of February—and he kept me here for three weeks waiting day after day to have it signed, and promising—

16245. Did Mr. Mackenzie give you any reason, at the time that you showed him that letter of credit, why you could not get the contract?—No.

16246. Did he lead you to understand that you might get it?—Yes.

Hon. A. Mackenzie told him Sutton & Co. might not take the contract up,

16247. What did he say?—He said that those parties—Sutton—would not likely take it up, and I should likely get it, it would be the first chance; he told me so most distinctly more than once.

16248. Did he tell you they had the chance of taking it up?—They came here and went away again.

16249. Then he told you that before that day he had given Sutton the chance of taking it up?—Yes.

Interview with A. Mackenzie on the 6th or 7th of December, 1874.

16250. Can you name the day upon which you had that interview with Mr. Mackenzie?—It was either the 6th or 7th day of December, 1874.

On the 20th November, Sutton & Thirtkell were notified that they could have contract.

16251. The official documents show that on the 20th of November, 1874, Mr. Braun, the Secretary of the Department, had notified Sutton & Thirtkell that they might have the contract: can you now understand why it was that in December, Mr. Mackenzie could not say positively that you should have it?—I don't know, because they never let me

Telegraph—  
Tendering,  
Contract No. 4.

know what negotiations they were going on with. He said that they were not likely to take it up, and Mr. Braun also told me that it was not likely they would take it up and I had better stop, and I remained until the day before Sir John's election in Kingston—until the night of the 27th or 28th of December.

16252. This proposition which you say you made about the 7th of December?—Yes.

16253. Was made only verbally to Mr. Mackenzie?—Mr. Perry and I were together.

16254. But it was made verbally, was it?—Yes; and he produced the letter of credit to him.

16255. Was that in writing?—The letter of credit was in writing.

16256. Was the notice to the Government in writing?—Yes; he got a copy of the letter.

16257. Who wrote the notice or the letter to the Government that you were ready to do the work?—I copied it myself—that is the letter of credit. Notice to Government that he was ready to do the work.

16258. I am not asking about the letter of credit, I am asking about this notice to them that you were ready to do the work?—I didn't give them notice, I told them that I was ready. I told Mr. Braun, and he told me to go to Mr. Mackenzie, and I went to Mr. Mackenzie. The only notice they ever got in writing was when the House sat to fetch it up. Kirkpatrick advised me to give them notice when I asked him what was best to do. I asked him to fetch it up in the House, and then there was notice given to them. I believe the contract was signed then, but it was after that they were served with the notice.

16259. If the contract for this section had been offered as early as November 20th to Sutton & Thirkell, you can understand why the Government could not give it to you in December?—I could understand it, but I never did understand it, because I didn't know it.

16260. You can understand it now?—Yes; but I didn't know it then, because Mr. Mackenzie let it to me. The day was appointed on which all the contracts should be signed.

16261. That was on the former occasion when you were to have the security ready in Kingston?—No; on the Friday before the election in Kingston. That would be about the 25th of the month.

16262. What month?—No; it was after Christmas.

16263. What month?—December. A day or two after Christmas Dr. St. Jean and I went up to Mr. Mackenzie, and he told us to come on Saturday, and, said he: "I will let you know what day you will have the contract signed." We went up on Saturday, and, said he: "As there is only half a day the clerks will be out at one o'clock, and come on Monday." On Monday Dr. St. Jean and I went up again, and he was gone to Montreal, or some place else. Of course I was interested in Kingston a little and I left. I told Mr. Braun: "I would go to Kingston but I would be back in a few days." I went to Kingston and voted, of course, and when I came back I could not get the contract. He put me off and put me off, and told me to go to Mr. Trudeau and find out all I wanted. I saw Mr. Trudeau, and he said he could do nothing about it, and said I would have to see Mr. Mackenzie, On the Saturday Hon. A. Mackenzie told witness to come on Monday to learn about signing contract.

Witness left for Kingston to vote.

When he got back to Ottawa could not get contract.

**Telegraph—  
Tendering.  
Contract No. 4.**

and they kept me paddling backwards and forwards two or three weeks that way, and I could find out nothing about it.

16264. Before you made this arrangement with Perry in December had you understood that you had failed to put up your security in Kingston?—No; because I had got time to commence in the spring. Mr. Mackenzie and the Minister of Justice told me I would have two or three months if I wanted it.

16265. Did they tell you that in writing?—No, in their own office; and the work was not to commence until spring.

16266. Did you know before November the 20th that you had failed to put up the security in Kingston which you had tried to put up?—No.

16267. Did you not know that Mrs. Sellick had refused to release her land?—No; she didn't refuse to release it.

16268. Didn't she telegraph to the Department that she had withdrawn her security?—I did not know anything at all about it.

16269. Do you know now?—I know since, by report.

16270. Has she told you?—She never told me. She left the city shortly after and went away; but I did not care at the time because I was negotiating and had this partly done when she done that.

Failed to put up his Kingston security.

16271. Do you understand now that you had failed to put up the Kingston security that you started to put up?—Yes; that failed, no doubt.

16272. And it was after that failure that the Department awarded it to Sutton & Thirkell, on November 20th, was it not?—According to the accounts which I saw since fetching it up in the House, but I did not know it before it was forced out of them in February—the latter part of February, for they still held out that the contract was mine.

Never informed that unless he put up his security he would not be able to get contract.

16273. Were you ever informed, either in writing or by word of mouth by any one, that unless you put up your security within a given time you would not be able to get the contract?—I neither got it verbally or any other way, and that is what I found fault with; and I spoke to two or three Members of Parliament to see if they could not find out what the reason was I did not get notice. I never got it one way or the other, because here is telegrams to me wanting me to sell out the contract before I had it a week.

Glass offered witness \$10,000 for his contract and to put up deposit.

16274. Telegrams from whom?—From Glass, of London. He came to Kingston and offered me \$10,000 for it, and he would make up all the necessary deposit and would go to Ottawa and have the contract.

16275. Will you produce the telegram?—Yes, there is the telegram to meet him at such a place, but there is no price in any of them. (Exhibit No. 232.)

16276. Where did he see you and make this offer?—At the City Hotel, Kingston. He wanted me to meet him, and I told him if he wanted to do anything to come to Kingston.

Refused offer.

16277. And did you refuse to sell out your interest to him?—I refused to sell out until I would see Mackenzie, and I told him there was more than that in it, and I did not want to let it go.



Telegraph—  
Tendering.  
Contract No. 4.

16278. Was that on section 5?—That was section 5, Sir. His offer was made to me in the presence of witnesses. There were a lot of other gentlemen there.

16279. Have you seen any account of these notices in print after they were returned to the House?—Which notice, Sir?

16280. Any of the notices concerning this matter; you say it was brought up in the House?—Yes.

16281. Did you ever see anything about it in print?—I could not be positive about it. I got a circular from the Senate, and when I got that circular, as far as the print is concerned, it showed where Sutton and the Minister was communicating at the same time that he was corresponding with me.

16282. But the communications that were going on with you at that time were not in writing were they?—No; I was there every day—sometimes twice.

16283. It was those conversations which you have spoken of that you call corresponding with you?—Yes.

16284. And you say that at the same time that was going on the printed papers show that they were communicating with those people in Brantford?—Yes; and I didn't know a hap'orth about it until Senator Aikins sent this paper down to me. I never knew it until that came to me.

While verbally communicating with witness, Department communicating with Sutton & Co., of Brantford.

ALFRED BOULTBEE, sworn and examined:

*By the Chairman:—*

16285. Where do you live?—Toronto.

16286. Are you a Member of the House of Commons?—Yes.

16287. Have you had any interest in any of the transactions of the Canadian Pacific Railway?—None whatever.

16288. Have you taken any part in any of the transactions in which others were interested?—I came here before some of the tenders—I forget what they were called, sections A and B, I think, Canadian Pacific Railway—were awarded last year, or last spring I think it was, before they were opened for tender. I came here with Mr. Shields.

16289. In what capacity did you act with Mr. Shields?—Well, I came as it were as his solicitor, though I was making no charge against him for doing so. I was under some obligation to him—considerable obligations, in fact, when he asked me to come down. He said he was going to tender with some others parties.

No interest whatever in any Canadian Pacific Railway transaction.

Came to Ottawa as solicitor to Shields who was going to tender.

16290. Are you a practising solicitor?—Yes.

16291. Were you present with him at any of his negotiations with other parties in connection with that section B matter?—Yes, I was.

16292. Who else were present?—Well, that I really could hardly tell you now. I was present at a great many meetings he had with other parties that he was proposing to take an interest with or that were proposing to him to take an interest. They extended over some weeks. I was present at one transaction (which was referred to

Present at an interview between Shields and the Morse & Co. firm.

**Tendering—  
Contracts Nos.  
41 and 42.**

in evidence) which brought me here to-day, where I met, I think, a Mr. Morse and a Mr. Nicholson and a Mr. Marpole. Well, I am not sure whether any others were present or not, but these four were.

16293. Mr. Thompson?—I think not; no.

16294. Mr. Watts?—Well, I think a man named Watts was there, but I would not be clear on that. I think he was an engineer. I do not know but that he was going to do engineering work for them. I am not sure as to that.

16295. What part did you take in that interview?—I went down with Mr. Shields to meet these gentlemen at the hotel they were at—I think it was the Windsor Hotel they were at—to settle the terms of a memorandum of agreement that they were going to enter into if they got the contract.

**Thinks he wrote  
memorandum of  
agreement.**

16296. Was there any written agreement?—Yes there was a written memorandum of agreement drawn. I am not sure, but I think Mr. Shields and I had it with us when we went there. I am not perfectly sure whether I prepared it, or whether he had previously prepared it, or had it prepared. I rather think I wrote it.

16297. From whom did you get the particulars from which that was drawn?—From Mr. Shields.

**They all quarrel-  
led and disputed  
and witness left.**

16298. Was that document executed at the time of this interview?—When we went there at first we found that it did not contain what they thought were the terms at all. They all quarrelled and disputed and I left. That is all I had to do with it.

16299. Did you appear there on account of any interest you had yourself in the transaction?—No, not the slightest.

16300. Was it suggested there, or at any other time, that in that transaction you should have some personal interest, or pecuniary interest?—Not the slightest; there never was such a suggestion made at all. There was no conversation which took place, except as to the terms of this agreement. It grew to angry words directly. It did not last long; they were widely divergent and did not agree at all in fact. That was the whole of it. Mr. Shields said they had, and they said they had not; it got into that shape and I came away.

16301. Were you present at the previous interview when the terms of this previous agreement were discussed?—No; I did not know anything about it at all. I was told by Mr. Shields it was settled, and either he gave me a memorandum or I drew it. I rather think I drew it. It came in the shape of a memorandum from Mr. Shields, and I drew it.

**Prepared a mem-  
orandum of  
agreement be-  
tween Shields  
and Fraser, Man-  
ning & Co.**

16302. Did you take part, as his attorney or otherwise, in any other negotiations about this matter with these same people, or with others?—No; I did with others, but not the same people. Well, we may perhaps have discussed it with other people. There were twenty or thirty such discussions took place on parties proposing to take the contract. Some were willing to go in with Mr. Shields, and Mr. Shields was willing to go in with others, and so on. I do not recollect anything definite except with Fraser, Manning & Co. I drew a memorandum between them once that they should go in together.

16303. Had you at any time any pecuniary interest in this section B, or section A, or section C?—None whatever, neither in those nor in any others.

**Tendering—  
Contracts Nos.  
41 and 42.**

Never had any pecuniary interest in this or any other Canadian Pacific Railway contract.

16304. Had you any other transaction connected with the Canadian Pacific Railway?—No; not in any shape connected with it, in any possible way, and no arrangement or agreement that I made with anybody took effect. In these large arrangements, as soon as they agreed, they broke promptly. Nothing was carried out that I had anything to do with.

Nothing carried out that witness had anything to do with.

16305. Was it proposed at any time that you should have yourself an interest in any transaction connected with the Pacific Railway?—No.

**Alleged improper influence.**

16306. Was it proposed that any person connected with any of the Departments should have any interest in any of these transactions?—I never heard such a thing suggested myself.

16307. Are you aware of any Member of Parliament being interested in the pecuniary results of any of these transactions?—Not one.

16308. Or obtaining any benefit for any advantage given to any person?—No; I do not know of any advantage, either directly or indirectly, given to any Member of Parliament, or myself.

Aware of no benefit conferred on any Member of Parliament or on any person to influence any Member of Parliament;

16309. Are you aware of any benefit or advantage given to any person for influencing any Member of Parliament?—No.

16310. Are you aware of any person in any of the Departments getting any advantage or interest out of any contract?—No; I never met a member or person belonging to any of the Departments; never saw one in connection with these transactions.

Nor any officer of the Department.

16311. Are you aware of any proposition made to any of those parties in connection with those contracts by which any official of the Departments should get any benefit arising out of them?—Never heard of it, and never knew it myself.

16312. Are you aware of any person obtaining any advantage from any person in any of the Departments over the general public?—No.

16313. I mean in connection with the Canadian Pacific Railway?—I never heard a suggestion of any kind thrown out, except that it was suggested it was possible to obtain information of the height of the tenders—that it could be found out who was highest or who was lowest, &c. Then I heard the same men announce within a few days that this turned out to be impossible—that it could not be discovered.

Heard that the relative positions of tenders could be found out.

Heard afterwards that this was impossible.

16314. Do I understand you to say that you heard that such information could be obtained from some particular person?—I heard it talked of by persons desiring to get the contract. They were discussing their tenders—not discussing the amount, but discussing being tenderers. I heard it suggested there were means of finding out how the tenders stood. I recollect hearing that discussed.

16315. Did they define the means in any way?—No; and I may say that I told Sir Charles Tupper that I heard it, and he said he thought they would find it a little difficult to get any information of this kind; and I fancy they did, at least he gave me to understand it would be quite impossible, that it could not be reached in any way.

Told Sir Charles Tupper that he had heard that information regarding position of tender could be had; Minister said it was impossible.

16316. Have you any reason to believe that any advantage was obtained by any person over the general public?—I don't believe there

**Contract No. 42.**  
**Alleged impro-**  
**per influence.**

Sir Charles Tupper told witness that not only could no special information be had but that the contracts would be given in a thoroughly business-like manner.

was ; I had every reason to believe the contrary. I may say that I was friendly to Mr. Shields and was anxious that he should get an interest in the contract if he could. He had been of great assistance to me, and I would have been glad to have been of any assistance to him in the matter. It became quite evident to me, being here a fortnight, that it was perfectly impossible for any person to get advantage from the discussion that was going on by men who knew far better than I did—the contractors. I remember, when I mentioned to Sir Charles Tupper the assertion that was made when these tenders were in, that it could be understood how they stood, he not only negatived the matter but gave me to understand that it would be done in the most business-like manner possible, and could not be done in any other way.

16317. Is there any other matter connected with either of these sections, A or B, on which you can give us information?—No; I know nothing of it since, in the slightest.

16318. Is there any other matter connected with the Canadian Pacific Railway on which you can give us evidence?—No; I never had anything to do with it in any shape since.

Merely acted as solicitor to see that the arrangement was put in proper shape.

16319. Is there anything further you wish to say?—No; only I saw that the witness McCormick tried to put forward in a suggestive sort of way that the inference might be drawn I had an interest in it. I wish to say that I simply acted for Mr. Shields, and seeing that any arrangement he had was put in proper shape.

16320. Is there anything further you wish to say?—Nothing farther I wish to say.

**WADDLE**

JOHN WADDLE's examination continued :

**Telegraph-**  
**Tendering.**  
**Contract No. 4.**

*By the Chairman :—*

16321. Is the letter which you have produced from Mr. Fleming to yourself dated August 12th, 1874, the first communication to you that your offer for section 5 would be accepted?—Yes, that is.

16322. What did you do on receiving this letter: did you write to the Government saying that you would carry out your tender or did you go down to Ottawa?—I went to Ottawa, and I might correct my statement by saying that I went to Ottawa before receiving that letter, because that letter was posted, but the letter had not arrived in Kingston when I left. When I returned from Ottawa I got it.

16323. How long did you stop in Ottawa on that occasion?—I went away that same afternoon.

16324. Did you see anybody here?—I saw nobody but Mr. Scott and Mr. Trudeau and the Secretary.

**Security.**

16325. Did you get any information from them?—Mr. Scott told me the contract was mine, but he wanted \$20,000, and he said: "Leave it there until until Mr. Mackenzie comes home."

16326. Then did you write your letter which you have already described—I mean the one dated 24th August, offering to give \$10,000 security?—That was when I came back again and offered security. That was on the return of Mr. Mackenzie I came down here.

Telegraph—  
Tendering.  
Contract No. 4.

16327. Do you remember that shortly after that letter you telegraphed that on account of some death you would not be able to leave for Ottawa?—Yes; he told me the contract was ready for me, that it was something new to them, this section. By the circulars that were sent out each man was to make a tender with a specification attached to his tender. I had been so much connected with the telegraph that I wrote one and so I came down. I telegraphed in consequence of death I could not come down.

16328. Did you not get, in answer to that telegram, a telegram from Mr. Braun, the Secretary, that what was wanted was Mr. Britton's approval of your security?—Yes, I got a telegram to that effect.

16329. From that time, which was the 27th August, until the time that you say you came down early in December, did you ever have any official communication or information connected with the Government on this subject?—I could not say what time I came down with the contract. I left the contract drawn up and signed with the sureties on it with Mr. Britton.

16330. But you understood that would not be carried out unless your security was accepted, your Kingston security, in which Mrs. Sellick had something to do?—Yes.

16331. Your signing the contract would not be enough unless your security was right; you understood that?—I understood perfectly well that they had the amount of security in her mortgage independent of the mortgage that was there.

16332. But did you not understand that it should be not only satisfactory to your mind, but should be also declared satisfactory to the mind of the person who had been appointed to decide?—I was satisfied, and Mr. Britton was satisfied with it too; but he said he would report upon it, and let the Government do as they liked. He gave me a certificate, but I lost it, certifying to Mr. Mackenzie that the security was good; that it was over and above the amount required.

16333. Did you not come down after you had found that the security was not approved of, and propose verbally that to make it good to the Government you would permit them to retain \$10,000 out of your first estimates?—There were two ways of doing it, and that was one of my proposals.

16334. To whom did you make that proposal?—It was to Mr. Mackenzie.

16335. Was that accepted?—The answer was, I had time enough to get it arranged, either to take up the mortgage or get new security. In consequence of doing that I went to Toronto and arranged with Mr. A. M. Smith, of Toronto. Mr. A. M. Smith was going to deposit the money with the Government.

16336. After that when did you next communicate with the Government to say you were ready to put up your security?—I could not state the day of the month. The 7th of December, when I came down, I wrote to Mr. Mackenzie—what time I could not say, but previous to that—that I would be down shortly with the necessary security.

16337. Have you got a copy of that letter?—No.

16338. Because no such letter appears in this report to Parliament?—No; I see there is no sign of the letter of credit either in that report.

Telegraph—  
Tendering.  
Contract No. 4.

16339. Did you hand in this letter which you have last spoken of notifying him that you were ready with your security, or did you send it by mail?—I sent it by mail from Toronto.

16340. But you have no copy of it?—No. I think it was written in Mr. Cooper's office, and I posted it.

16341. There is no such letter in this report to Parliament: are you sure you sent such a letter?—I am quite sure I posted it; quite sure.

16342. About what time would that be?—It may have been two weeks previous to coming down with the Perry contract.

16343. And that was about the 6th or 7th of December, was it?—The time he came down was about the 6th or 7th.

16344. So the mailing of that letter would be about two weeks before.—Yes, about a fortnight.

16345. Did you get any answer to that letter which you say you sent about a fortnight before the 6th or 7th of December?—I got no answer from the Government. I got a telegram from Dr. St. Jean, the Member for Ottawa.

16346. Can you produce that?—No, Sir. I was down at his house to see about some papers but he was not in.

St. Jean acting  
for witness when  
absent from  
Ottawa, and told  
him Hon. A.  
Mackenzie had  
got his letter.

16347. How would he be able to get any answer from Mr. Mackenzie to a letter from you to Mr. Mackenzie?—Well, I will tell you, Sir. He was acting for me when I was away from here. He was communicating with me; anything that happened he would let me know; and he called upon him, and he said that Mr. Mackenzie had got my letter, and when I came down no doubt I would have the contract settled. After that we had to go back and forward, Dr. St. Jean and myself, from day to day for weeks after I came here—from the 6th to the 28th.

16348. You mean from the 6th to the 28th of December?—Yes; long after this letter he was still promising it would be executed, and all I wanted was him to say what to do and it would be done, and I would go up to Toronto and send the funds down.

16349. Do you say that after the 6th of December and up to the 28th of December, Mr. Mackenzie, or some one in the Department, told you that all that was wanted was for you to get your security ready?—He did not say to get the security ready for he knew it was ready.

Told from day to  
day that if Sut-  
ton & Thirkell  
did not take the  
contract it would  
be handed over to  
witness.

16350. Don't give me the reason, but tell me what he said?—From day to day he told me to wait and see whether Sutton & Thirkell had executed or not, and if Sutton did not take it, it was to be handed over to me as it was originally.

16351. Was any person present with you when Mr. Mackenzie or any one in the Departments told you that?—The doctor was with me.

16352. What doctor?—Dr. St. Jean; he lives here in Ottawa. He went with me different times himself; he went in the office and I would be in the hall.

16353. Is he here now in Ottawa?—I presume he is in the city. I was at his house this morning, but he was not in.

16354. Was he with you on more than one occasion?—Yes, I suppose more than two dozen times; we would be up every other day.

Telegraph—  
Tendering.  
Contract No. 4.

16355. Did it never occur to you that it would be a good plan to have some of those communications on paper instead of talking between you and this Member and Mr. Mackenzie?—No; I thought there was some honesty about the thing. I never had official communication with him, only I would go in the morning and send him in. Sometimes he would go and see Mr. Trudeau, and sometimes he would say he would go in the morning. That was the answer he would give, just according as he was busy.

16356. How many times do you think altogether he did see you on this subject?—About a dozen or more inside of these two or three weeks. Dr. St. Jean and I went on a Friday. We saw him that day. We were to come the next day, Saturday, and he would let us know what day the contract would be signed, and I could go and get all the money and send it down to him. On Saturday we went up again, and he told us to let it stand until Monday. I stopped over Sunday, and Monday the doctor and I went up again. At 11 o'clock Mr. Mackenzie was gone away, we heard, to Montreal. I went in and told Mr. Braun that I was going up to Kingston. I said: "I am going up to Kingston to vote." He said: "You had better stop."

Told Braun he was going to Kingston to vote, who told him he had better remain.

16357. Do you not understand you are telling me all this time that Mr. Mackenzie had only to tell you the time the contract would be signed, and at the same time you tell me he said it could not be signed because Sutton & Thirkell had the offer?—He was keeping it back.

16358. You are not consistent in what you say: you said there was nothing to be done but just name the time of signing the contract. Another time you say he told you to wait until Sutton & Thirkell were settled with?—I think you do not understand me. He wanted me to wait until I would see if Thirkell & Sutton would take it.

Hon. A. Mackenzie wanted him to wait to see if Sutton & Thirkell would take contract.

16359. Then there was something besides the contract to be signed?—That was the main point. I was to go there and get the information.

16360. Now didn't he tell you this in substance: that he could not deal with you until he knew whether Sutton & Thirkell would take it; was not that the substance of what he told you?—He could not give me a decided answer.

16361. But he could not give you a decided answer because of Sutton & Thirkell?—He would tell me to come one day after another.

16362. Was not the substance of what he told you, that he could not deal with you until he ascertained whether Sutton & Thirkell would take the contract?—The answer he gave me was that if they did not take it that I should have it.

16363. Didn't he tell you that that had to be found out first: whether Sutton & Thirkell would take it?—I do not know whether he said that, but that would be the substance of it.

16364. Then why do you tell me that all that had to be done was to name the day to sign the contract?—That is what he told me, what I am telling you.

16365. Before naming the day he wanted to know whether he could name a day?—I should think so, but I found out—perhaps he did not tell me that though—from a gentleman who was stopping at the Russell House, that Sutton had thrown it up, and would not have anything to do with it.

Telegraph—  
Tendering.  
Contract No. 4.

16366. Who did you find that out from?—From a man from Brantford who was there.

16367. Who?—He has moved up from Toronto to Brantford, and he told me Sutton wanted him to go security and he would not.

16368. Can you name him: was it Oliver?—No.

16369. Or Davidson?—No; neither of them.

16370. Was it Brown?—No. Oh, I forget his name.

16371. Thompson?—The name is in my head. He used to keep a large saloon on Yonge Street, Toronto, and sold out, and was living private in Brantford. It was he that told me; at any rate I know Sutton was here, and I went to see him, and did not see him.

Sutton in Ottawa 16372. Then you understood while you were here, and while these conversations were going on with Mr. Mackenzie, that Sutton was here trying to complete his contract, did you not?—He was here.

16373. Trying to get security and do something to complete his contract?—That is what I understood—Mr. Fleming told me he was here himself, and I went to see him, and did not see him. He had gone away the night before.

16374. Had you any other communication with other persons besides those connected with the Government on the subject of this contract—such persons as Sutton or those who got the contract?—Not those that got the contract. I had no conversation with them. I had communication with other men that wanted to find the money for me, and would fork up all the money that was required. I had communication with Mr. Harper, of London.

16375. We do not think it proper to enquire into your private negotiations; we do not choose to enquire into what bargains you made with people about helping you; that has nothing to do with the transaction as far as the public are concerned: the question is, whether you were entitled to any more than you got from the Government. That is what I understand your complaint to be; that you ought to have got something that you did not get: is that right?—That is right.

Nature of witness's complaint.

16376. The preparations you made to get your security would not therefore affect that question. Now, I understand you to say substantially this: that after you got notice that section 5 was awarded to you, you endeavoured to put up security upon real estate in Kingston, and without your being informed by the Minister that any given time would end your opportunity of doing this the contract was offered to other persons, no notice being given to you when the time was over?—That is exactly so.

16377. Then later than that, in December some time, you came down here and offered to put up security in a different shape: you were informed by the Minister that it had been offered to another person, Sutton or to Sutton & Thirkell, and if they failed you were to have an opportunity of getting the contract by putting up different security: is that the meaning of your story?—That is the substance of it.

16378. Is there anything else about the story that you wish to inform us of?—Well, as you remark, there is no use of going into anything to



Telegraph—  
Tendering.  
Contract No. 4.

show that I did not know anything about it. Mr. Harper, of London, and I, on the strength of going to get No. 6—I was sending up No. 5 to him—he was going to give me \$6,000 in cash and put up the \$10,000 for the Government, and give all necessary securities, wherein I have his letters and telegrams up to February, and that shows I did not know it was given to any one else.

16379. You have already sworn that you did not know it?—In support of that I have these papers.

16380. Assuming that is a fact, that you did not know, is there anything else you wish to inform us of?—Nothing further. I suppose that is all that is necessary, when it is not necessary to go into showing that there were others besides the Perry contract.

16381. We do not care to enquire into the manner in which you prepared yourself to put up the security; the point is whether you were prepared finally at the right time, and if not whether you ought to have had an extension of time?—Yes; I may state, when I come to think of it, that amongst the rest I went to Mr. Cartwright, being a Kingston man, and I felt that perhaps he would give me some information on it, I told him how I was used, and that Mr. Mackenzie would give me no satisfaction. "Well," says he, "why didn't you go to work on your being awarded the contract, and before you got any money the contract would be signed, and according to the act you had the right to go to work on the notification you got, but I will go and see Mr. Mackenzie and you can call to-morrow." He seen Mr. Mackenzie, and Mr. Mackenzie told him if these men didn't take it I would get the contract.

Interview with  
Sir R. J. Cart-  
wright who told  
him he should  
have gone to  
work.

16382. What men?—Those Brantford men.

16383. That was in December?—Yes.

16384. Were you present when Mr. Mackenzie told Sir Richard Cartwright that?—No; that was Mr. Cartwright's answer to me, and Mr. Cartwright was very angry with me for not going to work.

16385. Perhaps he meant to go to work to get the security?—No; I have gone on with other contracts since then in the same way.

16386. Did you ever get the second opportunity, which you say was promised you, namely, that if Sutton & Thirkell failed to put up their security and take the contract, you should be permitted to do so?—No, Sir, I never got it direct nor indirect.

Never got the  
promised oppor-  
tunity to put up  
the security in  
case Sutton &  
Thirkell failed to  
put up theirs.

16387. If you had got the contract, had you pecuniary assistance or means of your own to enable you to fulfil it?—I have any amount. After two or three found out what contract it was, I had any amount of money at my back. There were half-a-dozen, ready to go in with me after it was settled. I could give them one-third of contract or whatever was reasonable. Mr. A. M. Smith, of Toronto, said: "After you have it fixed and signed I will give you \$20,000, and give it up altogether;" and it was his advice to me to go and sell No. 5 and take No. 6, as soon as the Government was ready to go on with it. At that time we thought the Government were going on with it right away (No. 6). I may also state, too, I went and purchased 200 pairs of blankets in Montreal and tent equipages for 200 men to go to work in the spring, and went to work and got the telegraph spoons to make the holes. I sold the blankets afterwards by auction when I did not get it.

If contract had  
been awarded  
him he had am-  
ple means to go  
on with work.

**Telegraph—  
Tendering.  
Contract No. 4.**

16388. Is there any other matter connected with the Pacific Railway in which you have been interested?—I have tendered for other contracts since then.

16389. What sort of contracts?—I have tendered for those tank-houses, but they did not decide on doing them that way, and it was arranged some other way.

16390. Do you consider that your tender for any of these works has ever been passed over improperly?—Nothing more than I never tendered under the same Government since they fooled me in this. I never tendered with them only once in Kingston, and I tendered there and got the job.

16391. On the Pacific Railway?—No, not on the Pacific Railway.

**Contract No. 3.  
Understood that  
his tender for  
section 4 was the  
lowest.**

16392. Is there any further evidence which you can give connected with the Pacific Railway?—Yes; I understood that No. 4 section—that my tender was the lowest as well as No. 5, but I got no notice of it from the Government.

16393. Which was section 4?—Section 4 would be west of Winnipeg, because No. 5 is this side of Fort Garry.

16394. Where was the section you think you tendered lowest for?—No. 4.

16395. Without numbering it can you tell us what part of the world it was in?—It would be going west from Winnipeg up.

16396. Do you know where the section you are speaking of lies?—I cannot remember it now, but I will look it out; it is in the specification—Lac La Hache is the commencement of that.

16397. Where is that?—In British Columbia.

16398. Is that the one you tendered for?—Yes.

16399. Is that the one you are speaking of, the British Columbia section?—Yes.

16400. As to that section the Engineer-in-Chief reported to the Government that your tender was the lowest after that of W. R. McDonald of Yale, and he reported that Mr. McDonald's prices were too low to enable him to complete it with certainty. That is Mr. Fleming's opinion, and then as to your tender he reports that it was not advisable to give to one contractor two different sections, and having given you section 5, he advised the Government not to give you also section 4 in British Columbia; was that the way you understood it?—No, that was not the way I understood it. All I could find out was, I was the lowest tender for it. I never could find out any reason why I did not get it. I could have done it for the amount I tendered for, and done something at it, and handed it over to another.

**Never could find  
out why he did  
not get contract.**

16401. Is there any other matter connected with the Pacific Railway or telegraph which you wish to explain?—Nothing that I am aware of. I may state I suppose that I notified this Government, as quick as the Ministry was formed, that I was awarded No. 6, and was prepared at any time to put up the security and go on with the contract.

16402. Did they let it to you or any one else?—No; I got a reply from Mr. Braun that they had received my letter. I kept that. Any letters that come I keep them now so that I notify them in time.

**Telegraph-  
Tendering.**

16403. Is there anything further you wish to say?—No; there is no use in showing you those transactions in which I got the cash.

16404. I don't know what it is, but I can tell you we don't care to know what your arrangements were for getting the security: have you anything further to say by way of evidence?—Nothing further.

GEORGE CAMPBELL, sworn and examined :

*By the Chairman :—*

16405. Where do you live?—I live at Windsor.

16406. What is your occupation?—Lumberman, and in the vessel business.

16407. Have you had any active experience in the management of vessels or in freighting vessels?—Yes.

16408. For what period?—For a number of years—twenty years.

16409. Do you know anything about the vessel business on Lake Superior?—Something; yes, Sir. I organized a line that run there, commencing in 1873, I believe.

16410. A line of freight vessels?—Freight and passenger vessels.

16411. Did this line transact business on Lake Superior?—They did.

16412. At what time?—1873 and 1874, I think.

16413. Have you been up on Lake Superior yourself?—I have.

16414. Frequently?—Not very frequently; I was there about two months ago.

16415. Had you any means of knowing during the year 1874 or 1875 of the prices of freight from different points on Lake Superior?—Yes, I had—1874-75?

16416. Yes?—Yes, I had.

16417. What opportunity had you of knowing?—Well, I ran a line there, competing for freight, and took freight, and contracted for it.

16418. What sort of freight?—All sorts of freight.

16419. What sort of vessels were comprised in this line that you speak of?—Two steamers, rated high—A 1 vessels.

16420. About what tonnage?—About 400 tons each.

16421. Did you compete for the transportation of any rails over Lake Superior at any time?—I did not.

16422. Could you say what would be a fair price, if there was competition, for the transportation of rails from Fort William to Duluth in the fall of 1878?—Yes, I think I could.

16423. What would you say would be a fair rate?—I should think a fair rate would be about \$1.50 a ton—a gross ton—that is an iron rail ton. I think I could have got them carried, or could have carried them for that, very easily.

**CAMPBELL.**

**Transportation  
of Rails—  
On Lake  
Superior.**

For twenty years has had experience in freighting  
Organized a line of freight and passage vessels in 1873, which ran on Lake Superior.

Knows how prices for freight ranged in 1874 and 1875.

\$1.50 a gross ton a fair rate for transporting rails from Fort William to Duluth in fall of 1878.

**Transportation  
of Rails—  
On Lake  
Superior.**

A ton of rails amongst carriers understood to be 2,240 lbs.

Rates advanced in 1880; a gross ton carried this year from Kingston to Duluth for \$2.

\$1.50 a fair price in 1880 to carry rails from Fort William to Duluth.

From 1873 to 1879 cheap years.

Windsor and Lake Superior Line carried mails three or four years.

Did the work to satisfaction of Government.

In fall of 1878, the Collingwood Line could have transported rails as

16424. Do you say that, in the absence of any special agreement, a ton of rails is understood in transportation to be a ton of 2,240 lbs? —I always understood it so; that is the rule in the American Marine, and also in all marine service, I think.

16425. Have the rates for the transportation of such material varied very much from year to year, within the last three or four years?—Not since 1874. They have been uniformly very low until this year, they have advanced a little, but not much.

16426. What have been the rates this year?—I think iron could have been taken from the foot of the lakes, at Kingston, up to Duluth, for about \$2 a ton, a gross ton. I think it has been carried for that.

16427. What would be a fair rate in this year of 1880 to carry rails from Fort William to Duluth?—I should think \$1.50 would be an extra good price. It could be easily done for that.

16428. And how would it be in 1879?—It would be a good price then.

16429. How would it be in 1878?—It would be good all those years, because they were dull years.

16430. How far back was it when the price would be higher between those two points?—In 1871 and 1872, freights were higher then. In 1873 there was great depression in the carrying trade. They have all been cheap years.

16431. Does your line transact its business under any corporate name?—The Windsor and Lake Superior Line. I carried the mails for three or four years. I got a trip subsidy for carrying the mails in 1874 and 1875 from the Department here.

16432. Was there any dissatisfaction on the part of the Government with the way you fulfilled your contract?—Not at all. I think we did the work to their entire satisfaction. We carried the last mails on Lake Superior after the other boats had stopped running.

16433. To what part of Lake Superior?—All the way to Duluth from Sarnia.

16434. Stopping at Fort William?—Yes, at Fort William and all the places. We became amalgamated with the Beatty Line, called the North-West Transportation Co.; it was the amalgamation of these two lines that formed the North-West Transportation Co.

16435. When did this amalgamation take place?—I am giving you 1874 and 1875, and I run the boats. I think it was in 1875-1876, or 1876-1877, I think.

16436. Is there any other line doing business over these lakes now besides the North-West Transportation Co.?—There is a line running through, a regular line running through.

16437. Over Lake Superior?—Yes.

16438. What line is that called?—I think it is called the Collingwood and Lake Superior Line; I do not know just the name of it. It is called in common terms the Collingwood Line through Lake Superior.

16439. In the fall of 1878, do you know whether there was any other line besides the North-West Transportation Co. which could trans-

sport rails from Fort William to Duluth?—I suppose the Collingwood Line could have done so.

Transportation  
of Goods  
On Lake  
Superior.

well as the North-  
West Transporta-  
tion Co.

16440. That line was in existence then?—Yes, and has always been.

16441. Are you aware of any actual transactions at about the rates which you have mentioned—for instance, iron material—being carried somewhere about \$1.50 or \$2 per ton to those two points?—There are no transactions that I could name but the one referring to these two points; but I am taking the distances and time of carrying, making my prices by them. Of course there is only the rails at Fort William to go to Duluth, and there could be no competition there.

There could be no  
competition  
between Fort  
William and  
Duluth.

16442. What would be considered a fair day's pay for a boat of the size that would carry say 400 or 500 tons?—I should think \$100 a day would be good pay; they are willing to work for that even this year, and freights have advanced.

\$100 a day good  
pay for a boat  
capable of carry-  
ing 500 tons.

16443. How many days would it take to load and go from Fort William to Duluth and back, supposing there was no return trip?—Six days to load, unload and return.

From Fort  
William to  
Duluth six days  
to load and un-  
load and return.

16444. Then, assuming there was no return load at the rate you name, would \$600 be a fair compensation?—Oh, yes; \$100 a day would be very good.

\$600 would be  
good pay which  
400 tons at \$1.50  
would make.

16445. And at 400 tons, that would be \$1.50 a ton?—It would make those very figures.

16446. In stating this day's compensation as a fair one, do you mean for a vessel which would carry 400 tons of iron?—I am speaking of that kind of vessel—400 to 500 tons.

16447. If it carried 500 tons less than \$1.50 would yield a better compensation?—No; I do not think it would. You would have a larger boat, you would have to use more fuel, and there would be a larger investment in it, of course you would expect more a day for a larger boat.

16448. Do you know whether there was any difficulty in that fall of 1878, in getting freight carried?—I do not think it. I am in the business chartering for freight, and I had no difficulty in getting vessels that year.

16449. Do I understand you to say that \$600 would be fair compensation?—I should say so.

16450. Although no return freight was given?—If the boat was loaded lighter it would go quicker. I would be quite willing to charter a boat with all the good prospects of next season at \$100 a day, and it would be quite good pay.

Would be willing  
to charter a boat  
at \$100 a day for  
next season.

16451. Have you any means of knowing the rates of freight inland, from Duluth to Red River for instance?—I have none at all.

16452. About what is the distance from Fort William to Duluth?—It is called 200 miles—204 laid down—about 200 miles in round numbers. It would run twenty hours each way, about twenty-two hours.

Fort William to  
Duluth, distance  
about 200 miles.

16453. And how long do you say it would take to load and unload a vessel, and go from Fort William and back?—I am giving six days as plenty of time, making allowance for something in weather and in delays.

**Transportation  
of Rails—  
On Lake  
Superior.**

16454. In taking a contract for the transportation of a quantity, such as 1,500 tons, would that be a fair allowance, do you think, or is it too much or too little—I mean six days for the round trip, carrying 400 tons?—I should think that would be good pay.

16455. Would it be a fair allowance for time?—I should think it would be about right. This very thing of time between Fort William and Duluth, is canvassed among sailor men and men having boats, and it is about that. I have had means of knowing what the time is, and I speak readily on that account.

In 1877, 1878 and 1879, rails could have been carried easily at \$2 a ton.

16456. What do you say the work would be worth from Kingston westward to Duluth?—I should say in 1877 and 1878, and even in 1879, it could have been carried very easily for \$2 a ton.

Generally a return freight.

16457. Is there a return freight generally coming eastward?—Yes; they have timber and grain—timber on Lake Superior.

Carried for that this year.

16358. Is that the reason why you think it would be so low?—Yes; and because I understand it has been carried for that this year, and was offered for that last year.

16459. What kind of iron?—Railroad iron. For instance, a vessel going up there for timber would carry about 500 tons—that would be \$1,000. I could have got twenty vessels last year to take it at that rate from Kingston, because they go from Kingston to Lake Superior light for timber at a certain time of the year—July and August—because it is a very desirable kind of freight.

16460. Is it that particular time of the year when you think it would be as low as \$2?—Yes; that is the time the timber is carried.

16461. Later on than August how would it be?—As you know, later in the season all rates harden, and tend upwards.

16462. In September, 1878, an offer was made to the Government to transport 1,000 tons of rails, more or less, from Fort William to Emerson. We have reason to think that the rate from Duluth to Emerson was about \$13.50, Canadian currency: now, assuming that to be the rate from Duluth to Emerson, what would you say to be a fair price to pay for the whole distance from Fort William to Emerson?—Well, there may be something connected with the management of railway freights and loss of interest in collections and something of that kind that I could not speak of. I can give you what the additional freight from Fort William to Duluth would be added to that.

In September, 1878, \$1.50 per ton would have been a fair paying price from Fort William to Duluth.

16463. The loss of interest would not be much where the Government was paymaster. Assuming it to be a Government contract what would be in September, 1878, a fair paying price from Fort William to Duluth?—I think \$1.50 would be a good rate, a very good rate.

16464. Would that include the charges for loading and unloading, piling, wharfage and harbour dues, storage and insurance?—No; simply freight.

16465. Well, add the charges for loading, unloading, piling, wharfage, harbour dues, storage and insurance?—I do not know what they would amount to in dollars and cents. Of course, you must give me an idea of what they are and I will tell you then.

16466. Have you any idea of the value of loading and unloading?—Yes.

**Transportation  
of Rails—  
On Lake  
Superior.**

16467. What would that be on this item of rails?—It is supposed, of course, that in freighting, a boat will use her own machinery and men for loading. The matter of loading does not amount to a great deal—probably \$25 a cargo would load the vessel—the extra labour. \$25 a cargo would load the vessel.

16468. Do you mean loading and unloading?—No; the loading would be about \$25.

16469. For each trip?—Yes; and unloading perhaps a little more, for they would have to pile it far back. I assume, of course, that they would get it within reach of the ship's tackle, well piled and in a proper shape to load.

16470. Would the unloading include piling the rails?—No; it would include piling convenient to the ship, but not to carry it back any great distance. If you were shipping large quantities and had to take a field for it where it would have to be hauled it would not.

16471. Have you any idea of the rate of insurance for such property?—Some idea.

16472. What would the rate of insurance be for rails?—It would be a nominal sum for that distance with a good vessel. Rate of insurance for rails with a good vessel a nominal sum.

16473. What do you call a nominal sum?—Perhaps not an eighth of a cent.

16474. Do you know what rate rails are generally valued at for purposes of insurance?—They are valued at cost. Rails for insurance valued at cost.

16475. Do you know what that would be in September, 1878?—Steel rails?

16476. Yes, steel rails?—I suppose they would cost \$58 to \$60.

16477. Do you know anything about the harbour dues at Duluth?—No; there is nothing of any kind. There is nothing, I think.

16478. Would storage come in as a charge against rails?—I do not think it would. I suppose they would be landed on the railroad's property, unless there was some extraordinary piling or the rails lay very far back. Of course there would be nothing additional, because the boat is supposed to take them off the dock and land them on the dock again. If there is anything additional to that it would be an extra charge on the \$1.50, I should say 20 cts. a ton. 15 or 20 cts. would pay the whole thing—insurance, piling and all I should say. Anything more than taking rails off the dock, conveying them and placing them on dock again, would have to be added to the \$1.50 per ton.  
15 or 20 cts. a ton would pay insurance, piling, &c.

16479. Have you an opportunity of judging of the rate for transportation from Montreal westward?—Yes; all the time. From Montreal west.

16480. Do you know whether it is more or less expensive to transport rails from Montreal westward than from Lachine westward, or is there any difference?—Oh, there would be no difference. I should think there would not be any difference of any kind—about the same. No difference between transporting rails west from Montreal and west from Lachine.

16481. About what difference would there be in transporting rails from Montreal to Duluth and from Kingston to Duluth?—It would be about \$1.25 more from Montreal in ordinary times, which would mean the transfer and handling at Kingston. About \$1.25 more from Montreal to Duluth than from Kingston to Duluth.

16482. Do you know whether in September, 1878, or October, 1878, there was any scarcity of vessels to transport rails on Lake Superior?—I don't think there was. I don't think it was known the business was there. If it was known I dare say there would have been vessels to do

**Transportation  
of Rails—  
From Montreal  
west.**

the work. I judge from the fall being a very dull one for work in other places.

16483. Do you mean that that fall it was an object to get freight: that vessel owners were anxious to get freight?—Yes; 1878 was a dull time for freight, and so was 1879.

16484. Don't you think that you are mistaken about the freight from Kingston westward being as low as \$2?—No, I am not; not a bit.

**From Kingston  
to Duluth.**

A vessel would go from Kingston to Duluth in eight days.

16485. What time would it take a vessel to go from Kingston to Duluth?—About eighteen days. I am speaking of a sailing vessel—that is the average time. It is the same as going to Chicago. There is no difference in time. Of course, you can get freight to Chicago for \$2 a ton.

16486. Are you speaking of sailing vessels to Duluth?—Yes.

16487. How about propellers?—I should think it might cost a little more.

16488. How much more?—Perhaps 50 cts.

16489. How is it that it costs more to be taken by propellers?—Propellers are not running on that lake for down freights; sailing vessels are. For that reason there is a large amount of light tonnage in the shape of vessels that are not propellers.

16490. Then it would be worth more to take it from Kingston to Duluth than the price you have named?—A little more, not much.

Gives a large price from Fort William to Duluth; reason for this.

16491. I do not quite understand how it is that if the price from Fort William to Duluth would be about \$1.50, that the price from Kingston to Duluth would be only \$2, because the distance is so much greater?—Well, I am giving you a very large price from Fort William, because it is a distant place, and a man would have to send specially there for it, and could not depend upon any down freight. When I mean up from Kingston \$2, I look for return freight, which would lower it considerably.

\$2 from Kingston to Duluth.

16492. That would be equivalent to double, if you had a return load?—Yes. The reason I say \$2.50 is because I have offered to carry iron for that this year.

16493. From Kingston to Duluth?—Yes, by steamers; and I have heard of offers to do it for \$2 by vessels. I have not had it myself, but the steamer I have.

16494. Does this Collingwood Line comprise steam vessels or schooners, or both?—No. Steam vessels altogether. There are no lines of regular traders, sailing vessels, to Lake Superior.

Difficult to get sailing vessels in fall.

In fall of 1880 no difficulty in getting a steamer to take iron from Detroit to Fort William at \$1 a ton.

16495. Would it be difficult to get sailing vessels in the fall?—Yes, very hard in the fall on Lake Superior, although some do. I had freight to go to Fort William this fall, and I had no difficulty in getting a steamer to take it at a freight equal to about \$1 a ton from Detroit for iron.

16496. Freight from Detroit to what point on Lake Superior?—Fort William.

16497. At \$1 a ton?—Equal to \$1 a ton on iron.



16498. Did that include loading and unloading?—It was put on the rail of the vessel and discharged in the same way. The vessels stowed it themselves and delivered it on the dock at Fort William. They would have done it for the same to Duluth. I can give you the name, if you wish, of the boat.

16499. You may name it?—The steam barge "Van Allan."

16500. In these prices which you have named from Kingston westward, do you include the canal tolls or should they be added?—It is assumed that iron taken at Kingston has the Welland Canal tolls paid. Of course freighters taking iron understand that. Sometimes they split it though.

16501. Then the Welland Canal tolls should be added?—The tolls are all supposed to be paid through. That price I have named would be supposing that they were paid.

16502. But if they had to be paid it would be added to the price you have named?—Yes; unless there was a large contract; a line could divide the tolls on a large contract. It is only a small item the Welland Canal tolls. It ought to be added to that price of \$2.

16503. I suppose the prices which you are quoting from Kingston are the summer prices, not the late fall prices?—Summer prices.

16504. As a rule, how much would be added for the fall prices?—That is a very hard matter to say.

16505. It varies from year to year then?—Yes; it is not much navigated in the fall, Lake Superior.

16506. Is iron a more troublesome cargo than most cargoes in rough weather?—No; it is not a bad cargo at all if it is properly stowed.

16507. And no extra price would be added on that account?—No; it is a good cargo for many reasons. It is a good general cargo in case of accident. It is very acceptable freight on that account. I would rather have iron than perishable freights. It is a favourable freight on that account, and it is always carried cheaper on that account. It is not damaged by wet or anything of that kind.

16508. Have you had any interest in any transactions on the Canadian Pacific Railway?—I have not.

16509. Are you able to give us any information upon any of them?—I am not.

16510. Is there anything further which you wish to say in addition to what you have already said upon the subject?—Nothing.

OTTAWA, Thursday, 25th November, 1880.

JOSEPH DAVIDSON, sworn and examined:

*By the Chairman:—*

16511. Where do you live?—I live in Toronto.

16512. What is your business?—Lumber merchant.

16513. Have you had any connection with any of the transactions on the Canadian Pacific Railway, or with the telegraph connected with it?—With the telegraph line, I have.

**Transportation  
of Rails—  
From Kingston  
to Duluth.**

The vessel stowed the iron and delivered it on dock, and would have carried it to Duluth at \$1 a ton.

Price named above from Kingston to Duluth would suppose Welland Canal tolls paid.

Welland Canal tolls a small item, but should be added to the \$2.

\$2 the price in summer.

Iron an acceptable freight and always carried cheaper.

DAVIDSON.

Telegraph—  
Tendering.  
Contract No. 4.

**Telegraph—  
Tendering.  
Contract No. 4.**  
Contract to build  
a telegraph line  
from Lake  
Superior to  
Winnipeg.

16514. What was the first transaction in which you were interested?  
—We had a contract with the Government to build a telegraph from  
the head of Lake Superior to near Winnipeg, or about Winnipeg.

16515. Was that the section which was known as section 5 of the  
Canadian Pacific Telegraph Line?—I am not certain about the section,  
but we had the whole of that part of it to build—from the head of Lake  
Superior to Winnipeg.

16516. You mean to Red River?—To Red River, somewhere in that  
neighbourhood—about 420 miles, I think.

16517. Was the work let by public competition?—Yes; it was ad-  
vertised, I think, by the Government.

16518. Do you mean advertised asking for tenders?—I think so.

16519. Were you one of the parties who tendered?—No; I was not.

**Bought out  
Sutton.**

16520. Then how did you become interested?—I am a member, or  
used to be a member, of the firm of Oliver, Davidson & Co., and we  
bought out Sutton's tender.

**Member of the  
Oliver, Davidson  
& Co. firm.**

16521. Who, besides yourself, were the members of Oliver, Davidson  
& Co.?—Adam Oliver, of Ingersoll; and P. J. Brown, of Ingersoll; and  
I think his partner was a silent partner in it.

16522. Who was that?—Mr. Wells.

16523. What is the occupation of Mr. Wells?—He is a barrister.

16524. Where does he live?—In Ingersoll.

16525. With whom did you first have any communication on this  
subject?—I think it was with Mr. Sutton.

16526. Where?—Toronto, I think.

16527. Was it by appointment with him, or did he come there to find  
you?—I think he came there to find us.

16528. Did any person come with him?—I think not.

**Sutton when his  
time for putting  
up security was  
out went to  
Oliver, Davidson  
& Co.**

16529. Do you know about the date of that visit of his?—I could not  
tell you to give you the exact date; but he could not put up the money  
with the Government, and when his time was about out he came to us  
and sold us his interest, and we put the money up. I suppose it would  
be in 1873, or 1872, or 1874, or somewhere along there.

16530. Do you mean that time had been given to him during which he  
could put up the deposit and that time was about expiring and he was  
not able to put it up? I think that is what he said to us, that the time  
was about expiring—that it hadn't expired, but it was about to expire.

16531. Do you know how much longer he had, after the time he  
saw you, during which he could put up the deposit and secure the  
contract?—I could not charge my memory as to that positively, but I  
think he said the time was nearly out.

**Sutton had tele-  
grams notifying  
him that it would  
be relet if he did  
not put up money**

16532. Did he show you any paper on the subject: any letter,  
telegram, or other document?—I think he had some papers or tele-  
grams from the Government, notifying him that it would be re-let or  
something if he did not put up the money. Of course I would not be  
positive about that, it is so long ago.

16533. Did you decide to help him—to become interested with him?  
—We bought him out, and I think he had a quarter interest.

Telegraph—  
Tendering.  
Contract No. 4.

16534. You bought out three-quarters of his interest?—Yes; we had the entire management of it. He had nothing to do with the management of it.

16535. Only interested so far as the profits were concerned?—Yes, so far as the profits were concerned; I would not be positive, but I am almost sure he had.

16536. Were the terms to that effect arranged at Toronto, at the first meeting between you and him?—Oliver & Sutton and I were together the three of us, and we talked the matter over and then we came down to Ottawa. Oliver, Sutton and witness having met at Toronto went down to Ottawa.

16537. Before you left Toronto, I am asking you whether you and Oliver and Sutton had come to any arrangement by which Sutton was to retain one-fourth and you were to have three-fourths of this contract?—I think there was something of that kind arranged, provided we got the contract from the Government. Arranged that Sutton was to have one-fourth.

16538. As far as your firm and Sutton was concerned, did you arrange the basis of this matter before you left Toronto to go to Ottawa?—I think, if I remember right, that Sutton had some other parties that were interested with him, I forget the name, and it was arranged I think so far, provided that the party that was interested with Mr. Sutton would be satisfied with the arrangement he was making with us. I think he had somebody to consult if I remember right. I would know the name if it was mentioned over to me.

16539. Thirtkell?—I think it was Thompson was the name, up near Brantford somewhere; but there was nothing reduced to writing at that time.

16540. Was there any difference of opinion between you and Sutton at the time you met in Toronto, or were all the terms agreeable to you provided that certain conditions were fulfilled?—I do not remember of any disagreement. I think it was all arranged verbally. I think so—at least the basis of it. There may have been some of the details afterwards arranged.

16541. How long after that first meeting in Toronto was it that you came to Ottawa?—I think it was immediately almost—I think so—within a few days.

16542. Where did you put up at Ottawa?—We put up—I think it was at the Marlborough House. I think I came down with Oliver, and I remember him saying that he didn't like the Russell House, and he said he would go to the Marlborough House.

16543. Do you mean the Daniel's House: the Windsor?—Yes, that is it; I think so. I am not much acquainted with the hotels here and I do not remember exactly the name.

16544. Do you know what time it was you arrived in Ottawa on that occasion?—No; I could not tell you. I have no date of it.

16545. Do you know where the Windsor House is now: the same hotel that you stopped at?—It was a block or two this way from the Russell House, and down a few blocks this way.

16546. Do you think if you saw your name in the register you could tell at which hotel you stopped and what the date was?—I think so.

Telegraph—  
Tendering.  
Contract No. 4.

16547. *The Chairman*:—Then we will give you time to go and examine the register and we will wait until your return.

[Witness here left the room and on his return his examination was continued.]

*By the Chairman* :—

16548. Have you been to this hotel?—Yes.

16549. Have you found the register?—Yes.

16550. Do you know now upon what day you came to Ottawa on that occasion?—Yes.

16551. What is the date?—The 19th of December, 1874.

16552. Who came with you on this matter?—Mr. Oliver.

16553. And Mr. Sutton?—I think he did. I would not be sure; but the book would show I presume. I think we all came together.

16554. Didn't you look in the register to see?—I did not. You didn't ask me about that.

Arrived in  
Ottawa on 19th  
December, 1874.

Oliver and Sutton  
with him.

16555. Do you think he was with you on that occasion?—I think he was. I am almost sure he was, but I would not swear positively.

16556. Have you any letter or any paper connected with this matter in your possession or control?—No.

16557. Did you get any paper from Sutton upon the subject?—I have somewheres amongst my own papers the contract between Sutton and Oliver, Davidson & Co. I have that, that is all.

16558. Did you not think it necessary to bring that with you?—Well, I never thought of it; but I can tell you what is in it mostly.

16559. Do you know the date of it?—No, I do not; but it would be somewheres not far from this date I presume.

Arrangements  
with Sutton closed  
up immediately  
after arriving  
in Ottawa.

16560. Knowing the date of your visit to Ottawa, can you tell us what was the date of that contract?—I should say I presume it would be about the same time, because I know it was closed up to within a short time of when it was talked of.

16561. Give us your own measure of the time. I do not know what you mean by that expression: a short time?—I mean from the time that we first broached it, it was a very short time to the time we closed it up with the Government.

16562. Will you swear as to what was the date of the agreement?—I will not swear positively.

16563. As near as you can?—Sometime within a month or three or four weeks of this date afterwards.

16564. When you say this date, do you mean the 19th of December?—Yes. You know he came down with us, and when we arranged with the Government, I presume, naturally, our contract with him would follow immediately afterwards. That is all I base it on, but it is easy ascertaining that. Mr. Brown has a copy of it, and I have a copy of it among my own papers.

16565. That does not make it so easy for us to ascertain the date, because they are a long way off: did you have no written agreement before you came to Ottawa?—No; not a thing, to my knowledge.

Telegraph—  
Tendering.  
Contract No. 4.

16566. Did Sutton sign any sort of paper upon the subject before you came down to Ottawa, as far as you know?—Not that I am aware of. Mr. Oliver and he might have done some business, of course, without my knowing it. Oliver was rather the acting man of the firm. Of course he consulted me on everything he done in reference to it, but he used to have the management.

Oliver the acting  
man of the firm.

16567. If he consulted you did he ever tell you that he had any document signed by Sutton before he came to Ottawa?—No; the document, if I remember right, was drawn up in Brantford by a friend of Sutton's—a big, fleshy fellow—I don't just remember his name, but he came with Sutton. As far as I can remember, I would not swear positively, it was done in Toronto almost immediately after this date, to the best of my recollection.

16568. I understood you to say that when you arranged in Toronto to come down here and get a share in this contract in which Sutton was interested, that he led you to believe the time was nearly up which the Government had named for his depositing his security?—That was what I understood from him.

16569. Did you go to Ottawa before that time was altogether up?—I think it was that day.

16570. Why do you think that : what do you remember upon the subject?—I think we would not have come if the time was up and there was no prospect of getting it.

16571. Did you see any one in the Department which had charge of this matter, when you came to Ottawa?—Yes.

16572. Who did you see?—Sandford Fleming.

Saw S. Fleming.

16573. Where did you see him?—In his office.

16574. Who were present?—Oliver was present and myself.

16575. Who else?—I don't remember any one else.

16576. Did you discuss the matter with Mr. Fleming in the presence of Mr. Oliver?—I think the matter was talked over.

16577. What do you think was said?—Well, I don't know hardly what was said then; we just talked the matter over about the telegraph line—about the price and so on. I think we told him that we were thinking of buying out Sutton.

16578. Did you think that Mr. Fleming was the proper person to discuss that matter with : did you think that he represented the Government in dealing with this contract or with this tender?—I didn't give it a thought at all.

16579. Well, did he discuss the matter as if he had that right?—We talked the matter over, and I think he said that it was a very rough country to build a telegraph through, and that was about all. There was nothing very much said one way or the other.

16580. Were you aware, before Mr. Fleming told you, that it was a pretty rough country to build a telegraph in?—Oh, yes; quite aware.

16581. Then did he give you any new information on the subject?—Well, I had been up there myself and I know that country pretty well. Knows the country pretty well.

**Telegraph—  
Tendering—  
Contract No. 4.**

16582. Did Mr. Fleming give you any new information upon the subject of this tender or this contract?—No; I don't know as he did particularly. I can't remember.

16583. Then it was not from Mr. Fleming that you obtained any information?—No; only that it was a rough country.

Fleming told them that the Government always fell back on the lowest tender; Sutton was the lowest; witness's firm bought him out.

16584. I am speaking now about the arrangement with the Government for the building of it: did you get any information from Mr. Fleming on that subject as to your position or Sutton's position?—I think that he said, if I remember right, that the Government always fell back on the lowest tender, or something to that effect—that Sutton's tender was the lowest, and we just simply bought his tender out.

16585. Have you been in business long?—I have been in business twenty-seven or twenty-eight years.

16586. What sort of business?—I have been in the lumber business for the last twenty-four or twenty-five years.

16587. Have you been the managing man in that firm in the lumber business, or have you some person else who acts as manager?—I have a large business of my own in Toronto.

Manages a large lumber business himself.

16588. Do you manage it yourself?—I manage it with four men and book-keepers. Yes, I manage it myself.

16589. You understand the ordinary bearings of a business transaction?—Yes.

16590. Then please tell me what you learned from Mr. Fleming about the ordinary bearings of this transaction?—I think he said there was a good many mires or swamps, that it would be difficult to build.

16591. That would not give you the right to get the contract in preference to any other person?—I do not think we did.

16592. I am speaking about that part of the matter, as to what your chance was for getting the contract: please relate what you understood about that in your interview with Mr. Fleming?—I understood when we bought Sutton out that we stepped into his shoes.

16593. Did you not go to Mr. Fleming to learn something about your position: that is to say what your position would be if you got Sutton's rights?—I don't hardly understand the question, Judge.

*(To Shorthand Writer):—*

16594. Repeat my question, Mr. Holland. (Question repeated.)—I cannot say that we did.

16595. Please tell me what you know about that subject before you went to see Mr. Fleming?—Well, I saw the advertisement; I knew the distance of the road we had to build, and I knew something about the country, having a large interest up there previous to that—having been up there, and taking all my own knowledge and what I had seen of the blank forms to be filled up for the tender I had made up my mind perhaps we might be safe in taking this contract.

16696. You thought you would be safe in taking it?—Yes.

16597. Did you think you were safe in getting it?—We are never sure of a contract until we get it.

Telegraph—  
Tendering.  
Contract No. 4.

16598. Then tell me what you knew on that subject—about your probability of getting it before you saw Mr. Fleming?—Why, I supposed that if the lowest tenderer assigned the contract to me I would stand a good chance of getting it from the Government.

16599. Then that depended upon this, as you say now, whether what you were getting from Sutton was the position of lowest tenderer at that time?—That is what I understood; yes.

16600. Now how did you learn that that was the lowest tender at that time?—I learned that from Sutton.

16601. How did he convince you of that?—I think, if I remember right—of course it is a long time ago, and I have no minutes of it—I am only speaking from memory, and I want to speak the truth as far as I can—I think he said the tender that was the lowest had failed to put up the security, and hence the Government had written to him—the Minister had—that he was the next lowest, and asked him to put up the security.

Sutton told him that the lowest tenderer had failed to put up security.

16602. Did he mention the name of the tender below his?—I don't know.

16603. Was it Waddle's?—I don't remember.

16604. Were you satisfied from what Sutton told you that his position was what he said it was?—I had no reason to doubt his word.

16605. Did you doubt it?—I cannot say we did.

16606. Did you pay him the money upon what he said without knowing?—I didn't pay him anything further.

16607. Did you enter into an agreement with him to get a three-quarter's interest, and that he was to retain one-quarter interest in the contract only, on the information he gave you?—That was verbally, only on consideration that we got the contract from the Government.

16608. Then what steps did you take to find out whether you were going to get the contract from the Government?—Then we came down here and he came with us, I think.

16609. Then what happened?—Well, then we went to Sandford Fleming, I think.

16610. Then what did Sandford Fleming tell you upon this matter to which I have directed your attention?—We talked the matter over, and then we went home, and I think Mr. Oliver had some communications from Mr. Fleming. I am not sure about that though, I didn't see them.

Thinks Oliver had had some communication with Fleming.

16611. Do you say now that you got any information in any of those conversations from Mr. Fleming which led you to understand whether you were going to get the contract or not?—I did not understand that the letting of the contract was in Mr. Fleming's hands at all to give to us. I didn't suppose it was.

16612. Whose hands did you suppose it was in?—I supposed it was in the hands of the Government.

16613. Who represented the Government?—I suppose Mr. Mackenzie did.

Telegraph—  
Tendering.  
Contract No. 4.

16614. Did you take any steps to find out from the person who represented the Government, what your chances were to get the contract?—No; I did no such thing.

16615. You came down to Ottawa for that purpose?—Yes.

16616. And you saw Mr. Fleming and got no information from him?—I did not say that, I said we talked the matter over.

16617. What information did you get?—I think he told us the character of the country and showed us the form of the tenders.

16618. You know that is no answer to my question?—I am trying to answer it as far as I can.

Oliver had an  
interview with  
Hon. A. Macken-  
zie.

16619. I am not asking you about the character of the country, but as to what information you got with the view of finding out whether you could get the contract whatever the character of the country might be. Now you say you came down to Ottawa to get information on that subject, you had a talk with Mr. Fleming, who, you tell us, told you nothing, and you say you did not see Mr. Mackenzie, or any other person representing the Government, and you went home: did you go home without getting any information on that subject?—I think Mr. Oliver had an interview with Mr. Mackenzie. I may say that I feel pretty sure he had.

16620. Have you any doubt of it?—That he saw Mr. Mackenzie?

16621. Yes?—Very little doubt about it.

16622. Have you any doubt that the matter of this contract was talked over between him and Mr. Mackenzie?—I cannot say what was talked over privately between them.

16623. Do you mean to say that your partner never told you what he and Mr. Mackenzie talked over on this subject?—I would not like to say that.

16624. Will you tell us what he did say to you on the subject?—What Mr. Oliver told me what Mr. Mackenzie said to him?

16625. Yes; about your business—the firm's business in relation to this contract?—I do not think that he gave Mr. Oliver any encouragement the first time that we came down. Mr. Oliver had to go back again on the same business.

16626. How long after?—I could not say.

16627. Were you not watching the transaction to know whether you were going to have an interest in it?—Certainly I was; I was looking after it. It would be natural to do that.

16628. Then it being natural for you to do it, did you look after it, so as to know what time he came down to get further information?—I am not positively sure whether he did come down, but I think he did.

16629. Who else did you see besides Mr. Fleming on this subject?—Not anybody.

16630. Did you not see Mr. Braun?—Mr. who?

16631. Mr. Braun, the Secretary of the Department?—I do not know him at all.

16632. Did you see any other secretary or person in that Department?—I am very little acquainted with any of the officials.



Telegraph—  
Tendering.  
Contract No. 4.

16633. Being very little acquainted might not prevent your seeing some person and speaking to some person on the subject?—I don't remember seeing any other person but Mr. Fleming on the subject.

16634. Did you speak to any Member of Parliament on the subject?—No, not a word.

16635. With whom did you understand it was finally arranged that you should have the contract: was it with Mr. Fleming, or Mr. Mackenzie, or Mr. Braun, or any other person, or was this arrangement made by yourself or by your partner?—It was with my consent, I suppose. Of course I agreed to what Mr. Oliver was doing, and I presume that he got it from the Government on the assignment of Sutton's contract.

16636. With whom did you understand it was arranged that he was to get the contract?—I should presume from the Government.

16637. Who is he: what is his name?—There is a good many members in the Government.

16638. Will you tell me on your oath who it was that you understood arranged with your firm that you should have this contract?—I should suppose naturally from the consent of Mr. Mackenzie.

Supposes Oliver  
arranged with  
Hon. A. Macken-  
zie.

16639. Why would you suppose so?—Because he was Minister of Public Works, was he not?

16640. Have you no other reason for supposing so?—No other reason at all.

16641. Did you never see any communication on the subject in writing?—Between Mr. Mackenzie and Mr. Oliver?

16642. Any one?—No, not that I remember of, except there might be letters between Sutton and us—between Oliver and Sutton.

16643. Did you ever see any writing which led you to understand with whom this arrangement was made on the part of the Government?—No, never.

16644. Then what is your understanding on that subject: with whom did you say the arrangement was made, as far as you know?—The contract entered into?

16645. The arrangement made that you should have the contract?—I should suppose it would be by the solicitor of the Government here.

16646. You think he has the power to decide who is to have the contract?—No, I do not think anything of the kind, but he has to draw up the agreement.

16647. I am not asking you who drew up the agreement, because before there is an agreement made there must be an arrangement between at least two minds that there shall be an agreement: now I am asking you whose minds were those two minds which arranged for this agreement?—Mr. Oliver did that part of the business, but I am not sure about that.

16648. Do you mean that at the time you came to Ottawa you left without being informed whether any person, on the part of the Government, had said anything on the subject of your getting the contract?—I may say this: that when we came to the city here on the 19th of December, 1874, the thing was not finally arranged. We did not know whether we was going to get it or not.

Telegraph—  
Tendering.  
Contract No. 4.

16649. That is what I am asking you, if it was arranged before you came to Ottawa?—No; it was not arranged while we were at Ottawa.

16650. Do you say then that you left Ottawa without knowing whether any person on the part of the Government had said anything upon the subject as to whether you should get the contract or not?—I think Mr. Oliver had a talk with Mr. Mackenzie in reference to it.

16651. What makes you think so?—It would be very natural for him to do so when he came down on that subject.

16652. Is that the only reason you had?—I suppose he might have told me so.

16653. What makes you think he told you so?—Because it would be a very natural thing for him to do.

16654. It would not be a very natural thing for him to do if he had not talked with Mr. Mackenzie, would it?—No; I presume he would tell me he had it.

Oliver said he had  
talked with Hon.  
A. Mackenzie.

16655. Which way did he tell you as to his having had a talk with some one on the subject: did he tell you he had talked with some one, or that he had not talked with any one on that subject?—I think he said that he had talked with Mr. Mackenzie on it, if I remember right.

16656. Is this the first time that you have come to this conclusion on the subject: that he did tell you that he had a talk with Mr. Mackenzie?—It is natural that he should do so.

16657. Did he tell you that he had a talk with Mr. Mackenzie?—I don't remember. It is a long time ago.

16658. Do you remember that he did?—I cannot, it is too long ago.

When they first  
came to Ottawa  
did not get the  
contract.

16659. Seeing that you took the trouble to go from your home to Ottawa to ascertain whether you had any chance to get this contract, it does not seem reasonable to think that you learned nothing on the subject; in fact it is unreasonable to suppose that you did not hear something about it?—I remember when we came the first time it was not finally settled—that we didn't get the contract.

16660. Can you tell me what negotiations took place afterwards which led to the settlement in the other direction that you did get it?—With whom?

16661. With any one?—With Sutton?

On a second visit  
contract given to  
Oliver, Davidson  
& Co.

16662. With any one?—I think that after a short period after the first visit here that the thing was arranged with Sutton verbally, and then I think Mr. Oliver came here to Ottawa, and I think the contract was given to us the second visit. That is as near as I can remember.

16663. You say that during your visit you now remember that it was not arranged that you should get it?—It was not finally arranged.

16664. Was it arranged in any way that you should get it?—I think the writings would show that. I think the contract that I have would show the time between the 19th and the time that we got it.

16665. I am not speaking of the writings. I am speaking of the arrangements in other people's minds, because you have stated that you have done business for some years and understand the ordinary bearings of a business transaction, that before there are writings there are minds that make the agreements first—the minds of men?—It is an

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ordinary thing. I don't see how we could make an agreement without that.

16666. Now you say that when you came to Ottawa there was no mind on the part of the Government that had agreed that you should get the contract, and you went away without knowing that you were to get it?—Yes.

16667. Will you tell me what negotiations led to some mind on the part of the Government coming to a different conclusion on that matter, namely, that you should get the contract?—As I told you before, Mr. Oliver was the acting partner of the concern. He spent most of his time up there giving his time exclusively to it, and I simply spent my money and carried on my own business in Toronto, and he carried on the details of this contract. Oliver acting partner.

16668. That was before the contract was signed?—Yes.

16669. Did you pay him a salary before this was arranged?—He had a salary from the company at that time, and had previously to that.

16670. Can you tell me what negotiations led to the decision upon the part of the Government that you were to get this contract, and with whom these negotiations took place?—I was not present, but I presume it was Mr. Fleming and the solicitor and Mr. Mackenzie.

16671. You still speak of the solicitor: do you think he was present when the parties made up their minds as to what they were going to agree to?—I don't know as far as that is concerned.

16672. Why do you mention the solicitor?—Because I presume he drew up the agreement.

16673. I am not asking you about drawing up the agreement; I have endeavoured to have you separate that part of the matter from the preliminary matters involving the agreement in people's minds; I have only asked you for the present about the agreement in people's minds, and why bring up the name of the solicitor?—I cannot say that we had any business at all with the solicitor in that light.

16674. Why do you bring in Mr. Fleming's name as the person who would take part in a preliminary agreement?—I should suppose, from the nature of his office, that he would probably advise Mr. Mackenzie.

16675. Did you ever hear from any one that he had done so on this occasion?—No; he might have done it for all I know.

16676. Then do you mention his name because he might have done it for all you know: is that your only reason for mentioning his name?—I should suppose Mr. Fleming was giving the Government an estimate of all these works before the contracts were advertised for; it would come under the nature of his office.

16677. Do you think that is what I am asking you about?—I thought that was what you were asking me about.

16678. Well, I will endeavour to make it plainer to you: you say that you and Mr. Oliver left the city of Ottawa without being informed as to whether you were certain to get the contract?—Positively; that we didn't know positively that we were going to get it at that time. Witness and Oliver left Ottawa without knowing they were going to get contract.

16679. Had you any reason to think that you would be likely to get it?—I thought the thing was looking that way.

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16680. What part of it was looking that way?—That we would get it.

16681. What about it looking that way?—Because the other man had no money to put up the deposit and we had the money.

16682. You knew that before you came to Ottawa?—Yes.

Knew they could  
not get contract  
without consent  
of Government.

16683. Then what did you come to Ottawa for: you knew in Toronto that he had not the money?—We knew we could not get the contract without the consent of the Government.

16684. Well, knowing that, you came to Ottawa to find out whether you would get the contract?—I presume it was.

16385. Don't you know it was?—I would almost swear positively it was.

16686. Have you any doubt that is what you came for?—No; I have not, in my own mind.

16687. Do you know whether you learned anything upon that subject after you left Ottawa the first time: whether you would get the contract or not?—I think, if I recollect right, Mr. Fleming had said that he wished the Government could let it to some responsible parties; that he didn't want to be bothered with men who had no money, to give them trouble. I think there was something of that kind.

Thinks he heard  
Mr. Fleming say  
he would recom-  
mend that they  
should get con-  
tract but would  
not swear posi-  
tively.

16688. Did you hear him say that?—Yes; I think I did. I think I heard him say that he would recommend that we should get it. I would not swear positively.

16689. Was that at one of those interviews that you speak of?—That was the first time we came down on this date.

16690. Then you did learn on this first visit that the engineer was going to recommend that you should get the contract?—I think so; I would not be sure.

16691. Did you learn anything else which made you think it probable that you would get the contract?—No; I did not. I know we didn't get it at that time.

The next thing  
known was—they  
had contract.

16692. Then did you learn something afterwards which made you think it more likely that you would get it, made it more sure in fact?—Well, I think the next thing we knew about it we had it.

16693. Don't you know anything that happened between the time that Mr. Fleming said he would recommend it and the time you got it?—No; I think Mr. Oliver came himself after that and got the contract.

16694. Did you learn before Mr. Oliver came down that second time, that it was promised to him that he should have the contract, and that he came down for the purpose of closing it?—It seems to me that he did have something from some of the officers telling him to come down, or he would not have come down I suppose. I didn't see anything.

16695. Was it a telegram or a letter?—I could not tell you that.

16696. And do you know nothing more about the manner in which it was arranged between you and the Government than you have already told us?—No; I didn't learn the first visit, and the next time, when Mr. Oliver came down, I think he had the contract, then I knew all about it, because the contract specified it.

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Contract No. 4.

16697. Did he bring back the contract?—I think he did, but I will not be sure.

16698. Did he sign for you as well as on his own part?—I think he signed for us. He might have brought it up and I signed it above.

16699. Did you help to put up the security before you signed the contract?—Yes. Helped to put up security.

16700. Where were you when you put up that security?—In Toronto.

16701. Then?—I suppose we would know then.

16702. Was not that before he came down to get the contract?—That we put up the security?

16703. Yes?—I could not say, but I think it would be.

16704. Don't you remember, as a matter of fact, that you did put up the security before you got the contract?—Certainly; and I know how we put it up.

16705. How did you put it up?—In Federal Bank stock, \$10,000.

16706. Was not that done before you came down the last time to get the contract: didn't you take part in putting up that security?—I put my \$3,333.33½ in it. \$10,000 put up of which witness's share was \$3,333.33½.

16707. Did you do that before he came down a second time to get the contract?—I am not sure.

16708. At the time you did that, whatever time it was, were you not then led to believe, more strongly than upon the first visit, that you were going to get the contract?—I should say that the office would show that. You would have the date of the contract, and the date of the money being put up, and not ask me to swear to a thing that happened six or seven years ago, when I haven't the particulars.

16709. The office has not been able to give us those particulars, and I am asking you for them?—I could give them to you when I go home. I have the particulars there, and I am trying to tell you the honest truth.

16710. I am asking you whether, when you took part in putting up the security, you had a stronger reason to believe that you were going to get the contract than you had when you first came down with Mr. Oliver here?—Most assuredly we had, because we would not have put the money up if we hadn't. When putting up security had a stronger reason for believing they would get contract than when they made first visit to Ottawa.

16711. Now can you remember in what shape that information had reached you which induced you to have that stronger belief?—If I remember rightly, Mr. Oliver got some information from Ottawa here that we were to have the contract, and to put up the securities. That is my conviction, but, of course, I do not state it positively; but it runs in my mind that way.

16712. Can you not remember more particularly than that from whom that communication came?—No, I didn't see it. Mr. Oliver lived in Ingersoll, and I live in Toronto.

16713. Have you talked this matter over lately with any person who was then connected with the Government?—Lately?

16714. Yes?—Mr. Oliver has been very sick the last couple of years.

16715. He was not connected with the Government then?—I think he was in the Local House then.

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Has not lately talked over this matter with any one who was Member of the Dominion Government in 1874.

16716. It was not the Local Government that let the contract?—He was as well then as I am.

16717. I am asking you whether you have lately talked over this matter with some gentleman who was, in December, 1874, connected with the Dominion Government?—No.

16718. With Mr. Fleming, or Mr. Braun, or Mr. Trudeau, or any person?—No; I have not seen any of those gentlemen. The last time I saw Mr. Fleming he was giving his lecture before the institute some years ago.

16719. Have you not endeavoured to refresh your mind by conversation with some person on the subject lately?—No; it did not interest me.

16720. After you were subpoenaed, it might interest you to tell all you knew about it?—I did not know what you wanted me for.

16721. Do you mean that when you were subpoenaed to tell all the facts you knew about the Pacific Railway that you did not think that this particular contract was going to be investigated?—I supposed it was to be a general review of the evidence taken in 1876 or 1877 before the Senate.

16722. Did you not understand, before you left home, that you were likely to be questioned about this telegraph contract?—I supposed I would, because I saw Mr. Brown's evidence in a paper, taken in Winnipeg.

Felt no interest in refreshing his memory when subpoenaed.

16723. Then did it not interest you when you were subpoenaed, so as to prepare yourself to be able to give full information?—No, it didn't interest me; because I had sold out my interest.

16724. You think that a person can only be interested when he makes money: could not a person be interested in telling the truth?—Yes; and I think I am telling the truth. I always calculate to tell the truth, Judge.

16725. Were you not interested in that direction?—Yes; I suppose I would be.

16726. Supposing you would be, I am asking you whether you had any conversation with anybody to refresh your memory, so as to be better able to do so?—No.

16727. Did you look at any papers?—Yes; I looked at the report before the Senate.

16728. Did you look at any papers or any information about the telegraph contract?—I see the papers every day.

16729. The papers that you have in your pocket?—No; the *Globe* and *Mail*, and other papers.

When subpoenaed only read over his evidence before Senate] Committee.

16730. I am speaking of other papers besides the *Mail* and *Globe*—papers that are written by people, papers between you and Sutton, for instance?—No; I didn't read them over. I read over my own evidence before the Senate Committee, and some of the others.

16731. Mr. Oliver, your partner, I understand, is very ill, too ill to give evidence, is he?—Oh, yes; the doctor says it is softening of the brain, and he has to have some person to take care of him.

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16732. Would he not likely be able to remember, so as to give satisfactory evidence now?—No; you could not do anything with him at all. I think the last few lines I had from him he was going to some water cure, and he has to have somebody to take care of him.

16733. Did you ever understand, at any stage of these negotiations, that the contract which was first offered to Sutton was not the same contract which you afterwards got, that the first one was a contract offered to Sutton & Thirkell, and the one you got was Sutton & Thompson's?—The one we got was Sutton & Thompson's. I don't know anything about Sutton & Thirkell's contract.

Knows nothing  
about Sutton &  
Thirkell's tender

16734. There never was one: I am asking you about the offer of one?—I don't know anything about it.

16735. Did you never hear that Sutton & Thirkell were the parties when Sutton went to Toronto to offer you the contract, and Thompson was not in it?—I don't know. I don't remember anything about it.

Does not re-  
member.

16736. When he came to Toronto to offer you a share in the matter which the Government proposed to give him, did he want to put up the security in the name of Sutton & Thirkell, or was it in the name of Sutton & Thompson?—I always understood it was Sutton & Thompson. I did not know anything about the other. It might have been you know, I could not say.

16737. Did Sutton state to you when he came to Toronto the reason why he had failed in getting up his security?—He said that he hadn't the money.

16738. Did he say that some person else had not been able to do what was expected of him?—I don't remember.

16739. Did he mention the name of Mr. McMahon?—I could not say, he may have done so.

16740. Was Mr. Oliver in Toronto at that time?—Yes; he was with me. The first time I ever saw Sutton was that time when he came and wanted to sell us that contract. I never saw him before that time.

16741. Now it happens that a firm called Sutton & Thirkell had made a tender which the Government proposed to accept, but they did not put up the security; and it happened that a higher tender was made by a firm called Sutton & Thompson: I want to know if you first learned that there was no tender between those two so as to enable Sutton & Thompson to get the contract if Sutton & Thirkell failed to put up their security?—I suppose it would be about that date.

16742. About what date?—The 19th of December, 1874.

16743. How did you learn it then?—Because that was the first time we learned of it, and we came almost immediately to Ottawa next day.

16744. How did you learn that there was no intervening tender, so that the dropping out of the Sutton & Thirkell tender would put Sutton & Thompson's next in order?—How did I learn that?

16745. Yes?—I haven't said I learned it at all. I have heard lots of rumours, but I didn't know anything about it; as I told you before, I was not the acting partner in these affairs.

16746. You might have learned?—I might, and I might forget.

Might learn and  
forget.

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Tendering.  
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16747. I am not asking you what you have forgotten ; I am asking you only to swear to what you know ?—I have heard rumours of one or two contracts, and they failed to put up the security, and they kept going back on the next lowest tender.

16748. If you had taken the Sutton & Thirkell contract, which was the only one which Sutton had any interest in when you started from Toronto, you would have got it nearly \$30,000 less than if you had taken the Sutton & Thompson contract ?—I never knew what others was. I never heard.

16749. I am endeavouring to ascertain from you when it was that you found out that by dropping the Sutton & Thirkell tender you could get the Sutton & Thompson one ?—I didn't know that the Sutton & Thirkell one was in the way. I never saw Thirkell.

16750. You might have heard without seeing him ?—I might have heard rumours that there was one or two that failed to put up the security. That was not my business, I suppose. It was my business only when I bought out Sutton.

Cannot tell how Sutton & Thompson's tender was substituted for Sutton & Thirkell's.

16751. At the time that Mr. Sutton met you in Toronto and proposed to take you in as a partner, or to sell out a share in the matter, he had no interest and no chance in getting the Sutton & Thompson contract ; the position of the matter was changed before the contract was actually signed, and I wish to ascertain from you, as a party interested, if you can tell us how that matter was brought about and with whom ?—I cannot tell you.

16752. Do you remember what the gross sum was that Sutton first offered you a share in—I mean the gross sum of the contract price ?—What we had for building the whole line from the Government ?

16753. What he offered you a share in when he came and talked to you in Toronto ?—Well, there was two or three little things in connection with it : in the way of maintenance, and keeping in repairs, and so on, that I think came in afterwards.

16754. Can you tell us the amount that he proposed you to share in there ?—Sutton never was a partner with us in the world.

16755. Didn't he get one-fourth of the profits ?—He was to get one-fourth of the profits, but he had no say in the matter.

16756. Not in the management, but he had in the receipts ?—If there was any. We did not know whether there would be any ; but he had no controlling interest.

16757. Whatever the position was which he proposed to sell to you, please state what your recollection is as to the gross amount that was to be paid by the Government for the whole matter ?—For furnishing the whole line ?

Something between \$242,000 and \$246,000 the whole amount got.

16758. Yes ?—Somewhere between \$242,000 and \$246,000 was the whole amount that we got.

16759. I am not asking you what you got afterwards, I am asking you what Sutton proposed to sell to you ?—It would be something less, because we had a lot for maintaining and repairing and other things.

16760. Can you tell me about the gross sum which Sutton named to you as the contract price for the work in which he was willing to give



Telegraph—  
Tendering.  
Contract No. 1.

you a share?—I cannot tell you that. It will be easy to ascertain that from the papers here.

16761. I want to get it from your memory. You will understand that those papers do not tell all that took place between you and Sutton in Toronto: I am asking you what took place between you and Sutton in Toronto?—What was said between us and Sutton?

16762. Yes, as to the amount which the Government was going to pay him?—I do not remember.

16763. Are you aware that by the arrangement that was finally closed with the Government you got a higher price than the price which was first talked of between you and Sutton in Toronto?—I think we did. Thinks they got a higher price than was first talked of between them and Sutton in Toronto.

16764. Can you say about how much?—I cannot remember.

16765. Is it in the neighbourhood of \$30,000?—I could not say that. I do not know, because there was something to do to it afterwards, that is, in the way of maintaining and keeping up the poles, and offices, and so on—so much a mile.

16766. Are you aware that the contract which was finally made with the Government was a more favourable one to the contractors than the one which Sutton first of all proposed to you to take a share in?—I could not say. It was taking out the preliminaries, the working of the line, keeping up the offices, putting in operators, and so on.

16767. Are you aware that the contract as it was first signed with the Government, between your firm and the Government, was a more favourable one to the contractors than the one which was at first proposed to be made between the Sutton firm and the Government?—You mean the Sutton firm and the Thompson firm?

16768. Yes?—No; I am not aware. It might be though.

16769. Then do you mean that you are not able to say now what the gross amount of the contract was which Sutton offered a share in in Toronto before you came down?—Not without referring to the papers—the contracts—because I have not charged my mind with it at all. I have sold out my interest to them nearly two years ago, and I haven't bothered myself with it in any shape or form.

16770. Did Mr. Oliver ever tell you that he had any communication upon this subject with Mr. Mackenzie?—I think he has told me.

16771. Did he ever tell you that he had any communication on the subject with Mr. Buckingham?—I don't remember that he ever did. Mr. Brown would be more likely to have communication with Mr. Buckingham, because they were personal friends. I don't think Mr. Buckingham and Mr. Oliver were friends at all. I don't know that he was.

Oliver told him he had a communication regarding the contract with Hon. A. Mackenzie.

16772. Did he ever tell you that he had any personal communication with Mr. Trudeau?—No.

16773. Or Mr. Braun?—No.

16774. Is there any other matter connected with this telegraph contract, which I have omitted to ask you, which you can inform us upon?—In what light?

16775. Any?—I don't know of any in particular.

**Telegraph—  
Tendering.  
Contract No. 4.**

16776. Is there any other matter connected with the Canadian Pacific Railway in which you have been interested?—Oh, yes.

16777. What is the next?—The terminus and right of way at Fort William.

16778. Is that the matter which has been investigated by evidence under oath before some Parliamentary Committee?—Yes.

16779. Is there any besides that?—I don't know of any. They got a good part of the land from me for the terminus.

16780. I do not propose to take up that subject at present, but I wish to know if there is any other matter which has not been investigated by any Parliamentary Committee, in which you have been interested?—No; I think it has been pretty fully investigated—everything that I was connected with.

16781. Do you say there is no other matter?—Not that I can think of at the present moment. There might be.

**BOWIE.**

ALEXANDER BOWIE, sworn and examined:

**Tendering—  
Contract No. 41**

*By the Chairman :—*

16782. Where do you live?—At Ottawa.

16783. What is your occupation?—Forwarder, and captain of a steamer.

16784. Have you had any interest in any of the transactions connected with the Canadian Pacific Railway?—I have had some interest.

16785. Which was the first transaction in which you have had an interest?—In section A.

16786. What interest had you in that?—I was one of the outside parties interested.

16787. Interested with whom?—With Charlebois and Shanly.

16788. Were you one of the sureties, or did your name appear in the tender?—I think my name did not appear in the tender; I think I was one of the sureties.

16789. You say section A: do you mean section A between Lake Superior and Red River, or in British Columbia?—In Thunder Bay district—118 miles, I think.

16790. Was your tender among the lowest?—It was the second lowest.

16791. Mr. Mallett's name appears also as one of the sureties; was he one of the parties interested?—He was one of the parties.

16792. Do you mean that he was to have a share in the contract?—Yes; he was to have a share in the contract.

16793. Were you present when the tender was made up and the prices fixed?—I was present when the tender was finally completed.

16794. Where was that?—In town here.

16795. Do you remember where?—I think it was at the Russell House.

Interested with  
Charlebois & Co.  
in section A.

One of the  
sureties.

Tendering—  
Contract No. 41.

16796. Who else were present?—Mr. Charlebois and myself.

16797. Any one else?—No; it had been signed previously by Mr. Mallett before we came here.

16798. Had it been signed before that by Mr. Charlebois and Mr. Shanly?—Mr. Charlebois signed for himself, he was the contractor with Shanly.

16799. Did he sign the names of both members of the firm?—I do not know that he did sign Mr. Shanly's name. I know he signed his own name.

16800. Do you say that you took a part in making up the prices to be attached to this tender?—I did not.

16801. Who did that?—Mr. Charlebois.

16802. What is his business?—A contractor.

16803. Of some experience?—I presume so; he was then completing a large contract on the Lachine Canal.

16804. Is it your recollection that he alone fixed upon the prices?—I am not prepared to answer that.

16805. Then you were not present when the prices were being calculated and arrived at?—No; I was not. That was done in Montreal. Was not present when prices were calculated.

16806. Does Mr. Charlebois live in Montreal?—He lives in Montreal.

16807. Was that done before you saw the tender at the time you speak of?—It was.

16808. And were you willing to abide by whatever prices on tenders they arranged without your seeing them yourself?—I was.

16809. Did you communicate with him at all upon the subject of prices before he fixed them?—No.

16810. Did you talk with him upon the subject?—We had numbers of conversations upon the subject.

16811. Did you suggest any figures to him?—I have forgotten if I did, but I think not, because the tender was made out when he came to Ottawa.

16812. But before that did you not suggest figures to him?—No.

Suggested no figures to Charlebois.

16813. Then do you say that you took no part in exercising your own judgment as to the prices to be attached to the different quantities of the work?—I read them over before I signed the tender and was perfectly satisfied.

16814. Was your part then only that of approving what other persons had done, and not taking any part in arriving at them originally?—Judging from what I said, it must have been, of course.

16815. I wish to make it plain in the evidence beyond any doubt whichever way you choose to say: is that what you mean that you took no part in arriving at the prices?—I took no part in arriving at the prices. Took no part in arriving at prices

16816. Have you any reason to think that you were entitled to the contract on your tender?—We were not the lowest.

16817. Is there any reason why you think you were entitled to it?—No.

**Tendering—  
Contract No. 41.**

16818. You have nothing to complain of on that ground?—Nothing to complain of.

16819. Do you know of anything connected with the successful tenderers offer, as to how they arrived at their prices?—No; I do not.

16820. Have you any interest in the matter with them?—No; not at all.

Does not know of any information being given by persons connected with the Departments.

16821. Do you know of their receiving any information from any person connected with any of the Government Departments?—No; I do not at all.

16822. Is there any other matter connected with that contract, section A, which you can explain?—Nothing.

**Contract No. 66.**

Tendered with friends for second 100 miles west of Red River.

16823. What is the next matter in which you were interested?—I think I tendered with friends for the second 100 miles.

16824. Is that the contract known as the Bowie & McNaughton contract?—Yes.

16825. That is contract No. 66 for the second 100 miles west of Red River?—Yes; west of Red River.

16826. How were you interested in that tender?—Well, as I was in the other. I was an outside party.

16827. The persons signing the tender are George Bowie and Mr. McNaughton: do you say that at the time of the tender being put in there was an understanding that you were to be interested jointly with them?—Yes.

16828. To what extent?—Well, there were four of us—one-fourth.

16829. Who was the other person?—G. S. McTavish.

16830. Had you had before that any experience in contracting or in railway works?—Being the son of a contractor I have heard a great deal of discussions about railroads all my life, and was with my father for some years.

16831. On railway work?—On railway works, and also on canals.

16832. Mr. McTavish had no experience in that sort of work?—No.

16833. Had Mr. McNaughton?—I do not know I am sure.

16834. What is his business?—Forwarder.

16835. Is George Bowie your brother?—Yes.

16836. Had he any experience in contracting?—He has been contracting all his life.

16837. Then he would have a good knowledge of such matters?—Yes.

16838. Would his prices be more likely to be correct than those the four gentlemen would name?—I do not know that his judgment would be any better than mine.

16839. I think you said that he had more experience?—I do not know that his judgment would be better than mine.

Witness and McNaughton made out tender.

16840. Who was selected among you four to arrive at the prices in the matter?—I think I made out the tender with Mr. McNaughton.

16841. And where was that?—In Ottawa.

Tendering—  
Contract No. 66.

16842. Where was your brother George then?—He was in Montreal. He sent his form of tender filled with his figures, but we altered it to ours; made different changes where we thought proper.

16843. Did you use the tender which he sent up, or did you get an entirely new one to fill up?—An entirely new one.

16844. Then, in the first place, he exercised his judgment as to prices?—Yes; in the first place.

16845. He being in Montreal?—Yes.

16846. And he forwarded to you the tender, according to his judgment, to be put in on the part of the firm?—Yes.

16847. And when it reached you here you decided that it was too high, I suppose, and lowered your prices, or did you decide that it was too low?—Some points too high and some points too low in our judgment.

Witness and McNaughton thought the prices of George Bowie too high in some and too low in other cases.

16848. As to the total, was the alteration made by you in Ottawa higher or lower than what he had offered?—Lower.

16849. Do you remember about how much lower?—I do not; I have forgotten it.

16850. Do you remember in what particulars your judgment as to those figures differed from his judgment?—I think in the grading, principally, and in the lumber, I think, I am not sure; I think those were the two.

16851. When you say the grading, you mean the excavation of earth work?—Yes.

16852. Do you remember what difference you made per yard?—I have really forgotten, not over a cent I think.

16853. Do you say you do not remember the difference in the totals?—I do not remember them.

Does not remember the difference in the totals.

16854. Could you tell about the difference?—No, because his was never added up, and I could not possibly tell the difference when I never added up his amounts after the extension had been made.

16855. Do you say his was never extended?—No it never was extended.

16856. Did you not know the result of his tender in the aggregate before you altered yours?—No; it was not necessary.

16857. It might have been necessary?—Well, we didn't think so.

16858. It might have been necessary if you wanted to know how it bore upon the whole amount?—Oh, no, it was not necessary, we knew exactly the difference; that is, our reduced rate was so much lower than his it was not necessary to extend his when we were not going to tender at his prices.

16859. Where do you say this altered tender was prepared?—In Ottawa.

16860. What part of Ottawa?—In my house.

16861. Do you remember who were present?—McNaughton and myself.

16862. Any one else?—No; I do not think it—no stranger.

**Tendering—  
Contract No. 66.**

16863. Was Mr. Chapleau there?—No.

Had many general but no special conversations with Chapleau on the subject of public works.

16864. Had you no conversation with him upon the subject of this tender before it was put in?—Oh, I have had as a public officer, not otherwise.

16865. Upon this particular offer for works of Bowie & McNaughton's tender?—We have had a conversation as we have had many conversations on all works, but never anything private or special.

16866. Where were you when you had that conversation with him on the subject of this tender?—I think I must have been in the Russell House.

16867. What was the nature of the conversation?—Oh, general.

16868. What was the general nature of it: please describe how you would converse with him about this tender you were putting in?—Well, I cannot remember what our conversation was, we were speaking of this contract as well as other contracts.

16869. It was just before the putting in of this tender, was it not?—Oh, no; it must have been ten days before.

Spoke with Chapleau of this contract as well as other contracts.

16870. What was the nature of the conversation about this tender?—About that, among others, we were speaking about the general character of the country.

16871. What was his position in the Department at that time?—At that time I do not think he was in the Public Works Department. I think he was. I do not know I am sure, I have forgotten.

16872. On the 9th of April, 1880?—I think he was in the Public Works Department then.

16873. Had you a conversation with him after you received the tender from Montreal that your brother forwarded?—Nothing about the prices.

Character of conversation with Chapleau.

16874. Had you spoken about prices with Chapleau?—Very possibly from the fact that I had mentioned—now I remember—I mentioned that my father had built the Caughnawaga Railway at 12½ cts. per yard (7½ d. in those days) and that he had made a large amount of money out of it. I remember that perfectly well.

16875. How did that bear upon this matter?—I thought that the lay of the country was something similar, soft sandy soil—loamy.

16876. Was this after your brother had sent up the tender?—No, before.

16877. Did you ever tell any person that you and Chapleau had discussed this question of prices before you had put in your tender?—I do not remember.

May have told George McTavish that he and Chapleau had discussed the question of prices.

16878. Did you ever tell George McTavish so?—I may possibly have done so.

16879. Why do you think it is possible that you did so?—Because I just related the reason why. I must have been speaking to him about prices when I told him about what had been done.

16880. Did you ever tell him that the tender which your brother sent was altered in the gross amount in consequence of talks, or a talk between you and Chapleau?—If I did so I have forgotten.

Tendering—  
Contract No. 66.

16881. Do you say it is probable or improbable?—It is very hard to say whether it is probable or improbable when I have forgotten the transaction. Mr. McTavish and I had a good many discussions on it before the tender went in.

16882. Before the tender went in?—Not as to prices; we had a good many discussions before we formed the partnership to go into the contract.

16883. Were these discussions with a view to getting him to go in?—No; it was he who proposed.

16884. He proposed?—Certainly.

16885. To whom?—To me.

16886. Where was he when he proposed that to you?—At the Windsor Hotel in Montreal.

16887. Was your brother George there?—No.

16888. Was it proposed to go in with you alone, at that time, or with your brother?—With me alone.

16889. And was the tender to be made in his name or in yours?—In neither: in the name of Bowie & McNaughton.

16890. Then at that time it was intended that you and Mr. McTavish alone would be interested?—No; we were to take them in afterwards if we got the contract. We were then to form a partnership of four.

16891. At the time Mr. McTavish talked to you that was discussed?—Yes, that was discussed.

16892. Was that after the deposit had been put up?—No; previously.

16893. Did you mention to him any reason why you would be likely to be the successful tenderers?—No; that would be impossible. Of course not.

16894. Did you mention to him the name of any person in Ottawa who would be likely to help you in putting in the lowest tender?—I have forgotten our conversations, we had so many.

16895. Do you think you mentioned any person's name on that occasion connected with the Department?—Not that I remember of. I may have.

16896. If you did mention any, can you say whose name you did mention?—I could not possibly do that, because I don't remember.

16897. Do you remember who had the next highest tender above yours?—Nicholson & Marpole; \$10,000 was, I think, between us.

Does not remember mentioning name of any person in Ottawa likely to help him in putting in the lowest tender.

Nicholson & Marpole's \$10,000 higher than Bowie & McNaughton's.

16898. Was that spoken of as a Barrie firm?—As the Barrie firm; yes.

16899. Do you know whether the alteration of the tender which came from your brother from Montreal would have been higher than this Barrie tender?—Really I could not answer that question, not having gone into the details.

16900. The principal difference, as I understand, was one cent a yard in George Bowie's offer?—I think it would. I would not be positive.

**Tendering—  
Contract No. 66.**

16901. Have you that tender which your brother George sent?—No; I destroyed that long ago. It was of no further use.

16902. Do you remember any other item in which a material change was made?—I think it was on the lumber. I have forgotten now the difference; it was on the lumber. By the figures at that one cent they would be above the other tender. I don't know what the other tender was.

\$9,000 or \$10,000 difference between the tender prepared by Geo. Bowie and that subsequently put in.

16903. I thought you were suggesting it would be above?—I think it was \$9,000, or \$10,000 difference between the two.

16904. The difference, according to Mr. Fleming's report upon the subject (Exhibit 82) is \$16,011?—At one cent on \$1,600,000 would make it \$16,000.

16905. It is 1,630,000 yards?—That would be \$16,300.

16906. Now do you understand that the effect of this alteration of yours was to put the tender of your firm just below the tender of Nicholson, Marpole & Co.'s?—I do not know anything about Marpole's tender in the first place.

16907. But do you not see that now?—We would be about the same. I see it is 1,630,000 yards, that makes \$16,300.

Effect of changes to make tender \$289 lower than Marpole's tender.

16908. The effect of that is to make the Bowie & McNaughton tender \$289 below the Marpole tender. Then there was an additional alteration you say in lumber?—Yes.

16909. At all events this change from your brother's figures which you made in Ottawa here, had just the effect of putting your tender below any other?—Yes.

16910. Otherwise it would have been higher than Marpole's?—Oh, yes, it would be by the change in the lumber.

No knowledge of amount of Marpole's tender before putting in their own.

16911. Had you any reason to know about the amount of the Marpole tender before you put in your own?—No.

16912. Did no person make any suggestion to you upon this subject?—No; in fact, I didn't know them.

Forgotten if he mentioned to George McTavish that he had an impression how much George Bowie's tender should be reduced in order to be successful.

16913. That would not prevent some person else from telling you what the amount of his tender was. Do you think that you told any one that you had some impression about how much George Bowie's tender ought to be reduced in order to make it successful?—No.

16914. Did you not mention something of that kind to Mr. George McTavish?—I have forgotten it if I did.

16915. Did you afterwards dispose of your interest in this matter to some one?—I did.

Witness disposed of his interest to George Bowie & George McTavish.

16916. To whom?—To Bowie and McTavish.

16917. That is your brother George and George McTavish?—Yes.

16918. How much did you receive?—I have not received anything yet.

Witness refuses to say how much he received for his interest.

16919. How much was the note for?—Well, that is a private matter between Bowie and McTavish, and myself. That has nothing to do with the Government.

16920. The public may have some interest in it?—They have no interest in my private business.



Tendering—  
Contract No. 66.

16921. Was any portion of the money that you received for disbursements?—I have said I have not yet received any.

16922. Well, when they pay you?—They have not paid me yet.

16923. Was it understood between you that any portion of it would be for disbursement?—I decline to answer any question relative to my private affairs.

16924. Did you not claim, in settlement with George McTavish, that you had disbursed sums for information which you had received?—For information which I had received?

Never claimed in making bargain with George McTavish that he had disbursed sums for information received.

16925. Yes?—No, never.

16926. Did you not lead him to understand that your tender was successful, because of the alteration made in it, which alteration was based upon information got from somebody in some of the Departments?—No, never.

16927. Did you not lead him to understand that the amount for which he gave you the note, was partly to cover disbursements upon such a subject?—The subject of information?

16928. Yes; or assistance from some of the Departments?—No, never.

16929. The arrangement between the members of your firm are not of public interest, unless they involve some such subject as I have been speaking of, and I wish to question you again upon that matter, because it has been reported to us that the claim paid to you was based partly upon such a consideration. I wish to give you an opportunity to explain fully?—There never was, that I remember of, any such conversation with McTavish or Bowie with reference to having paid any person, or given any remuneration whatever to any officer of the Civil Service, for I never gave them a cent, and never expect to.

16930. Do you say that you did not base your claim against George McTavish upon moneys paid for some assistance either from members of the Government or persons connected with the Department?—I beg to state distinctly that no Minister of the Crown, or Member of Parliament, or any Civil Servant, ever gave me any information, or received from me any remuneration for any contract which I was connected with on the Canadian Pacific Railway.

16931. Did you state that you had disbursed anything on such a subject?—I have already stated exactly what I mean.

16932. I am not sure whether you have stated it: I am asking to ascertain whether you have at any time stated to George McTavish, or any one else, that you disbursed sums of money for such assistance or information?—I never said so to McTavish or any person else that I know of to my knowledge.

Never to his knowledge stated to any one that he had disbursed money in order to get the contract.

16933. Did you continue interested in this tender up to the time that the contract was signed?—Yes.

16934. Then your disposal of your interest to Bowie and McTavish was actually after the contract was executed?—After the contract was executed.

16935. Was the deposit required by Government put up by the other members of the firm, by Bowie, McTavish or McNaughton?—No; it was put up by Bowie and McTavish.

Deposit put up by Bowie and McTavish.

**Tendering—  
Contract No 66.**

16936. You put up no part yourself?—No; I offered to put up my share. Have you reference to the first deposit of \$5,000, because the first deposit was a cheque of G. S. McTavish—the first deposit of \$5,000?

First deposit of \$5,000 a cheque of George McTavish the rest was real estate in Montreal.

16937. Not entirely: I mean all the deposit which was required before the contract was signed?—The first deposit that was required, \$5,000, was a cheque of McTavish's. The other, you mean the part of the security now held by Government, was put up by real estate in Montreal.

Cheque of \$17,500 payable to witness's order put up at time of signing contract.

16938. But at the time of the contract being signed do you know what security was put up by the contractors?—There was a cheque of G. S. McTavish and a cheque of a friend of mine payable to my order of \$17,500, making the total amount \$22,500.

16939. Do you mean that cheque of the friend of yours was put up on your behalf?—Well, I don't know on whose behalf it was put up. The cheque was payable to my order—McTavish and mine I suppose.

16940. Do you say it was McTavish's cheque?—No, it was not his cheque; the first was his cheque.

16941. I mean the second one?—No, it was not his cheque; a friend of his.

16942. Do you mean that the deposit which was put up at that time, was put up altogether by Bowie and McNaughton, or did you take part in furnishing that security?—I stated that I got a cheque for \$17,500 and gave it to the Department as a security for the amount.

16943. Do you mean that you got it on your own behalf?—Well, it was payable to my order, and it was on my behalf.

Donald A. Smith gave the cheque.

16944. Not necessarily. It might have been as a friend of McTavish's, and might have been payable to your order because McTavish was away?—Well, place it to the credit of whoever you please, it was a cheque given by Mr. Smith; it is in the papers there. Donald A. Smith gave the cheque.

16945. What I am endeavouring to ascertain is whether you continued to be interested in the contract, in this far, that you put up security on your own behalf, or whether you were acting as an agent for G. McTavish and he furnished it all?—I don't know whether he did or not.

Witness furnished no security.

16946. Did you furnish the security?—If you put it that way, I did not furnish any security.

16947. Then whatever security you put up was irrespective of your estate or your funds?—Yes.

16948. What was the next transaction in which you were interested connected with the Canadian Pacific Railway?—Nothing further that I know of than that security with Whitehead, if that is what you have reference to.

**Signing Bond—  
Contract No. 15.**

16949. I had not reference to any particular thing, I wanted you to state what was the next transaction in which you were interested?—That is all.

One of Whitehead's sureties.

16950. Do you mean that you were one of the sureties on Whitehead's tender?—No, one of his sureties for that \$70,000, or whatever the amount was—the drawback.

**Signing Bond—  
Contract No. 15.**

16951. That was a bond in which you and Mackintosh joined, was it?—Yes.

16952. For what object?—I have really forgotten it. If you have the paper there I can tell you.

16953. Do you remember the circumstance which led to you giving such a bond?—It is some time ago; I have forgotten the whole transaction; it was a mere matter of form; there was nothing very binding in the matter.

16954. From whom did you understand it was only a matter of form?—Both Whitehead and Mackintosh—both of them.

Both Whitehead and Mackintosh told him it was a mere matter of form.

16955. Are they the only persons whom you saw on the subject?—They are the only persons who ever spoke of it that I know of.

16956. Had you any conversation in any of the Departments with any of the Ministers or clerks?—No, never.

16957. Do you happen to know whether any member of that Barrie firm of whom you spoke was in Ottawa at the time their tender was put in—Marpole, Oliver & Co?—Marpole, Nicholson were the firm.

**Tendering—  
Contract No. 66.**

16958. It is the Barrie tender I speak of?—Nicholson & Marpole.

16959. Was either of them here in Ottawa at the time the tender was put in?—I think Nicholson was here; I have heard so; I did not know him.

16960. Do you remember from whom you heard that he was here?—I think I heard at the Windsor Hotel.

16961. That is where he was; but from whom did you hear that he was here?—Oh, I do not know; I have forgotten; there were so many contractors here at the time. They were speaking of one another.

Does not know who told him, Nicholson was in Ottawa.

16962. But he being the one with whom you were actually competing?—I was not aware of that fact. I did not know I was competing with him any more than I knew I was competing with Charlebois & Co. or any other tenderer.

16963. Afterwards you became aware of it when the tenders were opened; then the circumstance would become fixed in your mind that you knew he was in Ottawa?—After the tenders were opened I heard that he was the next tenderer to me.

16964. Did you hear that he was in Ottawa at the time the tenders were put in?—No; I did not.

**Signing Bond—  
Contract No. 15.**

16965. Returning to this matter of Whitehead's, do you say that you do not remember the reason why it was requisite to put in such a bond as you signed?—I remembered at the time, but I have really forgotten it. I considered at the time it was a matter of form. I did not consider it was a matter involving \$70,000.

Considered signing Whitehead's bond a matter of form.

16966. Did you get any benefit for signing that security?—No.

16967. No direct or indirect advantage?—No, none.

16968. Were you promised any?—No.

16969. Did you take any part in getting that money from the Government for Whitehead besides signing the bond—I mean did you have conversation with any of the Ministers or Members on the subject?—No; I did not.

**Signing Bond—  
Contract No. 15.**

No understand-  
ing that White-  
head should pay  
anything for  
having influence  
used in his behalf.

**Alleged impro-  
per influence.**

Not aware of any  
ground for believ-  
ing that any  
Member of Parli-  
ament or Civil  
Service employe  
received any  
money, or was  
otherwise benef-  
itted inconnec-  
tion with con-  
tracts.

16970. Or any other person?—No; I did not.

16971. Was there any understanding between you and Mr. Mackintosh, or between you and Mr. Whitehead, that Mr. Whitehead should pay something for having any influence used with any member of the Government on the subject?—No; I never had any conversation of the kind.

16972. Are you aware of any instance where any Minister of the Crown or any Member of Parliament has been benefitted or promised any benefit for favouring any person in connection with these contracts or tenders?—No; I have no knowledge whatever—no personal knowledge.

16973. You say personal knowledge, do you mean you have any other sort of knowledge?—Well, general newspaper rumours. There has been so much said of Mackintosh.

16974. I am not alluding to any rumours or surmises, but anything which would amount to knowledge?—No; nothing.

16975. Are you not aware of any circumstances—actual circumstances—which would lead you to believe that some Member of Parliament has been benefitted or promised some benefit in consequence of his favouring some of these contractors?—Nothing further than rumours. Nothing but what the public press says.

16976. I was asking you about your knowledge of some actual circumstances which would lead you to believe that: are you aware of any actual fact?—Not that I remember of.

16977. Have you seen any writing which would lead you to that belief—any document, I mean?—No; I have seen the newspapers.

16978. Putting that altogether out of the question—of course I am not asking for that as a basis of evidence—I am asking whether you have seen any document, or any writing, or whether you know of any fact which leads you to believe that any Member of Parliament has been benefitted or promised any benefit for favouring any contractor or any tenderer?—No; I have not. I have never seen any such paper and know of none.

16979. Do you know of any fact apart from papers?—No; I do not.

16980. Are you aware of any member of the Civil Service being benefitted by any arrangement in connection with any of these contracts or tenders for any work on the Pacific Railway?—No; I am not.

16981. Are you aware of any member of the Civil Service being benefitted or promised any benefit on account of any transaction of the Pacific Railway?—No.

16982. Is there any other matter connected with the Canadian Pacific Railway which you can explain by way of evidence?—Not that I know of.

**TRUDEAU.**

TOUSSAINT TRUDEAU'S examination continued:

**Transportation  
of Rails—  
Contracts Nos.  
18 and 28.**

Amount expend-  
ed on contracts 18  
and 28, American  
currency,  
\$27,331.04.

*By the Chairman:—*

16983. Can you inform us now of the amount expended upon contract 18 and upon contract 28 for the transportation of rails, and percentage taken off on account of the price being in American currency?—Yes. In American currency the amount is \$237,331.04; in Canadian

currency it is \$215,679 52. I produce a statement showing the payments in detail. (Exhibit No. 233.)

16984. This statement shows the total amount paid on these two contracts to be nearly \$3,000 less than the amount which Mr. Fleming reports to be involved by his special report of 1880; what is the difference for as far as you know?—The difference between the two amounts has not yet been paid; it is in connection with unsettled accounts.

16985. What unsettled accounts: for transportation?—Yes. It is in reference to some slight difference in quantities I believe.

16986. It is not for bonding charges and outside expenses then?—No.

16987. The numbers of tons mentioned in this statement, I take it from your previous evidence to be the short ton, 2,000 lbs.?—Yes. Ton: short ton.

16988. Do the dates in this statement which refer to the time of the respective payments give approximately the time of the different dates of the transportation itself?—Yes, approximately.

16989. According to this statement which you have produced, no more than about one-half of the first contract, No. 18, had been performed during the first year, that year of 1875; I believe the first contract was for 5,000 tons or thereabouts?—Yes. Contract 18 for 5,000 tons.

16990. Then the second contract, No. 28, covered the balance of this amount?—Yes.

16991. And about what time was it considered advisable to incur the expenditure on the second year's contract?—In the winter of 1876.

16992. What month?—I find a report on the subject by Mr. Fleming, dated May 13th, 1876.

16993. Does his report recommend such a contract as was entered into for the transportation of 10,000 tons or more additional to the first contract, No. 18?—The report recommends that arrangements be entered into for removing a further quantity this year, 1876. The quantity mentioned in his report is 5,000 tons. May 13th, 1876. Fleming reports in favour of removing a further 5,000 tons of rails.

16994. That is in addition, is it not, to the first 5,000 tons which were supposed to be covered by the previous contract, No. 18?—Yes.

16995. This contract, No. 28, as I understand it, was arrived at upon an offer upon the part of the contractor and not by public competition?—It was not by public competition Contract 28 not the result of public competition.

16996. Does his offer cover more than 5,000 tons, and if so, how much?—In his letter, dated 19th of April, 1876, Mr. Kittson says that with a fair stage of water in Red River he could transport from 8,000 to 10,000 tons during the season. April 19th, 1876. Kittson wrote offering to transport from 8,000 to 10,000 tons during the season.

16997. Have you any letter, or a copy of a letter, showing the terms on which his offer was accepted?—Yes.

16998. Does it state the quantity which the Government contracted to pay for being transported?—It does not.

16999. Have you now the contract with the Dominion Bolt Co., No. 51?—Yes; I produce it. (Exhibit No. 234.) Bolts and Nuts—Contract No. 51.

17000. Have you the contract with Miller Bros. & Mitchell, to supply 700 tons of railway plates, contract No. 50?—Yes; I produce it. (Exhibit No. 235.) Railway Plates—Contract No. 50.

**Purchase of  
Rails in 1879—  
Contracts Nos.  
53-55.**

17001. Have you now the comparative statement of tenders for steel rails of June, 1879, showing whether the different prices offered for bolts and nuts and fish-plates alone affected the relative position of the whole tenders?—Yes; I produce it. (Exhibit No. 236.)

17002. Does it affect the relative position?—It does not.

**Iron Turn-  
Tables—  
Contract No. 58.**

17003. What is the next contract that you can explain?—Contract No. 58 for the manufacture of four iron turn-tables. Contract with W. Hazlehurst, dated 26th of February, 1880.

**Tenders received  
in reply to cir-  
culars.**

17004. Was the work let by public competition?—Yes; tenders were received in answer to a circular sent to makers.

17005. There was no advertisement?—No.

17006. Can you state to whom they were sent?—In a report dated 14th of February, 1880, Mr. Fleming gives the names of the Hamilton Bridge Co., the Toronto Bridge Co., the Kingston Engine Works, and W. Hazlehurst, of St. John.

**Contract let to  
lowest tenderer.**

17007. Was the contract let to the lowest tender?—Yes.

**Lowest tender  
\$2,016 for decked,  
and \$1,360 for  
open tables.**

17008. What is the rate named in the lowest tender?—For decked table, the rate named is \$2,016.

17009. Open table?—And for open table, the rate is \$1,360.

17010. Has the work been performed under the contract?—No; the work has not been completed yet, because the pits are not quite completed.

17011. Was the work in progress during last June? We do not propose to enquire into the facts that have happened since that, unless they are connected with what took place before?—One of the turn-tables was made and erected last summer, and is now finished. The others are prepared by the contractor and ready for delivery, and will be accepted by the Government as soon as the pits are completed.

17012. Is there any dispute or difficulty about the matter which you think requires explanation?—There is no difficulty.

17013. Is there anything further about that contract which you consider requires explanation?—No.

**Railway Con-  
struction, B.C.  
Contract No. 60.**

17014. What is the next contract which we have not yet considered?—Contract No. 60, with Andrew Onderdonk, for the construction of the line in British Columbia, extending from Emory Bar to Boston Bar. The date of the contract is the 23rd of December, 1879.

**Onderdonk, con-  
tractor.  
From Emory  
Bar to Boston  
Bar.**

17015. Was that work let by public competition?—Yes.

17016. By advertisement inviting tenders?—Yes.

17017. Have you a copy of the advertisement?—Yes; I produce it. (Exhibit No. 237.)

17018. Have you any report upon the tenders themselves?—I produce the schedule of tenders received.

17019. Does that advertisement and this schedule cover the tenders for any of the other contracts besides No. 60?—The advertisement does, but not the schedule.

17020. Have you the original tenders mentioned in the schedule?—Yes.

**Railway Construction, B.C.  
Contract No. 60**

17021. Please produce them?—I now produce them. (Exhibit No. 238.)

17022. Is there any other report than this schedule on the relative position of the different tenders?—Yes; I produce a report by Sandford Fleming, dated the 22nd November, 1879. (Exhibit No. 239.)

17023. As I understand it, this report covers the tenders for three other sections—B, C and D—does it not?—Yes.

17024. Is there any further report relating to section A alone?—I do not think of any other at this moment.

17025. Will you please say on what day the time for receiving the tenders ended, and also when they were opened, and who reported on them?—The time for receiving the tenders was fixed by the advertisement at noon, the 17th of November, 1879; the tenders were opened on the 20th of November, 1879. 17th November, 1879, day for receiving tenders; opened on the 20th in presence of witness, Fleming and Braun.

17026. In the presence of whom?—They were opened in the presence of Mr. Fleming, and Mr. Braun, and myself.

17027. At the time of opening them did you notice any circumstance which appeared suspicious or which called for explanation as to the manner in which any of the tenders were put in, or as to the amounts of them?—Yes; we noticed that two of the tenders were received at 3:30 in the afternoon of the 17th of November. Two of the tenders received at 3:30 in the afternoon of November 17th.

17028. Whose tenders?—One tender was from Battle, Symmes, Wood & Jackson, and the other was Brown & Corbett.

17029. Was the amount of either of them lower than the amount of the tender that was finally accepted?—The tender by Battle & Co. was for \$2,634,120; the one by Brown & Corbett was \$2,598,480. They were both lower than the contract which was accepted. Battle & Co.'s tender \$2,634,120; Brown & Corbett's \$2,598,480; both lower than tender accepted.

17030. Was either of these tenders taken into account in deciding who should receive the contract?—They were considered, but rejected.

17031. Were they allowed to compete with the other tenders or were they rejected entirely on account of being received too late or for some other reason?—They were not allowed to compete with the others. These tenders not allowed to compete.

17032. Is there any reason which would apply to either of them for not allowing them to compete, besides the fact that they came in the afternoon to the Department?—One of the conditions on the printed form of tender was that each offer should be accompanied by an accepted bank cheque for \$5,000. Brown & Corbett had no cheque in their tender. Brown & Corbett's had no cheque for \$5,000, one of the conditions.

17033. Was their tender accompanied by anything else equivalent to a cheque or similar security?—No. They simply stated on their tender that security by bonds or cash would be given if their tender was accepted.

17034. Was there any other circumstance connected with that particular tender which excluded it from the competition, as you understood?—No.

17035. Was there any circumstance connected with the other tender which you say arrived after time and was not considered, and which excluded it from competition?—No.

**Railway Construction, B.C. Contract No. 60.**

The other tender not considered solely because it reached Department so late.

Battle & Co. complained because they did not get contract.

First prices for earth excavation erased and new prices put in.

This tender treated as irregular.

Tenders sealed and in a safe under witness's charge.

17036. Then one of the tenders was not considered solely upon the ground that it reached the Department in the afternoon instead of at noon, or before it?—Yes.

17037. Where did that tender come from?—It was mailed in the Ottawa post-office, about five hundred yards from the Department.

17038. Has there been any complaint, so far as you know, on the part of this firm—Battle & Co.—on the subject of this tender and their not getting the contract?—Yes; I produce a letter from Mr. Symmes, dated 28th November 1879. (Exhibit No. 240.)

17039. Is the envelope in which the tender came, now extant?—Yes; it is attached to the tender produced.

17040. Will you look at it and say if it bears any other post mark besides that of Ottawa?—It does not.

17041. Then, in your opinion, did it come through the post-office at Ottawa?—Yes.

17042. Will you please hold the document itself up to the light and see if you notice in it that the figures have been altered, erased and written over again?—Yes; the prices for earth excavation have been erased and altered.

17043. Is that noticeable upon both pages, the first page and the second?—Yes.

17044. Is it beyond a doubt then that the figures have been altered?—Yes.

17045. Do you know whether that circumstance was considered at all when you decided to reject the tender, or is this the first time that it has been brought to your notice?—I do not recollect.

17046. Besides the duty of opening these tenders and recording the contents, which I gather from Mr. Fleming's report was done at the time, had you yourself any duty to perform beyond recording the substance of them at the time—I mean did you take part in deciding who should be offered the contract?—I had no other duty to perform but to open them and lay them before the Minister.

17047. In this report which was laid before the Minister, do I understand you that this particular tender was treated as irregular and not competing with the others?—It was.

17048. Do you know who had the custody of all these documents or tenders between the 17th of November, the time named for receiving them, and the latter date on which they were opened?—To the best of my recollection when these tenders were received the Minister of Railways was not in Ottawa, and an order was received from the acting Minister, the Hon. Mr. Langevin, to tie the tenders up in a sealed package and place them in a safe until the return of the Minister of Railways, and this was done. They were under my charge and kept in a safe in my room.

17049. At what time were they so sealed up, as far as you know?—On the 17th.

17050. Is there an envelope attached to the successful tender?—Yes; it is attached to the tender produced.



Railway Construction, B.C.  
Contract No. 60.

17051. When was it received in the Department?—It was received on the 17th of November.

17052. Is the hour named?—It is not.

17053. Is the hour named in the one which was said to have been received at three o'clock in the afternoon?—Yes.

17054. Is it usual to name the hour at which they are received, when they are received before the hour mentioned in the advertisement?—It is not.

17055. Then do you mean that the absence of any special notice of that sort indicates that they were received regularly before the time named in the advertisement?—Yes.

Absence of any special note of time on tenders indicates that they were received before time named in advertisement.

17056. Is it usual to stamp the day on which they are received on the envelope?—Yes.

17057. Is the next highest one above the successful tender stamped in that way?—Yes.

17058. What day was it received?—On the 17th.

17059. Is the next highest one marked in the same way—C. Peterson?—Yes; it is stamped the 17th.

17060. Is there any other matter connected with the receipt of these tenders for section A, in British Columbia, or in the opening of them, which could throw any doubt upon the right of the person to get the contract who did get it?—No.

17061. Has there been any complaint upon that subject by any of the parties excepting this firm whose tender was not allowed to compete?—No.

17062. Has there been any complaint by the other firm whose tender was not accompanied by a security, on the subject?—No complaint that I can recollect.

No complaint save Battle & Co.'s

17063. Do you remember whether this tender of Battle & Co.'s was opened, although it had been received after the hour, before it was decided that it should not compete; in other words, was it decided that it should not be allowed to compete after it was discovered to be a lower tender than some other one, and only then so decided?—As far as I can recollect, it was the opinion of Mr. Fleming and myself that it should not be considered from the very first, before it was opened.

17064. Then do you mean that, as far as your judgment was concerned, the decision did not depend upon the amount of it, but upon the time at which it was received?—Yes.

Decision adverse to Battle & Co.'s tender depended on the time at which it arrived.

17065. Do you say that Mr. Fleming expressed a similar judgment upon that subject?—I say to the best of my recollection.

17066. Would Mr. Braun, in pursuance of his duty, take any part in a judgment of that kind, or is his office more that of recording?—It is more recording and witnessing the operation.

Braun a recording officer.

17067. He is not one of the administrative officers of the Department?—No.

17068. What was the name of the firm who made the successful tender in this instance?—D. McDonald & Co.

D. McDonald & Co. the firm which made successful tender.

**Railway Construction, B.C. Contract No. 60.**

**Contract entered into with Onderdonk under an Order-in-Council.**

17069. Was the contract executed with them?—No; the contract was entered into with Mr. Onderdonk under the authority of an Order-in-Council dated 22nd December, 1879, which I produce. (Exhibit No. 241.)

17070. Do you know what led to the substitution of Mr. Onderdonk's name instead of the persons of the original tendering firm?—The firm to whom the work was awarded requested the Government to pass the contract with Andrew Onderdonk. I produce a copy of the company's letter. (Exhibit No. 242.)

17071. This letter speaks of awarding the contract for sections A and C, in British Columbia: I suppose the same firm had been awarded the contract for section C as well as A?—Yes.

17072. And the Order-in-Council relates to both sections, I see?—Yes.

17073. The letter is marked with your initials, as being received on December 20th, the Order-in-Council on the 22nd of December: do you know whether there was any discussion in the Department, or any difficulty about the transferring of this contract from the original tenderers to Andrew Onderdonk?—I do not think there was any difficulty.

**No difficulty about the transfer to Onderdonk.**

17074. Was there any doubt raised as to the expediency of the transfer: in other words, do you know of any negotiations or anything else connected with it before it took place, which I have not asked about?—No.

17075. Is there anything further about section A in British Columbia which you wish to explain?—I do not think of anything else at this moment.

**Onderdonk reputed connected with men of larger means than those who sold out to him.**

17076. Do you know personally anything about the standing of the different parties; for instance, whether the first firm was as able as Onderdonk to carry on the work?—Onderdonk has the reputation of being connected with men of larger means.

17077. How long have you been connected with the Department of Public Works?—About twenty years.

**Better that large works should be placed in the hands of one contractor if feasible.**

17078. Have you ever given your consideration to the question whether it is desirable, in the interests of the public, that contracts should be given over larger distances to one individual rather than to several individuals over separate smaller distances, prices being in the aggregate, for the smaller distances, equal to the price for the larger distance?—If a contractor has large means, I think it is better that large works should be placed in the hands of one single firm as much as possible.

17079. Do you mean that the works are more likely to be constructed effectively for that reason?—Yes.

17080. What leads you to that conclusion?—There would be a certain unity of action in the preparations and in the manner of conducting the work, in the purchase of provisions, and in the plant required.

17081. Would there not also be less competition for labour: that has been mentioned before as one of the advantages of the larger contract?—Yes.

17082. It has happened that all the four sections in British Columbia have been finally contracted for between the Government and one individual?—Yes.

**Railway Construction, B. C.  
Contract No. 60.**

17083. Have you given your consideration to the question, whether that it is better for the interests of the public than giving it to separate individuals; I mean in this particular instance, not in the abstract, is there any reason why it should be taken out of the ordinary rule on which you have already passed your opinion?—My impression is it was an advantage to place all these works in the hands of a single firm.

An advantage to place all the British Columbia work in the hands of one man.

17084. Have you any reason to think that in obtaining this contract the successful firm had any improper advantage over any other person tendering, as to knowledge of prices, or any other way?—No.

Successful firm had no advantage.

17085. Or the time of putting in their tender, or information from any one in the Department, or in any way, directly or indirectly?—I have no such knowledge.

17086. Did you take any part with the Minister at the time that it was finally decided that this successful firm should get this contract—I mean McDonald & Co., for section A?—I certainly had some conversation with the Minister on the subject, and the firm being the lowest there was no question as to what should be done.

17087. Was there any room for discussion, or was there any discussion on the question who should get the contract by right?—I do not think there was any room for discussion about it.

No room for discussion who had right to contract.

17088. Did there appear to be any doubt, or any wavering upon the subject, as far as you know, in discussing this matter with the Minister; for instance, whether one of these rejected tenders ought not to be allowed to compete, or any other matter pertaining to the subject?—The rejected tenders were fully considered, but there was no doubt in the Minister's mind that they could not be received.

17089. In speaking of the comparative advantage of letting this work in British Columbia under one contract, or under four separate contracts, would it not be a very material matter that all the plant and supplies for the whole of the work would probably have to come to the work from one end only?—Yes.

17090. And that therefore it would save trouble and dispute among the different contractors with the Government, by having it all in the hands of one contractor?—Yes; that is one of the advantages of giving the work all to the one firm.

17091. Has it not happened in other portions of the Pacific Railway that although the Government has not undertaken to have particular portions finished by specified dates, still the contractors for adjoining portions complained that the piece next to them has not been finished in order to give them the advantage of using it for their purpose?—Yes.

17092. Have claims for considerable amounts been made against the Government on this subject—I do not mean allowed by the Government, but urged on the part of the contractors as reasons why they should be favourably considered in some way or other?—I do not recollect whether any actual claims have been presented, but complaints have been made.

17093. Is there anything further about section A?—No.

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41 and 42.

OTTAWA, Friday 26th November, 1880.

P. G. CLOSE, sworn and examined :

*By the Chairman :—*

17094. Where do you live?—In the city of Toronto.

Retired from  
wholesale  
grocery.

17095. What is your occupation?—Well, I am not in any business at present, but I was in the wholesale grocery business, but I have retired.

17096. Have you of late years had any other business but this?—I had been operating considerably in lands.

17097. Have you had any experience in contracts for railways or other large works?—No; I have never had any.

17098. Have you been interested at any time in any of the transactions connected with the Canadian Pacific Railway?—Yes; I have been connected with it.

January 7th, 1879,  
Morse & Co. asked  
him to be one of  
their sureties.

17099. What was the earliest transaction in which you were interested?—Some time in January, 1879, Messrs. Morse & Nicholson came to me to my office and asked me to be one of their securities for putting in a tender and to take an interest with them in it. I told them Mr. Shields and I had been talking the matter over some time previous, and that I did not see my way just then to join them, but that I would see Mr. Shields, and if he had not associated himself with anybody else in the meantime that perhaps we might make an arrangement. They asked me to see Mr. Shields, which I did, and brought about a meeting between Messrs. Morse, Nicholson, Shields and myself, and after one or two meetings we arranged on a basis by which I was to become security for the tender going in.

Morse & Co.  
wanted some one  
as surety who was  
known to Govern-  
ment.

17100. That was the Morse-Nicholson tender?—That was the Morse-Nicholson tender. That was the first I had to do with. The reason they wanted to get me associated with them was that they said it was merely to put in the name as security, as they were unknown to the Government, and that the parties that they were going to, if they got the tender, would put up. I said I did not feel like putting up security if they did get it. They said they had parties to put up the security but that they were unknown to the Government, and they were afraid if their tender was as low as some others they might be overlooked, and they wanted some one to be associated with them who was known to the Government.

17101. As I understand you that was to be on the original tender?—Yes.

17102. Not on the final security when the contract was closed?—No; it was merely to use the name in putting in the tender. If they got the contract they had friends to put up the money.

17103. Are we to understand you now that this was in order that their tender might be considered in competition with others?—Yes.

17104. Not excluded for want of sufficient surety in the first instance?—No; none of them were personally known to the Government that were tendering, and they were afraid if others should be on the same basis as they were they might get the preference, unless some one was associated with them that they knew were substantial and could recommend them.

17105. Were you to have a share in the profits for doing this, or was your compensation to be in some other shape?—The compensation was to be in the shape of a commission.

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Compensation for use of name to be in shape of commission on amount of tender.

17106. A commission on what: when you say commission I suppose you mean a percentage on some amount?—Yes.

17107. Upon what amount?—I think it would be on the amount of the tender, I am not sure. It was Mr. Shields that made the final arrangements with them, and the documents I never had in my possession. Mr. Shields, I think, had the documents.

17108. In these negotiations between Morse and Nicholson on the one part, and yourself on the other part, do you mean that Shields took a share in them?—Mr. Shields acted for me.

Shields acted for witness and was also interested.

17109. Only on your behalf?—No.

17110. Or was he personally interested in the result?—He was personally interested in the result.

17111. Then you were in partnership in the same matter?—Yes.

17112. Whose name was used to represent this partnership of Shields and yourself?—My name was used alone.

17113. Where did that negotiation take place?—In Toronto.

17114. At what place in Toronto?—Well, we had several negotiations. Once or twice, perhaps more, in my office, and perhaps once or twice in Mr. Shields' office. The final negotiation was in Patton & Macdonald's office—their lawyers.

17115. Were the terms arranged before they were reduced to writing?—Yes.

17116. Where did that happen, I mean the final arrangements in your own minds about this matter?—I cannot say; it might be at Mr. Shields' office or mine. We had a good many interviews before it came to that.

17117. Respecting what work was that arrangement made in the first place: was it for the whole section known as C, or either of the separate sections known as B or A?—I could not say positively. My impression is it was for the whole work, but that I am not clear on.

17118. Was that matter reduced to writing before that tender was put in and signed by you?—Yes.

17119. Will you look at this copy of an agreement (Exhibit No. 226) which was put in by one of the members of the firm, and say whether that is as far as you remember substantially a copy of the agreement to which you refer?—Yes; as far as I recollect, I think that is a copy of it.

Identifies copy of agreement as correct.

17120. In this agreement there is a recital which is stated apparently as a reason for the bargain, and that recital suggests that you were making efforts to obtain the contract on your own behalf at that time?—Yes; I was going to take an interest with Mr. Shields, and he was going to associate himself with some contractor, and I told him that when he came to me first.

17121. Mr. Nicholson's recollection is, that there was no such reason as that for the bargain, but that it was entirely for some interest you or

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Told Nicholson that he and Shields had talked of putting in a contract and that he was committed to Shields.

Mr. Shields were to exert on behalf of that firm of Morse, Nicholson & Co. ?—No; I told him distinctly that Shields and I had been talking the matter over before, and in case he got the contract I was to take an interest with him, and suggested if he had not made arrangements already, if they could arrange to get him to go in I would go in with them; but I would not take any part with them unless he could go in, as I had committed myself to him previously.

17122. This arrangement is dated on the 22nd of January, and the last day for receiving tenders was the 30th of January: had you, up to the time of this agreement, negotiated with any person who was making a tender ?—No; I had not.

17123. Then there was no actual agreement with any other person that you should be interested with him, it was only a probability ?—Only a probability. Mr. Shields was making the arrangement.

An understanding with Shields that he should try and get an interest with some of the tenderers.

17124. Was some other person tendering ?—The understanding with Mr. Shields was that he should try to get an interest with some of the parties, but, as far as I know, he had not made any arrangements, but I think he had been negotiating with some of the parties before that.

17125. Do you know with whom ?—I do not.

Agreed that witness should go to Ottawa, and if tender was as low as that of others show the Government that they were capable of carrying on the work.

17126. Was there not some other consideration for this promise of Morse & Co. to give you a percentage on the amount of the whole contract, or tender, besides your withdrawing from any effort on your own behalf ?—Yes; we were to come down here and assist them, and if their tender was as low as the others, to show that they were men capable of carrying on the contract. They felt their weakness was they were not known, and not having carried on a job of that kind before, and they felt if their tender was as low as others they might not get the preference on account of that. We came down to show if their tender was as low, or equal to others, that they were men capable of carrying out the contract. It was known at the time that the Ministers were very anxious that the men who should get it would be able to carry on the contract, and they understood that unless they had some friends to speak for them they might be thrown overboard, and we came down here to show that they had men at their back—Gooderham & Worts, and the Taylors, the paper men—as their sureties, and would be their backers; but as the Taylors were not supporters of the present Government we did not think it advisable to use their names at the first instance, and that was why they asked to have my name in the contract, so that they would be known to the Government.

Reason why it was thought desirable to have witness's name in the tender.

17127. Was your standing known to members of the Government ?—I was personally known to members of the Government for some years.

At the time witness a man of capital and able to back up a tenderer materially.

17128. Were you at this time a person of capital and means able to back up any tenderer ?—Yes.

17129. Materially ?—Yes.

Never undertook to secure for Morse & Nicholson some advantage over the other tenderers.

17130. In addition to making this representation of their ability, and also as to this withdrawing from all efforts to obtain the contract for yourself, did you not undertake that you would so influence persons connected with the Government that Morse & Nicholson should obtain some advantage over rival tenderers even if their tender were higher than some others ?—No; certainly not.

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17131. Had you any conversation in that direction either with Morse, or Nicholson, or Marpole?—That if their tender was higher I would use my influence to try and get it.?

17132. Yes?—No, certainly not; but all things being equal if their tender was on the same basis as any other we would try and get them the tender in preference to the others; that as Toronto men we would use our influence to get the tender for them, but not if their tender was higher.

17133. What do you mean by your influence as Toronto men?—As Toronto men we would be anxious to see that our section of the country would get a share of it, and if their tender was about the same as some other tender we would try and show the justice of getting it for the Toronto men.

17134. In undertaking to advocate the interest of the Toronto locality, do you mean that was only upon an understanding that some other tender should be exactly in the same figures?—Or in the neighbourhood of the same figures.

17135. Well, then, you mean if there was a slight difference in favour of some other section, you would still use your influence in favour of the Toronto men?—Well, I would consider, in a tender of \$5,000,000 or \$6,000,000, for only a few thousand dollars I think the Government would be justified in giving the contract to parties who would be likely to carry it out without failure.

Would consider that in a large tender the Government would be justified in giving work to persons able to carry it out without failure even though they were a few thousand dollars higher.

17136. Having that opinion, as you say you had, did you undertake to press that view upon the Government in favour of these men?—I may have said to them if it was in that way, I would use my influence. I do not recollect saying so; I won't say that I did not.

17137. Some of the other firm have sworn that you did; does that refresh your memory?—I have no recollection of having made such a promise; but I will not say that I had not conversations to that effect.

17138. Did you, as a matter of fact, press those views on any member of the Government?—No; I did not.

Did not press his views on any Member of the Government.

17139. Why not, if you entertain them, and were down here to help your friends - why did you not press them on the Government or some member of it?—Well, I did not come in contact with very many members of the Government. Mr. Shields was looking after that department, and besides when the tenders came out, I think theirs was the lowest and it was not necessary to press that view of the matter.

Moreover their tender was the lowest.

17140. Had you, before it was known that they were the lowest, endeavoured to influence any member of the Government to favour their tender in case it should not be the lowest?—No, never.

Before this was known made no effort to influence the Government.

17141. Did you attempt to influence any Member of Parliament to use his influence in that direction?—No.

17142. Are we to understand from you that one of the principal reasons why you did not press this view upon the Government was because their tender was already the lowest, and there was no occasion to ask for any favour?—No; that was not it. Any conversation I have had in reference to the tender with any members of the Government was to show that if Morse & Nicholson's tender was as low as any of the others the Government need not hesitate to award the contract to

Any influence he exerted was in the shape of assuring the Government that Morse & Co. were men of means and capacity.

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them; that they were men of means and capable of carrying out the contract.

17143. You say that any influence you used was to that effect?—Yes.

17144. Did you use it to that effect?—I may have spoken to some members.

17145. To whom may you have spoken?—I may have spoken to Sir Charles Tupper.

17146. Did you?—As a matter of fact, I don't know whether I did personally, because if I went I would go with Mr. Shields and I would be merely there. I think Mr. Shields did most of the talking.

17147. Did you go with Mr. Shields and did he do most of the talking?—Yes; I have gone.

Pressed the view on Sir Charles Tupper that the Government need not hesitate to give these men the contract if their tender was low because they were capable and well backed.

17148. Did you suggest the idea to Sir Charles Tupper that if these men were about the same as any other tenderers they should be favoured, because they came from the Toronto section, or for any other reason?—Yes; we pressed that the Government need not hesitate though these men were not known as large contractors; that they were men of means, and that they would be capable of carrying out the works; but any influence I used with the Government was for the purpose of showing that the Government need not hesitate, if their tender was low, to give them the contract, because they had backers and were capable of carrying out the work.

Neither witness nor Shields so far as he knows ever pressed the view on the Government, that even though Morse & Co.'s tender was not quite so low as others still they should get the contract.

17149. Did you, or Mr. Shields, in your presence, or at any other time, press this view on the Government that although their tender might not be quite so low it would be proper for the Government to give it to them?—No; Mr. Shields never pressed that in my presence. I don't know what he might have done at any other time.

17150. Did you press it?—No.

17151. Don't you know that you had an opportunity, if you thought it advisable, of pressing on the Government the view that their tender for the whole section C was (taking into account the magnitude of the transaction) only a small amount beyond the aggregate of the separate tenders for A and B, and that if the Government had chosen to favour any person they had as far as they could an opportunity of doing it then: were you not aware of those circumstances?—No; I cannot say that I knew exactly how that was. I went home. I was not here all the time.

17152. It turns out, upon comparing the amount of the different tenders for section A and section B, and the distances covered by these two, which is known as section C, that the tenders for the whole distance was between \$100,000 and \$200,000 more than the aggregate of the separate tenders for A and B, and that if the Government had chosen to favour the combined tender, they had an opportunity to do it: did you not hear that discussed between your firm, or between Shields, Morse Nicholson and Marpole?—I have no recollection of it.

Morse & Co. would have preferred to have the two sections A and B.

17153. Were you not aware that Morse, Nicholson and Marpole were very anxious to get the whole section?—Yes; I was aware of it.

17154. That their main efforts were directed to that object?—Yes; they would have preferred the whole, I believe.



17155. Did you never hear any discussion on that subject of any attempt to influence the Government to take up the whole distance in one contract rather than two separate distances in two contracts?—No; I have no recollection of it. I don't think I was in Ottawa at the time that discussion was going on.

17156. Are you aware that any such discussion took place?—No, I am not, as a matter of fact.

17157. Were you here at the time of the awarding of the contracts?—I was here at the time the tenders were opened.

17158. That was about the 30th of January, but they were not actually awarded, as we learned from the report on the subject, until about the 20th of February?—I don't think I was here then; I am sure I was not.

17159. Did Mr. Shields remain at Ottawa after you went to Toronto?—Oh, yes; for weeks.

17160. And was he representing the interests of your firm—I mean Mr. Shields and yourself?—Yes.

17161. Do you know whether after the contract was awarded to Morse, Nicholson & Co., about the 20th of February, for section B, that they, or any one on their behalf, or on behalf of your firm, notified the Government that they would not take section B alone, but if they were to be separated they would prefer section A?—No. I was not here. I do not know what happened then.

17162. Were you here when Andrew McCormick was here?—I was here when he was here the first time. I think he was here before me and after me.

17163. Then you were not here all the time that he was here?—Oh, no.

17164. He says that he took some message of that kind and delivered it verbally to one of the Ministers, but he is not able to fix the date: do you know whether such a thing happened while you were here?—No; if it is in February I was not here, because I was at home.

17165. He does not say it was in February: his recollection is that it was in January?—I have no recollection of it.

17166. He is corrected in that matter apparently by Mr. Marpole, who thinks it was later; now, considering these statements by Marpole and McCormick, is your memory refreshed on the subject: are you able to say whether you were in Ottawa?—No; I don't know anything about it.

17167. Who was the person next yourself best acquainted with all the arrangements about becoming security for Morse, Nicholson & Co.?—In the first place do you mean?

17168. In the first place?—Mr. Shields.

17169. All the way through was he not the person best acquainted with your arrangements?—Yes; he negotiated all the arrangements with them for me.

17170. Did Mr. John J. McDonald at any time know any more about your arrangements for becoming security than Mr. Shields knew?—I am not aware that Mr. McDonald knew anything about them at all.

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Contracts Nos.  
41 and 42.**

Never heard it pressed on Government to give them the whole.

Shields remained in Ottawa to represent his own and Close's interest.

Knows nothing about any message sent by McCormick.

Shields negotiated all arrangements.

**Tendering—  
Contract No. 43.**

17171. Is it possible that Mr. Shields could obtain from Mr. John J. McDonald any information on the subject which he, Mr. Shields, had not of his own knowledge?—In reference to Morse & Nicholson?

17172. In reference to your becoming security for this firm—No; I don't know how.

17173. Besides being interested in this tender for section B upon the part of Morse, Nicholson & Co., you also became interested with some other firm, a rival tenderer, did you not?—No; not until they were out altogether.

After Morse & Co. were out had an arrangement with Shields and Manning getting an interest in section B.

17174. Well, did you after they were out altogether?—The 6th of March I had an agreement with Shields and Manning, giving me an interest in section B.

17175. Where did that agreement take place?—In Toronto.

17176. What place in Toronto?—In Mr. Shields' office.

17177. Was Mr. Manning there?—He was.

17178. Was it reduced to writing?—It was.

17179. Have you the writing?—I have; yes.

17180. Will you produce it?—I now produce it. (Exhibit No. 243.)

Agreement drawn by Manning.

17181. Who drew up this agreement?—Mr. Manning.

17182. How long before it was drawn up did you first negotiate upon this subject?—That same day.

17183. Was that the beginning of the negotiation upon this subject that you should be interested in the Fraser-Manning contract?—No; I had some conversation with Mr. Shields before that.

17184. How long before?—Oh, perhaps a day or two before.

When Morse & Co. were in with Andrews, Jones & Co. they proposed to witness to put up some security for them but his terms were not accepted

17185. Mr. Shields was still interested with you in this matter?—No. When Morse & Co.'s own tender was drawn out, and they were going to associate themselves with Andrews, Jones & Co., they made a proposition to me, asking me if I would put up some security for them—real security—and take an interest with them. I asked them on what terms, and Mr. Morse asked me what I wanted, and I submitted my terms, and he would not agree to it, and I abandoned having anything to do with them. Mr. Shields was not interested in the matter that I know of.

Shields not interested in this.

17186. Nor jointly with you?—No.

17187. But he had become interested in the Manning Co.?—After the Morse affair fell through he associated himself, down here in Ottawa, with them, I believe.

17188. This was closed by document on the 6th of March: you were on one side of the bargain, and Shields and Manning and these other parties were on the other side of the bargain?—Yes.

17189. You are not in the same ranks with him?—No; oh, no

No arrangement with Manning, Shields & Co. until 6th March.

17190. What arrangement you had made before this was reduced to writing on the 6th of March, with Mr. Shields representing the firm of Manning, McDonald & Shields, or some other parties?—No arrangement at all. Mr. Shields said he would try and get me with them if he could, and he talked the matter with Manning, I believe, before I

Tendering—  
Contract No. 42.

went there; but there was no arrangement as to the amount I should get, or whether I should get anything at all until after I went there that afternoon, and it was reduced to writing.

17191. What was it you proposed to get from them?—I wanted a large interest.

17192. How large?—I think I wanted one-twelfth.

Wanted one-twelfth from them.

17193. And what were you to do in compensation for this one-twelfth interest?—Well, if I got it, I was to put up my share of the security and do my proportion of the work.

17194. Was there not something else: were you not to withdraw from your proposition to be surety for Morse, Nicholson & Co.?—I had withdrawn.

17195. Had you withdrawn before that time?—Before that was written? Yes.

Had withdrawn from Andrews, Jones & Co. before agreement was written, but not before Shields and he had discussed matters.

17196. Before the time that you and Shields were discussing the share that you should have in the new firm of Manning & Co.?—Before Shields and I—no; I don't think I had before Shields and I had the conversation.

17197. But before you withdrew from becoming surety?—I never became security. Morse and I never agreed upon the basis on which I should become surety. I proposed to become surety on certain basis which Morse would not agree to.

17198. Look at this Exhibit No. 70 and see if you ever signed it?—This was the surety put in at the first, but it was not on that surety that Morse and I were negotiating then. It was, however, put up, the surety, and it was on Andrews, Jones & Co.'s tender, I believe. This was withdrawn. He was away at this time. When I signed this it was understood that Taylor Bros., the paper men, and Gooderham & Worts were to be the real sureties; that was a matter of form.

17199. That surety you understood to be only for the purpose of enabling the Government to consider the tender that was put in?—That was all; that was the only basis and it was distinctly understood.

17200. And if the Government required a larger or different security at the time the contract was awarded some other person should furnish that?—They represented that Taylor Bros., the paper men, and Gooderham & Worts, would furnish the security if they got the contract.

17201. Do you mean to say after that there was further negotiation going on with this same firm by which you should become one of the subsequent securities if they got the contract?—Yes.

17202. But you withdrew before you and Shields made any bargain about your interest of one-twelfth or one twenty-fourth in the new firm?—Not before Shields and I had a talk about it, but before that document was written.

17203. I want if I can to get the evidence upon the time when you and Shields discussed the probability of your retiring from your suretyship for Morse, Nicholson & Co., and on what terms you should do so?—About the 5th I should fancy—the 4th or 5th. What day of the week it would be on I cannot state.

17204. Do you not know what day of the week?—No; I do not.

**Tendering—  
Contract No. 42.**

17205. Well, that will not be material. Was this the state of affairs before you made this arrangement upon the 6th of March with Manning: that upon some previous occasion, a short time before it, you had the choice of two alternatives, either to become surety for Morse, Nicholson & Co., upon terms which you and they were discussing, or to drop them and to become interested with Shields in his new firm: had you those alternatives before you?—No; not at the same time.

17206. Well, which did you abandon first?—I abandoned the Morse & Nicholson thing, but Morse wanted me to put up a certain amount of security. I went to a friend and asked him about it, as they wanted me to put up some security. I think they were short some \$50,000 or \$60,000. He would let me know whether he would go in for a certain portion. They got A. M. Smith & Co. to go in for a certain portion of it. Then they said if I would go in they could manage it. They asked if I should go in, on what basis I would go. We talked that over and disagreed on it, and I refused to become security.

When witness proposed conditions to Morse the latter said he would throw the whole thing up—whereupon witness left, telling Morse to think the matter over.

17207. Did you not keep him in doubt whether you should remain or become security for him until after you had arranged to go in with Shields, McDonald & Co.?—When I made the proposition of what I wanted with him, if I went the security, he said he would throw the whole thing up. I said very well, you can think the matter over, and I left.

17208. When you told him to think the matter over and left, did you not think he might possibly come to your terms?—Yes.

17209. And if he did you might remain security for him?—He did not come to my terms.

17210. Did you come back after that?—I did.

Before concluding with Shields went back and gave Morse a chance.

17211. Before you decided to go in with Shields?—Yes; before I concluded with Shields I came back and gave him a chance.

17212. Had you and Shields come to a verbal understanding before you decided you would not support Morse?—So far as Shields was concerned, he wished to give me an interest, but there was no understanding at all with Mr. Manning.

17213. Had you and Mr. Shields come to an understanding, as far as Mr. Shields was concerned himself?—It would give me an interest in their firm if he could accomplish it.

17214. Having the probability of that in view you decided?—No; I would still, if Mr. Morse had accepted my proposition, have went in, because I was not committed to Shields in any way. I had no certainty I would get into their firm, and when I came back, if Morse had agreed to my proposition, I would have become his security.

Morse & Co. declined to accept his terms before he decided to go in with Shields.

17215. Do we understand that you state in your evidence that the ending of the negotiations with Morse & Co. was upon their part: that they declined to accept your terms?—They declined to accept my terms.

17216. And before you decided to go in with Shields?—Yes.

17217. Is that the substance of your evidence?—Yes; that is it.

In the agreement with Shields stipulated that witness shall not be security for Morse & Co.

17218. How is it, if you had before this agreement with Shields ended all negotiations on the subject of your becoming security for Morse, Nicholson & Co., that you put these words in your bargain with Manning & Shields: "and believing that it will be in the interest of all the parties

Tendering—  
Contract No. 42.

with whom we are associated in said contract, that the said P. G. Close shall not be security for said Morse & Co." Now, that speaks on the 6th March, of a future possibility that you shall be security; it does not state here that you had already given up the arrangement for being security?—Morse & Co., up to that time, had never given up the hope. They were still trying to obtain the contract.

17219. But their trying to obtain the contract does not affect the question of your being security?—I suppose that was worded if they came back to me again that I would not make any new negotiations to go into the security. You see Morse & Co., until after that date, had the idea that if they put up money they would get the contract, and it was worded that way I suppose. If they came to me I would not become their security.

Agreement worded to meet the possibility of Morse & Co. coming back to him again.

17220. There is another matter in this same agreement of the 6th March which requires explanation. It is this: the wording toward the end is in this language: "He," meaning yourself, "shall have a one-twenty-fourth part in same contract if the same is awarded to Fraser & Co., or that it comes to our tender, the said Close to bear his share of the security, and to do his portion of the work;" now that speaks of the decision respecting the disposal of the contract being ascertained at a future time, while as a matter of fact the contract had been awarded on the 5th March: how do you explain this feature in your agreement?—Well, I really don't know; Mr. Manning worded the agreement.

17221. Do you remember how soon after the contract was awarded you became aware that it was awarded?—On Saturday, I think, because I came down Saturday night. I may have known before that. I know that we came down Saturday night, but I don't know when I heard it. I may have heard it on Friday, but I don't know. I know we came down on the following Saturday night whatever date that was on.

17222. One of the firm of Morse, Nicholson & Co. has said, in substance, that you led them to remain in doubt as to whether you would be a surety for them or not until after the last hour had passed, and then it was ascertained that you were interested with this rival firm: what do you say on the subject?—I led them to remain in town?

17223. In doubt?—Well, it is just what I say. I made a proposition which Morse would not agree to, and I left them.

Witness made a proposition which Morse would not agree to.

17224. Did you leave him in doubt on the main question, whether you would be surety for him?—He knew that unless he came to my terms I would not be surety, which he would not do, and I left him to think the matter over.

17225. Was the hour up for putting up the security before you went back to him to ascertain whether he would come to your terms?—I think the hour for putting up security was passed before that. I think the hour for putting up the security was passed the day before he made negotiations, but they still thought that if they had the money and came down they would be able to get the contract. Of course I am not now speaking positively, but I think the time was past for putting up the security before the negotiations with Morse commenced.

Morse & Co. seeking to put up security in hope of getting an extension of time from the Government.

17226. Is it to your recollection that they were attempting to put up the security in the hope they would get an extension from the Government?—That is it. But as a matter of fact, I believe their time

**Tendering—  
Contract No. 42.**

Morse & Co.'s time had expired before negotiations with witness, but they still had hope of getting time extended.

Thinks Morse & Co. had put up \$150,000.

had expired before Mr. Morse and I had the negotiations, and it was only in the hope of getting the time extended to put up security that they would get the contract. That is my recollection of it—that the time was really past; but they still had the hope to get the contract.

17227. Do you remember how much security had been put up on the part of Morse, Nicholson & Co. at the time that you differed with them about your becoming security for some of the balance?—I think from their statement that they had put up \$150,000, and they were trying to make up this \$50,000 the day I speak of.

17228. With whom had they acted in getting up the last \$50,000 of that \$150,000?—Well, they had been with a good many parties.

A. M. Smith putting up a portion of security.

17229. Did you know with whom they had finally arranged for that \$50,000?—I think A. M. Smith was putting up a portion of it.

17230. Do you know whether Mr. Shanly was connected with it?—That security?

17231. Yes?—I don't know whether he was. I know they had tried a good many people. Mr. Shanly may have been applied to, but I am not aware of it.

**Alleged improper influence.**

Took part in no negotiations with any Minister of the Crown with reference to either contracts A or B or of the whole work C.

17232. Did you take part at any time in any negotiations with any Minister of the Crown or any Member of Parliament on the subject of either of A, B or C?—No.

17233. Are you aware of any Minister of the Crown or any Member of Parliament being interested in the results of any of these contracts?—No.

17234. Directly nor indirectly?—Neither directly nor indirectly that I am aware of.

17235. Do you know if any person in the employ of the Government, or any person in any of the Departments was interested?—No.

17236. Do you know of any of them giving any information to parties tendering?—I never get any information.

17237. Do you know of any of them giving information to any one else?—No; I do not.

17238. Did you, at any time, have any negotiations with any of the original firm of Andrews, Jones & Co.?—I never saw any of them in my life to my knowledge.

17239. Is there any other matter connected with this contract for section B which you can explain besides those matters which I have asked you about?—No; I don't know of any other matter.

17240. Were you interested in any other matter connected with the Canadian Pacific Railway?—No.

17241. Is there any other information on the subject of the Canadian Pacific Railway upon which you can give us information?—No; I don't think there is.

17242. Did you, as one of the original sureties for Morse, Nicholson & Co., learn the reason that they refused to carry out their tender for section B?—No; I don't know why they did not carry it out. I was not here when they threw it up.

17243. Were you down in Ottawa at the time the tenders were opened—I mean the last day for receiving them: the 30th of January?—I think I was.

17244. Do you remember how long you remained here upon that occasion?—I think about two weeks. I am not exactly sure of the time.

17245. Is there any other matter connected with the Pacific Railway upon which you can give us information?—No; I don't think there is. I don't know of anything.

**Contract No. 22.**  
**Alleged improper influence.**  
Was in Ottawa when tenders were opened.

FREDERICK FAIRMAN, sworn and examined:

FAIRMAN.

*By the Chairman:—*

**Purchase of  
Rails—  
Contract No. 8.**

17246. Where do you live?—Montreal.

17247. What is your occupation?—Merchant.

17248. What class of goods do you deal in?—Railway supplies principally.

17249. Have you had any interest in any transactions connected with the Canadian Pacific Railway?—I have.

17250. What was the earliest?—I don't remember the date. It was the letting in connection with the first rail contract that was let by the Government.

**First connection  
with the Canadian  
Pacific  
Railway the first  
rail contract let  
by the Govern-  
ment.**

17251. Was the work let by public competition?—Yes.

17252. Do you remember about the time named for receiving tenders by the first advertisement?—I cannot remember dates. I hardly remember the year I was born in—dates or figures.

17253. Do you remember the circumstance that tenders were invited by two advertisements?—Yes.

17254. Do you remember about the time that elapsed between the appearance of the first advertisement and the time named in that advertisement for receiving the tenders?—No.

17255. Do you remember whether it was considered a long or a short time for the purpose of inviting tenders?—It was considered too short a time—that is, the first advertisement. At least, I considered it so.

**Time given in  
advertisement  
for putting in  
tenders consid-  
ered too short.**

17256. Did you make any representations upon that subject to the Government?—No; I knew that other parties had done so.

17257. Other parties in the same business as yourself?—Yes; that intended to tender. I heard so, at least.

17258. Were these persons in business in Montreal?—Yes.

17259. Why did it require, in your opinion, a longer time than was given by the advertisement?—Well, it required time to make arrangements on the other side. It was hardly possible to give full particulars in England, to get out quotations and figures and so on, in the short date which was given.

17260. When you say the other side, do you mean the United States, or the other side of the Atlantic?—The other side of the Atlantic.

**Purchase of  
Rails.**

England the  
principal source  
of supply.

17261. Where is the principal source of supply for such articles?—  
England.

17262. Does the United States compete at all with England in this  
respect?—Very rarely in this country.

17263. Did you make any tender within the time first named by the  
advertisement yourself, or your firm?—I think not.

17264. Were you arranging to make a tender under the first adver-  
tisement?—Yes.

17265. You would not have been able to make a tender unless it was  
extended?—I think so. I spent a good deal of money in cables. I  
spent in the first cables over \$50, in sending it over, and I spent over  
\$100 in cables immediately. I saw that was the only way the thing  
could be done.

17266. Did your firm depend upon the English supply in order to fill  
any tender which you would make?—Yes; we did not intend— We  
were acting with parties we represented on the other side.

17267. You mean in England?—Yes; in all cases in England.

17268. Before this advertisement for tenders, had you made any con-  
tract with any other party or Government for the supply of rails?—  
Not any large contract that I remember of.

17269. Had you, before you put in the tender, undertaken to sup-  
ply any other party with rails?—It is very hard to remember that. We  
have been in the habit of importing rails for a number of years. There  
was no very large transactions that I remember of up to that date,  
but there was always more or less doing in the way of tram rails  
and light rails for branch roads, in some of those small quantities.

17270. Would they be rails of similar character to those which you  
supplied the Pacific Railway?—No; they would be lighter rails, in iron.

17271. Not steel rails?—Not in all cases, some steel.

17272. Was it understood in the trade before this advertisement  
appeared that such things would be probably wanted by the Govern-  
ment for the Pacific Railway?—Oh, yes, I think so. It was a public  
matter of public notoriety, at least known to the public, that this  
Canadian Pacific Railway had to be built, and it was also known that  
they must have rails; that might have been known a year before.

17273. In view of the wants for the Pacific Railway had you been  
taking any steps to procure rails before the advertisement?—Yes;  
nearly a year before—some considerable time before. I think it was  
nearly a year. When I was in England, knowing that this might come  
up, I had made arrangements then that in case it ever did come up we  
could handle it not only relative to this trade, but to the whole trade  
of the Dominion.

17274. Had you, in view of the probable want of these rails, about  
the time of this advertisement, made any efforts to obtain rails in this  
country?—No; I do not know that I understand that question fully.

17275. Had you, in view of the probable want of steel rails for the  
Canadian Pacific Railway, made any attempts, about the period of this  
advertisement, but before it was published, to obtain rails in this  
country?—There was no possibility of obtaining them in this country.

Before this Gov-  
ernment adver-  
tisement had no  
contract of im-  
portance with  
any other party  
for supply of rails.

For nearly a  
year before  
advertisement  
appeared had  
made arrange-  
ments so as to be  
able to handle  
the supplying of  
steel rails when-  
ever they  
should be re-  
quired.



**Purchase of  
Rails.**

17276. Were you aware that the Bank of Montreal had any lien upon any?—No.

17277. Did you take no part in any effort to obtain any rails which were hypothecated to the Bank of Montreal?—Not that I remember of.

Does not remember trying to obtain rails hypothecated to Bank of Montreal.

17278. Do you know whether they had a claim upon any rails belonging to any other railway in this country?—You mean at that time?

17279. About that time?—I don't remember that.

17280. In case it was necessary or desirable to get a considerable competition for the supply of rails, what would be a reasonable time, in your opinion, to permit of necessary communications between this country and England?—Well, thirty days.

Thirty days a reasonable time for correspondence with England in order to have competing tenders.

17281. Have you ever considered this question: whether a larger or stronger competition could be obtained by advertising for rails in this country or in England?—I never considered it.

17282. Are you able now to give any opinion on the subject?—I think that we can get as much competition—in fact there is as much competition—here as there could possibly be on the other side. At the present time I am negotiating for rails, and there is a good deal more competition than I like—there is both in the United States and here as well.

Competition, as a result of advertising only in Canada, and advertising in England.

17283. Why don't you like all the competition that can be had?—That is all very well, but the more competitors the less your chances of getting it are.

17284. Don't you think it is a good thing for the public to get them as low as possible?—Yes, I do; if they get a good article.

17285. Is it because it makes more competition than traders find beneficial that you think it is not desirable to advertise in England?—In advertising in England, the usual course in England with makers is to do all this work with brokers in London; and, of course, these brokers tender themselves. It is not very often that these people tender direct. They very often tender through London houses, where they have agencies, and even from this side we can always get as good figures from the maker. They will recognize intermediate men here as well as they will in London.

Makers generally work through brokers in London, and will recognize intermediate men in Canada as well as in England.

17286. Upon the main question which I have asked, do you say that it is better for the purchasers of rails not to advertise in England?—Well, that is a very hard question to answer.

17287. What is your opinion upon that in the interest, at present, of the purchasers?—Well, I think their chances would be just as good in this country. I know that parties who have been tendering for rails now for the North Shore road, we competed there against several London houses. The order was known to be open in London, and we competed on this side, and we carried the order; but our prices were less than London prices.

Thinks the interest of purchaser as well secured by advertising in Canada as in England.

17288. Was that advertised in England?—Not advertised, but it was known in the trade over there about there months.

17289. You carried it, but it was not advertised in England?—Yes.

17290. Have you any reason to know that the result would have been the same if it had been advertised in England?—It was thoroughly

**Purchase of  
Rails.**

known in England. It was known that one of the largest houses in London, Naylor, Benzon & Co., were competing against us, so that it was well known in London, England, that this offer was up.

17291. Do you say, as a matter of present opinion, that a purchaser in Canada would be likely to get a large quantity of rails at as low a price by advertising only in Canada as by advertising also in England?—Yes, I am satisfied; in fact I know that has been the case.

17292. Are there agents in Canada for the principal rail supplying houses in England?—Yes, several of them.

**Agents in Canada  
for some of the  
largest makers in  
England.**

17293. Are there for all the principal ones?—Well, I may say not all the principal ones, but there are agents here for a number of the very largest there are in England.

17294. Don't you think that a purchaser would get a lower price by letting all the principal houses know of the demand?—No, Sir; the tendency of putting the thing before the whole of the makers in England is to advance the price.

17295. How do you account for that?—It gives them an idea that there are more rails wanted than there really is—more enquiry.

17296. Would they get that idea if the exact quantity required were made known?—Well, if it came only through one source they might not get the idea; but when, as it is often the case, it comes from different sources, they would naturally get the idea that there is more required.

17297. If the source from which the demand is made were published, as well as the quantity required, would that information have the effect of raising the price in the country where the rails are made?—It would have the tendency; yes.

**Market may be  
stiffened by  
advertising.**

17298. How do you account for that?—Well, if there is a large amount it certainly would have the tendency of stiffening the market.

17299. Then do you think that the best plan for obtaining a low price is not to make the want known to many persons dealing in the article?—That is put by the way of a tender. Put in the way of an offer, yes; if by tender I don't know but it might act differently.

17300. If it were put in the way of a tender how do you think it would act?—Would you mind putting that question again?

**An instance  
given.**

17301. If it were put in the way of a tender how do you think it would act: you have just said if it were put in the way of an offer it would act in one way, but in the way of a tender it might act in another way?—It might act differently. But I do not know; but from my experience in importing rails I have been enabled to compete against quotations from England, and every time or nearly every time carried the order against them. At the present time Mr. Hickson is in England; and he has issued a private note to all makers in England, asking the prices of rails at a quantity delivered in Montreal. That is, I understand he has. I learned that he is; and I am prepared to take the price that he has got, and I can make a good profit on it. I can sell them less than the figures he has got. That will give you an idea probably of what you are asking.

17302. Do you mean that other persons in the same trade in Montreal could do this and compete successfully against the direct offers

Purchase of  
Nails.

in England?—I do not know what other people can do, but I know what we have done. I think that they have done the same. That latter part of it is mere guess work on my part. I do not think it ought to be considered evidence. I don't call to mind any transaction just now, but I suppose they can do as well as we can.

17303. Do you mean that the articles can be furnished at lower prices than they have been offered to be furnished in England, at the time that you are naming; that they are in effect asking more profit than is necessary, and consequently the prices are not reduced as low as they ought to be?—No; that is not it. I merely gave the facts, and I have to leave other people to judge how it is so. There is the fact in connection with the case; I give two points.

17304. I understand you to say that these offers made to the Government, or to any other purchaser, as a rule, are made through brokers in England?—Generally.

17305. Is it not a custom in such matters that the brokers should get a percentage upon the amount of the sale?—Yes.

17306. Do you know about the general rate that brokers get upon such transactions?—Well, sometimes they make special bargains, generally from one half to one per cent.

Brokers get a percentage on sale, generally from  $\frac{1}{2}$  to 1 per cent.

17307. Does the same practice obtain in this country that transactions of that sort are managed through brokers upon a percentage?—Yes.

17308. Do you think that the manufacturing houses for these articles supply them to their brokers in Canada at a lower rate than they do to their brokers in England?—They might in some cases. That is a question that is very hard to answer without telling you the *modus operandi* in which I enter in all the transactions, and I do not care to let other people (my competitors) know how we do it.

In some cases makers might sell to Canadian brokers cheaper than to English brokers.

17309. We do not wish to enquire into that. In fact I have been asking my questions rather with a view to avoid it if possible; therefore I have asked you as to the general practice and not your own?—The general practice is to allow a commission of one-half to one per cent.

17310. Are you aware whether it has been the practice of manufacturing houses in England to furnish those articles at a lower price to Canadian agents, I don't mean any particular house, than to their English brokering agents?—Well, I can answer and explain that to you, but I don't think that the Government have anything to do with it. If the reporters will not take down what I state relative to it, if you don't mind accepting it in that way, I will explain it to you in three words, but I cannot do it in any other way.

17311. I suppose from what you have said that it would be a great advantage to the seller to know the probable amount that would be required altogether by the purchaser, so that in making offers it would be possible to throw off a percentage, and still, upon the aggregate transaction, make as large a profit: in other words, is it not likely that a person who knew that a purchaser desired a large quantity of any material would be able to give a lower price than a person who would suppose it was only a small quantity which was required?—That would depend altogether upon the state of the market.

**Purchase of  
rails.**

17312. Is not the system of selling these articles by the manufacturing houses, that as a rule they do it through brokers who get the percentage?—Yes.

A broker will take a lower percentage on a large transaction than on a small.

17313. Is it not a temptation to a broker to lose part of his percentage upon a large transaction so that he might still make as much profit as he would by getting his whole percentage upon a smaller transaction?—Yes.

Therefore material that persons tendering should know the whole amount required.

17314. Then is it not a material matter to persons tendering to know probably the whole amount that would be required?—Yes.

17315. Is it not likely that an order for a large quantity will bring, for that reason, a lower price than for a smaller quantity: that the broker or agent may be tempted to throw off part of the commission?—Yes, provided he wanted to adopt that course.

17316. Is it not the practice, in all these transactions, that a large order will bring a smaller price?—It is not customary. If a man cannot get one per cent. he had better leave the transaction alone. There is too much responsibility and risk connected with it. One per cent. is the usual thing.

Witness's firm had no means of knowing what quantities would be required.

17317. Had you any means of knowing, yourself or your firm, at this time, the probable amount which would be required by the Government?—No.

17318. Had you no means of knowing except by what appeared in the advertisement?—No; no means.

17319. Had you no information from any one connected with any of the Departments as to the probable requirements of the Government?—No; I did not know a man in the Department.

17320. Did you learn indirectly through any one else?—No.

17321. Do you remember whether your firm made more than one tender after this advertisement for rails?—I think we did.

17322. Among the tenders filed in the Department is one signed by your firm, Cooper, Fairman & Co, for rails delivered f.o.b. at Liverpool: do you remember whether that was made entirely on your own behalf, or were you then representing some other establishment in this offer?—I do not remember.

Does not remember whether they represented themselves as agents to the Government.

17323. I do not wish to enquire into your private arrangements, but did you represent yourselves to be agents to the Government?—Well, if we did we said so on the tender, I fancy. It is very hard to remember these things it is so long ago. It is five or six years ago.

**Purchase and  
Transportation of  
Rails.**

17324. There is another tender in your own name in answer to this advertisement for delivery at Duluth or Thunder Bay, suggesting also that you would tender for delivery at French River, at a reduction of 2s. a ton, this is signed by your own firm, not ostensibly as agents for any other company: do you remember whether you represented yourselves in this matter to be agents for any other company?—I think we were for another company for that.

17325. Do you mean that you represented yourselves to be agents?—Well, really I could not remember.

Tender put in on behalf of Mersey Iron and Steel Co. of Liverpool.

17326. There is a third tender signed in this way: "The Mersey Iron and Steel Co. of Liverpool, per Cooper, Fairman & Co., Agents,

**Purchase and  
Transportation of Rails.**

Montreal," this is for 5,000 to 10,000 tons of Bessemer steel rails delivered at Montreal, that being the only point named in the advertisement for delivery; in this matter I understand that you represented yourselves to be agents for another company?—Yes.

17327. Not dealing entirely on your own behalf: can you say now whether, as a matter of fact, at the time of your signing this tender in the name of the Mersey Steel and Iron Co., you were authorized to act for them in this matter?—We were authorized by them.

17328. Do you say you were authorized?—Yes.

17329. Then this transaction was between the Mersey Steel and Iron Co. on the one part, and the Government on the other part?—Yes.

17330. Accomplished through you as their agents?—Yes.

17331. Do you know whether you had any written authority from them?—I don't know as we had written authority; we had communications by cable.

17332. Do you remember where these tenders were made up and finally signed?—I do not.

Does not remember where tender was made up and signed.

17333. The envelopes in which they have apparently been enclosed do not appear to have gone through the post office: would that refresh your memory as to where they were made up?—No; most of those tenders we usually figure them up in Montreal, and then where there is anything very important we bring it up ourselves and put it into the Department, so as there shall be no going astray or mistakes. We make a habit of doing that.

17334. Just look at the original tender for delivery at Liverpool and say in whose handwriting it is?—It is mine.

17335. Look at the envelope attached to it and say in whose handwriting that address is?—It is mine.

17336. Can you say how that reached the office of the Department of Public Works?—I do not know, unless I took it myself.

17337. Do you remember whether you took it yourself?—I don't remember. I think it is very probable I did take it.

Thinks he took tender to office of Department himself.

17338. Were you up at Ottawa about the time that these tenders were put in, do you remember?—Yes.

17339. Did you have any communication upon the subject before they were put in, with any one in the Department?—No. Well, I might correct that. I may have asked questions relative to the requirements of the tenders from the Department.

17340. To whom did you ask those questions?—I don't remember from whom. I think Mr. Trudeau, though, was the party I got the information from.

Before putting in tenders asked for information from Mr. Trudeau.

17341. Did you have conversations with Mr. Buckingham on the subject?—I did not. I did not know Mr. Buckingham.

17342. Was there any person else at Ottawa about that time representing your firm?—I think not.

17343. Having seen those original tenders, can you say now whether you were authorized by the Mersey Co. to make this tender on

**Purchase of  
Rails.**

Produces no authority from Mersey Steel and Iron Co., to tender in their name.

their behalf?—I think that other letter would bear that out. In their private letter enclosed with the tender they give all those particulars to us.

17344. Will you please read from the letter to which you allude that portion which authorizes you to make this tender?—It is not alone this letter that I would rely upon for my authority. We had correspondence, and we had cables passing, a good many of them, relative to this whole subject. I got my figures and prices from them, and all the particulars connected with it.

17345. Is there any portion of that letter which you consider authorized you to tender in their name?—Well, in this letter I don't know that there is any. It says: "Should your friends place their order with us, you may rely upon us giving it our careful attention. Yours truly, The Mersey Steel and Iron Co." This is only an extract from letters we had in connection with it, not a whole letter.

17346. Who did they allude to when they say "your friends"?—Well, I suppose that the parties with whom we were negotiating; we told them that they knew the whole circumstance of the tenders being out. It is the customary phrase in addressing commercial correspondence.

17347. In this tender in the name of the Mersey Co. you included an item for bolts, did you not?—Yes.

17348. Was that authorized by the company?—No; it was not.

17349. Do you say now that your tender was made under the authority of the company?—Yes, as far as steel rails and fish-plates are concerned.

17350. Then you mean that a portion of it was authorized, and a portion was unauthorized?—Yes; I mean that the portion with regard to the steel rails and fish-plates was authorized, but the portion relative to bolts was not. We assumed the position.

17351. Did you say that some time before this, in November, 1874, when the advertisements appeared asking for tenders, that in the trade it had been understood that a large quantity of steel rails would be required?—Well, I think that any one reading the papers could come to no other conclusion. I didn't go outside of the trade to make my enquiries. I drew my own inferences from the fact of the Act being passed, and that the railroad had to be constructed.

17352. Then, was it from matters of public notoriety that you drew your inference that a large quantity of rails would be required about that time?—Not about that time; but sooner or later a large quantity would be required.

17353. Was the time at which they would be required a material matter in your consideration of the subject?—I had no idea when they would be required.

17354. But would not the probability of the time when they would be required be a material matter for your consideration—I mean in deciding whether any steps should be taken for arranging for such supplies with people on the other side of the Atlantic?—Of course it is important that I would have to know the time, because if I did not I would not be prepared to be able to make any bids.

The item of bolts included in tender in the name of the Mersey Iron and Steel Co. not there by the authority of that firm.

A portion of tender authorized and a portion unauthorized. No authority to tender in name of Mersey Co. for bolts and nuts.

**Purchase of  
Rails—  
Contract No. 8.**

Important to intending tenderers that the time when steel rails would be purchased should be known, but he had only a general idea.

**Purchase of  
Rails—  
Contract No. 8.**

17355. Do you remember whether, as a matter of fact, you did get any information as to the time when these rails would be required?—No; I had no idea more than a general idea.

17356. Do you remember whether, as a matter of fact, before this advertisement appeared you had been preparing to get such a supply in case of any invitation for tenders?—I had been preparing for nearly a year before, when I was in England, to do that kind of business.

He had however for a year before been preparing to get a supply when tenders should be invited.

17357. Had you made any arrangements as to the price?—No.

17358. Could you say about what time you began to make enquiries as to the price?—About a year before the tenders were out—not with regard to prices. I made no enquiries relating to price.

17359. I mean about prices?—I made no enquiry about prices until the time that the advertisements appeared in Montreal.

Made no enquiry as to prices until advertisement appeared in Montreal.

17360. Do you remember about the date at which your tender, or rather the tender of the Mersey Co., was accepted by the Government?—No; I don't remember.

17361. Do you remember writing a letter about the 4th of December, 1874, stating that you were leaving for England, and that before going you would like to know if the delivery of the rails would be accepted at particular points, so that you might be able to reduce the pressure on the Montreal freight market, by sending a portion *via* New York?—I don't remember the matter.

Recognizes his own writing in letter of 4th December asking whether delivery of rails would be accepted at different points.

17362. Will you please look at this letter of December 4th and see whose writing it is?—I wrote it.

17363. Who took part principally in those negotiations between your firm and the Government?—I did.

17364. It appears from the Return to Parliament that two days before this the Government had notified you that the Mersey Co.'s tender was accepted, and articles of agreement were enclosed with that notification for the purpose of having them executed: were these articles of agreement executed?—Yes, I fancy so.

Two days before Government notified witness that the Mersey Co.'s tender had been accepted and enclosed articles of agreement.

17365. In the shape in which they were sent?—I don't remember that. I know that articles were executed with the Government.

17366. Don't you know that a portion of the agreement was struck out—that portion relating to bolts?—The bolts were struck out; yes.

The part of agreement relating to bolts struck out, the Mersey Co. repudiating it.

17367. How did you become aware that the Mersey Co. repudiated the transaction as far as the bolts were concerned?—I was there.

17368. Where?—In England.

17369. Did you endeavour to get the articles executed by them as they were sent to you by the Government, or was it on your own suggestion that they might leave out the bolts?—No; I wanted them to execute it as it was sent from the Government, if I remember rightly; but they claimed that they did not make bolts, and consequently they would not execute that portion.

17370. Did they execute it then at that time, upon that occasion, with this particular portion struck out, or was it sent back to the Government for their approval, to know if the Government would accept it with that portion struck out?—I do not know.

**Purchase of  
Rails—  
Contract No. 8.**

Witness took  
articles of agree-  
ment with him.

17371. Who had charge of the articles of agreement after they were sent to you up to the time that they were executed?—They were sent direct to the Mersey people from us, or I took them, I don't remember which. I suppose, probably, I took them over with me. I may have done so.

17372. I mean this: by whose authority was it decided that the articles might be executed in the altered shape; that is, only for part of what was covered by the tender?—That is, the articles of agreement?

Does not know by  
what authority  
the mutilated  
agreement was  
signed.

17373. The articles of agreement?—I suppose they must have submitted the matter back to the Government here. I do not know. All I know is that they did not execute it. That is, they would not sign it with that in.

17374. Were you present at the time that this was discussed with the Mersey Co.?—I think I was. No; I was not present at the Board meeting. But the President told me that they had decided that they would not execute the order for bolts.

17375. Do you know whether there was any consent on the part of the Government that they would accept the contract in its altered shape instead of the shape in which they originally forwarded it?—I don't know.

17376. Then, if that was executed in the altered shape, as far as you know, there was no authority by the Government that it might be so executed?—I do not know.

17377. In making those tenders which I have shown to you in the name of Cooper, Fairman & Co., who were the individuals interested in the tender?—The individuals of the firm?

17378. Yes?—Well, I can answer, of course; but is it necessary to go into all that old matter? It has been had over half-a-dozen of times.

17379. We think it necessary, Mr. Fairman. I think it is necessary for you to state who the individuals were who proposed to deal with the Government, because this is a formal proposition by several individuals, not in their own names, but in the name of a firm?—In other words, you want to know who were the members of the firm?

The members of  
the firm making  
the above tenders  
were James  
Cooper, Charles  
Mackenzie and  
witness.

17380. Those were the words I made use of, possibly?—The members of the firm at that date were James Cooper, myself, and Charles Mackenzie.

17381. In this first contract which is spoken of as the Mersey Co.'s contract your firm appeared to be only agents in tendering, but I understand from what you say now that you were not agents so far as the bolts and nuts, but only so far as the rails were concerned?—The rails and fish-plates.

Not agent for  
Mersey Co.  
in tendering for  
bolts and nuts.

17382. As to the bolts and nuts you were not the agents of the Mersey Steel and Iron Co.?—I said before that I assumed that additional authority.

17383. You said yes to my question: did you mean that you were not their agents?—No; we were their agents for their manufactures. They manufactured rails and fish-plates, but we were not their agents for anything that they did not manufacture, and they did not manufacture bolts.



**Purchase of  
Rails—  
Contract No. 8.**

17384. This tender of the Mersey Steel and Iron Co. was the first of those which were made through your firm which was accepted, was it not?—I don't understand that question.

17385. You made several offers, did you not, upon the subject of rails and nuts and bolts to the Government, either in your own name or as agent for some other company?—No; those were the only tenders I ever put in.

Tenders put in by Cooper, Fairman & Co.

17386. These (holding up some documents)?—Yes; that you have in your hand.

17387. How many do you mean?—I think there are three there—different forms. (Looking at the tenders): This is the tender f. o. b. in our name, Cooper, Fairman & Co.; there is a tender in our name again for delivery at different points in the west; then we tender as agents of the Mersey Steel and Iron Co.; that is all relating to the same tender, and it is all relating to the same enquiry that the Government put forth at that date.

(1) Tender f. o. b. in name of Cooper, Fairman & Co.  
(2) Tender in same name for different points.  
(3) Tender in name of Mersey Steel and Iron Co.

17388. Do you understand that they are distinct offers or not?—Yes; they are distinct offers.

17389. And of all these distinct offers the only one that was accepted was that of the Mersey Co., was it not?—Yes; the Mersey Co.'s was the one that was principally accepted.

Of these tenders that in the name of the Mersey Steel and Iron Co. the only one accepted.

17390. For what quantity of rails was that accepted?—For 10,000 tons I think it was.

Thinks it was for 10,000 tons.

17391. At the time of putting in your tender had you any reason to suppose that more than 5,000 tons would be offered to any one contractor?—I don't think I had. The Government only called for 5,000, and in my tenders I put in 5,000—five or ten; "five to ten" it reads.

The Government only called for 5,000 tons.

17392. Is there any other matter connected with this Mersey Steel and Iron Co.'s contract which you wish to explain?—I do not know of any other.

17393. Do you remember which was the next contract in which you were interested, I mean on the part of the Canadian Pacific Railway?—No; I could not remember from memory at all.

17394. Were you interested in a contract with the West Cumberland Iron and Steel Co.?—I do not think we were.

17395. Nor with the contract with Guest & Co.?—No.

17396. Nor with the contract with the Ebbw Vale Steel and Iron Co.?—No.

17397. Were you interested in the one with Naylor, Benzon & Co.?—Yes.

**Contract No. 11.**  
Interested in contract with Naylor, Benzon & Co.

17398. Did that arise out of any offer made at the time that the tenders were asked for by advertisement?—Well, I don't think I can answer that; that is, I mean I don't know.

17399. Do you remember the negotiations, which led to the contract with Naylor Benzon & Co., being effected through you as their agent or on your own account?—Yes; of course I remember. There was such a transaction, but I could not, without refreshing my memory by some documents, enter into the particulars of it.

**Purchase of  
Rails—****Contract No. 8.**

How Mersey Co. supplied 20,000 tons, the Government originally asking for only 5,000 tons.

17400. (Handing witness a Parliamentary Return): Do you remember how it was brought about that the contract with the Mersey Steel and Iron Co. was for 20,000 tons of steel rails instead of the 5,000 or 10,000, which were mentioned in their tender?—I think that Government asked if the Mersey Co. would accept another 10,000 tons.

17401. Was that through negotiations of your firm?—Yes.

17402. Who made the proposition?—The Department. I think it was Mr. Trudeau or Mr. Braun.

17403. Did your firm make any proposition to the Department that this quantity should be increased?—I think not.

17404. The proposal came from the Government as far as you remember?—As far as I can remember.

**Contract No. 11.**

How contract with Naylor & Benzon was brought about.

17405. Are you able to say now, after looking at this printed report, how the contract with Naylor Benzon & Co. was brought about?—Well, it was Mr. Cooper. I see his name in the correspondence in connection with this. I would suppose from his letter that he had received an offer from the other side, that he submitted.

17406. You think it was Mr. Cooper who wrote that letter?—It is signed James Cooper.

17407. This is the original letter dated 29th of December (handing a letter to witness): is that Mr. Cooper's writing?—Yes.

17408. Looking at that letter, do you remember any of the circumstances?—The offer must have come through me, I was there in Liverpool.

17409. Do you remember what the offer was which you communicated to your Montreal firm for the purpose of being forwarded to the Government?—I do not remember; only what he says here, £10 10s. I suppose that was probably the amount.

17410. That offer was not accepted, was it?—Well, I don't remember that.

17411. Do you remember sending a telegraph message to your firm—about the beginning of January, 1875, to the effect that the Mersey Co. had signed for delivery at Montreal only, and referring to additional 10,000 tons required to be delivered at Liverpool?—I don't remember such a telegram, Sir.

**Transportation  
of Rails, B.C.—  
Contract No. 17.**

Cooper & Fairman (January, 1875) write to Minister of Public Works, offering to carry rails to Vancouver Island at £2 per ton.

17412. There is a letter reported, dated on the 4th of January, 1875, from Cooper, Fairman & Co., for the Mersey Steel and Iron Co., and directed to the Minister of Public Works, suggesting that to facilitate matters, the firm will be glad to have his instructions with reference to this quantity required at Liverpool, and the delivery of it at Vancouver Island; and that freight could be secured at £2 per ton, although £2 10s. had been asked: do you remember any of that matter being dealt with by you in England?—I remember only the question of the freights.

17413. What do you remember about that?—The freight was to be £2. The first enquiry was £2 10s., but we finally succeeded in getting it at £2.

Anderson, Anderson & Co. shippers.

17414. With whom?—I think it was Anderson, Anderson & Co., some firm in London, shippers.

17415. In getting the price for this freight, were you acting on behalf of the Government or on behalf of Anderson, Anderson & Co?—Well, I merely acted as a go-between.

17416. In whose interest?—In the interest of Anderson, Anderson & Co.

17417. Then if you were acting in their interest your object would be to get as much freight as possible, and as high a price as possible?—Yes.

17418. Was it ever understood that you were acting for the Government during this communication?—Yes.

17419. Your firm makes use of this language: "We can probably secure freight at £2 per ton:" do you think your firm meant by that, that acting in the interest of Anderson, Anderson & Co. they could secure freight at £2 per ton, which was lower than £2 10s: was that acting, or did you understand it to be acting in the interest of the Government to get it as low as possible?—Of course I was desirous not to pay more than was necessary in connection with the matter, and if I understand right there was some counter proposition from this side that they would take a certain quantity of rails if the freights could be arranged at some certain figure, and I may have had an interest in it in that way. This was a good while ago, and it is very hard to remember the reasons that prompted me to this.

**Transportation of Rails, B.C.—Contract No. 17.**  
Witness acted as a go-between in the interest of Anderson, Anderson & Co.

Witness's interest in the transaction.

17420. Did you have any personal interview with the firm of Anderson, Anderson & Co?—Yes; a good many.

17421. With whom of that firm?—I think it was Anderson.

17422. One of the members?—Yes.

17423. Did you arrange with him the price at which this freight was to be carried to Vancouver Island?—I think it was I that arranged for it.

Witness arranged with Anderson the price at which freight was to be carried to Vancouver Island.

17424. Have you a doubt about it?—Well, probably not. It is very hard, as I say, to remember back and call up all the incidents in connection with those subjects. I interviewed him and tried to get the best offer, and spoke to other parties also.

17425. Do you remember that you did interview him and arrange any price?—I remember that I did interview him, and asked him his figures as well as others.

17426. Was it not your firm who finally agreed with the Government as to the price to be paid for this transportation of rails to Vancouver Island before it was reduced to a formal agreement in the name of Anderson, Anderson & Co.?—Well, I suppose, probably, it came through us from me.

Thinks the agreement came through his firm.

17427. Do you think that it was arranged directly between Anderson, Anderson & Co. and the Government, and not through you as their agent, or as somebody's agent?—I do not know whether they had direct communication with the Government or not. I know that I interviewed them.

17428. Are you aware that it has been said that the freight paid for this was less than what the Government paid: are you aware that Anderson, Anderson & Co. were paid £1 10s. and not £2?—No.

Does not remember having heard it suggested that the freight paid was less than the Government paid.

17429. Have you heard that suggested as a fact?—I do not remember.

**Transportation  
of Rails, B.C.—  
Contract No. 17.**

17430. Did you take any part in the arrangement for the freight: I mean with any vessel or vessel owner?—No.

17431. Was this the price that Anderson, Anderson & Co. were paid by you?—They were paid nothing by us.

17432. In this matter of freight to Vancouver Island had you no interest?—No interest.

Interest of witness's firm in the matter.

17433. Neither as principle, nor as brokers, nor as commission agents?—Our interest was to get it as reasonable as we could.

17434. The object of getting it as low as possible was, I suppose, to induce the Government to order the rails?—Was it to make the offer as tempting as possible?—I really don't remember.

17435. Would it not be more likely the Government would order the rails if the freight was made as reasonable as it could be got?—That is a very natural conclusion to arrive at.

**Purchase of  
Rails—  
Contract No. 11.**

17436. In communicating with the Government about these rails, which were afterwards supplied by Naylor, Benzon & Co., were you acting on your own behalf, or as agents for them?—Agents.

Does not remember whether he put in a formal tender or merely wrote a letter.

17437. Did you put any formal tender before the Government, or was it by letter?—Well, I don't remember that—what way it went before the Government?

17438. For whom do you say you were acting in that matter?—Naylor, Benzon & Co.

17439. Were you consulting their interests in the transaction, or your own, or were you acting in the interest of the Government, as you say, to any extent?—I was consulting their interest, and my interest.

17440. You were not endeavouring to get the price as low as it could be got for the Government?—Certainly I was.

17441. Do you consider that you were acting in the interests of the Government then?—No, I do not. I would naturally want to make an offer, if there was anything of that kind to be offered, as low as possible in the hopes that the Government might accept it. It was a very natural thing to do.

Witness's principal object, profit.

17442. However, your main object was the profit to yourself?—Certainly.

17443. That was the principal object of the transaction?—Certainly

17444. The interest of any other parties would be secondary to your own then?—Certainly.

17445. Were you employed in any way by the Government to make the purchase as low as possible, on the understanding that you were to get a commission from the Government?—No, Sir.

17446. If you did get any compensation for bringing about the transaction, from whom did you get it?—From the parties for whom I worked.

17447. That would be Naylor, Benzon & Co.?—Yes; Naylor, Benzon & Co.

17448. Do you remember what the price was for which the Mersey Steel and Iron Co. tendered in November, 1874, delivered at Montreal?—I do not remember the figures.

**Purchase and Transportation of Rails—Contracts Nos. 8 and 11.**

Mersey Steel and Iron Co. tendered November, 1874, at £11 3s. per ton of 2,240 lbs. delivered at Montreal.

17449. Your tender names £11 3s. sterling per ton of 2,240 lbs.?—That must have been the price then.

17450. Can you say how much of that was for freight across the Atlantic, between Liverpool and Montreal?—I cannot say.

17451. Have you any idea of the price of this freight at this time?—Well, I have a general idea.

17452. What would you say upon your general idea?—Well, first-class steamers— It is very hard to give any figures so long ago as that, six years.

17453. Your own offer for rails delivered f. o. b. at Liverpool, made at the same time, in November, 1874, was £10 10s. sterling?—Yes.

Witness's offer delivered f. o. b. at Liverpool £10 10s.

17454. The offer made by the Mersey Co., delivered at Montreal, was £11 3s. : do these two things enable you to remember what the freight was?—No, not at this late date.

17455. If at the same date you put in these two offers you ought to be able to say?—I cannot say. These people may have got freights that I do not know anything about. Under our own name we offer f. o. b. at Liverpool, because we would escape all responsibility by that.

Nevertheless cannot say how freights ruled.

17456. Do you know the tendency of the market between November, 1874, and January, 1875 : was it downward or upward for the price of rails?—Well, I think that the market dropped after—probably after three months or so. I don't remember the date, but the market did ease away some time during that year, and eased away afterwards.

Tendency of market downward between November, 1874 and January, 1875.

17457. Could you compare the prices between November, 1874, and January, 1875?—I have no means of comparing it now.

17458. Do you recollect whether, when this transaction took place with Naylor, Benzon & Co., the price was understood to be lower than when the offer was made in the November preceding?—I do not remember that I merely submitted it.

17459. Do you remember the time you returned from England in that year of 1875?—I do not remember the date ; it was somewhere about April I should think.

17460. If you returned to this country in April, then this negotiation between your firm at Montreal and the Government was carried on by Mr. Cooper, was it not?—During what time?

17461. While you were away?—Yes.

17462. I mean about this Naylor, Benzon & Co.'s contract?—He would be the only one who would have authority to act.

17463. Do you remember that there were some conflicting statements as to the price paid or to be paid for the freight to Vancouver from England?—I don't remember any.

17464. Had you some difficulty about that in England?—No ; not that I am aware of.

17465. Was it always £2 that you agreed to pay, or less or more?—They wanted more. They wanted £2 10s. from some of the parties.

Does not think he even agreed to pay more than £2 per ton for

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freightage to Vancouver Island, or less.

17466. Had you ever agreed to pay more than £2?—I don't think it.

17467. Had you ever agreed to pay less?—I don't think it.

17468. Well, is your recollection then that all the way through that price was to be paid for transportation?—I wish to say I do not know that it was even £2 I don't remember that it was even £2, only I would infer that from some correspondence that is before me.

17469. Do you remember having any trouble in consequence of freight with Anderson, Anderson & Co., or any other firm you were negotiating with on the subject?—I don't remember any.

17470. Before you went to England at that time do you remember whether you were informed that a further contract would be entered into for rails to Vancouver Island?—I don't remember.

17471. Do you remember when you first got that information that it was desirable to negotiate for a further supply of 5,000 tons or thereabouts for Vancouver Island?—No; I don't ever remember. I don't remember the time I got it. I suppose I must have got it, but I don't remember where.

17472. Do you remember whether, in negotiating for this new supply of rails for Vancouver Island and for the freight upon them, your firm were authorized to act for the Mersey Steel and Iron Co. in any way?—I don't remember.

17473. Do you remember whether in that transaction you alone—I mean your firm—got the pay?—I don't understand your question.

The money never paid to or through witness's firm; their commission came direct from the firm in England.

17474. I mean was the price paid for the rails and the transportation paid by the Government to you or through you on behalf of any one else, either Naylor, Benzou & Co. or the Mersey Steel and Iron Co.?—Never through us.

17475. Whatever gain you had you got from the parties on the other side of the Atlantic?—Yes, the customary way.

17476. Then do you say that in this particular matter—I mean the supply of an extra quantity for Vancouver and the freight upon them, that you were not acting for the Mersey Steel and Iron Co.?—Well, what extra quantity do you refer to?

17477. I refer to the quantity which the Mersey Steel and Iron Co. would not supply; they had only contracted to deliver at Montreal and they would not undertake to deliver any at Liverpool?—And did I what?

17478. Did you, or had you any authority to act for that company in the additional supply which was got afterwards, and which went to Vancouver Island?—I don't remember the Mersey Steel and Iron Co. sending any to Vancouver Island.

Does not remember any more than one lot of rails for Vancouver Island.

17479. Do you remember whether you were interested in the purchase of any more than one lot for Vancouver Island?—I don't remember any more than one lot.

17480. Had the Mersey Steel and Iron Co. any interest in this contract for the transportation to the Pacific coast?—I don't know of their having any.

17481. Had they any as far as your firm was concerned?—No, not that I remember.

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17482. Will you look at this letter of the 4th of January, 1874—it is written in January, 1875, evidently—and say whether your firm were authorized to act in that matter for the Mersey Steel and Iron Co.?—We must have had the authority to write that letter or we would not have written it.

17483. Do you say now that offer was made apparently on behalf of the Mersey Steel and Iron Co.?—Apparently.

17484. Had you any knowledge of and authority from that company to offer to tender for the transportation to Vancouver Island?—I suppose we must have had authority, or we would not have written that letter.

Witness has no knowledge of any authority from the Mersey Steel and Iron Co. to his firm to write the letter of the 4th January, 1874, tendering for transportation of rails.

17485. Is it only from this letter that you think so?—That is all.

17486. You have no other reason for thinking so?—No other; I don't remember the transaction—the particulars of it.

17487. I understand that you, yourself, while in England took the principal part in the negotiations?—Yes, I did.

17488. Was there any person who would know more than you did?—No person else.

No person could know more than witness.

17489. And you say you don't know anything of this authority?—I don't remember. Six years have gone by and the thing has been out of my mind. After it was over there that was the last of it, and there is a good deal coming up that I cannot remember. A great deal that transpired between those parties was conversational with the president of the company and other parties.

17490. It is not improbable that you may have forgotten some of the circumstances, but still it is our duty to find out what you remember: had you ever any negotiation with the Mersey Steel and Iron Co. upon this subject of transportation to Vancouver Island, or purchase of rails for Vancouver Island?—We were acting as their agents, but I must say I certainly do not remember this Vancouver transaction that is referred to there. I do not want to appear to shirk the question because I certainly do not remember the transaction. I do not believe that the Mersey Co. ever sent any rails there.

Remembers no negotiations with Mersey Co. for transportation to Vancouver Island.

17491. At the time that this letter was written that I have shown you, in January, 1875, who composed the firm of Cooper, Fairman & Co.?—James Cooper and Frederick Fairman.

C. Mackenzie's retirement from firm of Cooper, Fairman & Co.

17492. Do you say that the partners in the firm were not the same partners who were interested in November, 1874?—Not the same partners.

In January, 1875, James Cooper and F. Fairman the firm of Cooper, Fairman & Co.

17493. Why not?—One had retired.

17494. How was that retiring accomplished?—Well, I would rather not answer that question. This thing has already been gone into, and I do not think it necessary for me to take it up and go over it again.

17495. Have you given evidence upon it?—Not on that point.

17496. Is the retiring of a member of a firm a record in your province?—Yes.

The retiring of a member of a firm a matter of record in Province of Quebec.

17497. Do you know whether the change of the members was accomplished before it was recorded?—Sometimes; it is not a necessity to record it.

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retirement  
from firm of  
Cooper, Fair-  
man & Co.**

17498. We have been led to understand, from evidence already given before us, that the retiring did not take place while you were in England: now if that refreshes your memory you can state more fully?—Is it necessary that we should enter into the question of a party retiring from the firm? Does it affect the question of our dealing with, and completing contracts, &c., with the Government so far as we carried on the contracts fairly? Of course, I can answer it. This thing has gone through the country everywhere, and our firm has been dragged before the public in every shape. This is not a very pleasant thing and I want to avoid it, if possible.

17499. Is the statement of facts calculated to do harm: if so, I can understand why you would not wish it?—That very point I have no objection to speak of, but that opens others that I have objection to discussing.

17500. Perhaps we had better deal with them as they arise: at present I ask who were the parties that were making this offer to the Government?—Under that letter?

17501. Under that letter?—James Cooper and Frederick Fairman.

17502. Now I am willing to refresh your memory, if there is any mistake about that, by saying that one of your firm has said, in giving evidence, that the dissolution could not take place because of your absence in England?—Yes.

A member of the firm said dissolution could not take place in consequence of witness's absence in England.

Legal carrying out could not take place witness being away, but the dissolution had nevertheless taken place from 1st January.

17503. Now, do you say that it did take place notwithstanding your absence in England?—The legal carrying out of it was impossible until my return. My return was delayed very long, but the dissolution had taken place from the 1st day of January.

17504. How could the dissolution take place without your being a party to it?—We had consented. The parties in connection with the partnership had consented to the dissolution, and that dissolution was to date from the 31st of December, and the only reason that the papers, though they were drawn, were not executed, was because I was absent. All the signatures, except mine, may have been on the document. I don't know about that, but my final signature was attached on my return. That is why I state in January there were only two partners in the firm. Stock was taken in January, and it was closed with my assent and the assent of the partners here, dated the 31st day of December.

17505. Had you agreed before the 31st day of December, 1874, that the partnership should be changed, and that Mr. Charles Mackenzie should no longer be a partner in it?—He did about that date. I had agreed to that—I don't remember the exact date. That was the understanding that existed between us.

The dissolution virtual but not legal.

17506. But you have said positively at the time of this negotiation in January, 1875, the dissolution had been accomplished?—Well, you can take it had virtually, but not legally.

17507. For the present we will leave out the legality. I am asking now for my present purpose about the agreement among your own minds: when did that agreement take place?—Well, it was on or about the 1st of January—I don't remember the date. If I remember exactly there was a letter on the other side the time I got there stating that Mr. Mackenzie wanted to withdraw. Of course I answered it agreeing.



17508. You say that the partnership was to end on the 1st of January, 1875: do you not remember whether that agreement that it should end then was made after that date or before it?—Oh, I think that the written documents were executed after that. I know they were.

17509. For the present I am not speaking about the written documents: I am of speaking of agreements in people's minds?—As I state it is impossible for me to tell the exact date, in either December or January, in which my consent was given to the dissolution, but it was somewhere about that date.

17510. Of course you cannot be in doubt about this: that until you had given your actual consent in some shape that it was not a binding dissolution. I am not speaking of the lawful document which evidenced the agreement, but the assent in your mind and signification of the assent to your partners: have you any doubt about that, that your assent was necessary before there could be a dissolution and that irrespective of formal documents?—There is a point there. I don't remember the wording of the original partnership, but that would depend altogether on the wording of the original partnership. Mr. Mackenzie was a special partner, and there were special clauses in connection with it. There might have been a clause by which he could go out because he was determined to go out. I did not want him to go out. I was not anxious for him to go. He insisted upon going.

17511. Have you any doubt in your own mind of the existence of such a clause in the original agreement, namely, that he had the option of his own accord to consummate such a dissolution?—I do not remember hardly any particulars in connection with that document. The document was drawn some eight or nine years ago.

17512. Have you the document itself or a copy of it?—No; I do not think so. We may have it among the old papers somewhere in Montreal.

17513. Is your recollection of the way in which the dissolution was accomplished that it was done by Mr. Mackenzie of his own accord, and without your formal consent?—Well, they got my consent. I gave my consent from England as soon as I heard of his desire.

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Written documents saying partnership should end on 1st of January, 1875, executed after that date.

17514. And when you speak of dissolution do you speak of it as being accomplished at that time that you gave your consent?—Yes; it was virtually dissolved.

17515. Will you say whether you had given your consent at that time or in that month before this arrangement about the Naylor, Benzon & Co. tender was consummated?—I cannot remember the dates. I know the letter followed me almost immediately, and I answered it. I should think my consent was given somewhere about the last of December, between Christmas and New Year.

Witness gave his consent from England as soon as he heard of Mackenzie's desire.

Thinks his consent given between Christmas and the New Year.

17516. Of course you are aware that there has been a great deal of discussion in the press and in different ways upon this subject, and it is our duty, among other things, to see what there is in this talk or rumour?—Well, those are the facts in connection with it.

17517. Can you not define more closely than you have the time that you gave your assent to the dissolution being accomplished?—No; it is very hard to define it nearer than that. I arrived there before Christmas, and, if my memory serves well, the letter followed almost the

**C. Mackenzie's retirement from firm of Cooper, Fairman & Co.**

next, if not the next, steamer that came in, and I answered it at once, so that if that is the case the letter would be sent between Christmas and New Year. I do not state that time positively, but the incidents connected with it would lead me to give that date.

17518. Have you since that time endeavoured, by looking at papers, to fix the date of this dissolution?—No; I never turned to a paper.

17519. Have you intentionally avoided that subject?—No; I did not think it necessary, the papers were pitching in right and left. I let them go on, they did not affect me materially.

17520. Do you know whether formal dissolution has been registered in the way that such things are usually done in your province?—Oh, yes; that is, my lawyers tell me so.

17521. Do you know about what date?—No, I don't remember it; it was immediately after I came back.

17522. Where was that registered?—In Montreal, in the prothonotary's office.

17523. The same prothonotary's in which the partnership was registered?—No; I think the special partners are registered in a different book, or different place, from general partners. We are general partners now, but before it was a special partnership, and there is a separate place, I believe.

17524. Perhaps you are speaking of the new partnership between you and Cooper?—No, I am speaking of both: the dissolution and the new partnership.

17525. I am asking, at present, about the document which is evidence of the dissolution: has that been recorded?—I think so.

17526. Could you say where it is recorded?—No; it is easily ascertained. It is recorded in the regular court in Montreal.

17527. Then, besides that document of the dissolution, there is another document: your new partnership with Mr. Cooper alone, is there not?—Yes.

17528. Do you say then, that after that consent was given by you to the dissolution asked for by Mr. Charles Mackenzie, he has not since been interested in these offers made?—Not since interested.

17529. Then, of course, there is no understanding that though he formally dissolved he is substantially still a partner?—No; no understanding.

17530. And no opportunity or option for him yet to come in and share in the transactions of the firm in the meantime?—None.

17531. I think you said before that the payment for the articles supplied for Naylor, Benzon & Co., and the transportation of them to Vancouver, was not made in any way to your firm, but to those parties who made the contract?—We had no part after the opening up; everything passed to them. I think even the documents passed direct to them too. Nothing passed through our hands.

17532. Could you say about how long after you arrived in England you first became aware of Mr. Mackenzie desiring to retire from your firm?—It was almost immediately, if I remember correctly.

**On witness's return the formal dissolution registered.**

**After consent of witness to dissolution, Charles Mackenzie not interested in firm.**

**Payments to Naylor, Benzon & Co., and made direct to them.**

17533. You think probably that it was the next steamer, you said.  
—Yes.

17534. You had not heard it before you left for England?—I do not remember; I do not think I had. I left very quickly. I went out immediately.

17535. Is there any other matter connected with this contract with Naylor, Benzon & Co., or Anderson, Anderson & Co., which you wish to explain?—I do not think there is anything.

17536. What is the next contract in which you were interested?—Well, I do not really remember. I have nothing to refresh my memory on the subject.

17537. Were you interested in the contract for transportation in the name of the Merchants Lake and Steamship Co.?—Yes. I don't know whether that was the next one, but I was interested in it. I think that was the next one.

18538. In either of the accepted tenders made by your firm in the name of any other parties—either the Mersey Steel and Iron Co. or Naylor, Benzon & Co.—was there any contract entered into by the Government for the transportation of rails in Canada?—There was a contract entered into with the Lake and River Steam Navigation Co. through us as agents.

17539. In either of the tenders which you made about November, 1874, did you make any offer for transportation in Canada which was not accepted?—Yes, we had made an offer for transportation through to Duluth in the round sum.

17540. What tender was that?—That is in a tender relating to deliveries at Duluth and Thunder Bay.

17541. Is that in your own name?—Yes; that is in our own name.

17542. That is not in the name of the Mersey Co.?—No. We offered in the name of the Mersey for the steel and iron, but the tender for delivery at those points was in our own name.

17543. Was that tender accepted?—We understood it to be accepted in connection with the other.

17544. How did you understand that to be accepted?—From the wording of the letters we received from the Department. I do not know whether we had just cause to consider they were accepted, but we certainly thought so.

17545. Are you aware of any letter upon that subject—I mean the subject of the transportation in Canada, other than the letter which was sent by Mr. Braun to your firm concerning the acceptance of the Mersey Steel and Iron Co.'s tender: that letters appear upon page 31 of the Return?—I do not remember any letter.

17546. That tender of the Mersey Steel and Iron Co., which was accepted has no reference whatever to transportation in Canada, has it?—No; not this particular letter.

17547. Has that particular tender of the Mersey Steel and Iron Co. any reference to the transportation in Canada?—No.

17548. Was any other tender than that of the Mersey Co.'s made by you in November, accepted by the Government?—Other than the Mersey Steel and Iron Co.?

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Cooper, Fairman  
& Co. interested  
in contract with  
Merchants Lake  
and Steamship  
Co.

Tendered for deliv-  
ery at Duluth  
in their own  
names.

Understood this  
tender to be ac-  
cepted in connec-  
tion with tender  
made for supply  
of rails.

But the tender  
has no reference  
to transportation  
in Canada.

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of rails—  
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The only explanation witness can give is that his firm supposed that the Government had accepted the question of transportation.

Does not know how they came to understand this.

They thought they had a right to deliver the rails.

Advertisement called for tenders up to 19th April, 1875; on 23rd April, April, 1875, you write a letter apparently—l mean your firm—mentioning that the advertisement, or some other reason, gave you to understand that the Government required cartage, handling and piling, which was not included in the tender of November, and that you would be pleased to attend to those additional matters for the sum of 60 cts. per ton: now didn't you understand that in writing this letter you were embracing services which were called for by tender, and which you were seeking to obtain merely by a private letter?—We contend that we were entitled to the transportation of our rails to the west. I think the tone of the letter will bear that out. I do not remember the particulars in connection with it, but I know that is my impression.

What witness understood by such a letter.

Witness does not know how his firm knew that cartage, handling and piling were required.

17549. And made by you?—I don't think there was.

17550. If no other tender than the Mersey Steel and Iron Co.'s made by you was accepted, and that tender made no reference to transportation, how do you come to write in April to say that your tender having been accepted, including the transportation, you had made arrangements to carry it out?—The only answer I can give to that is that these tenders went in together, and that in accepting we supposed that they had accepted the question of transportation.

17551. How could you understand that, when they went in in separate envelopes and were made in separate names, one made in your own name, and the other in the name of the Mersey Steel and Iron Co., how could you understand they were all dealt with alike?—I don't know how we understood it, but I know that we did.

17552. Were you aware that advertisements were published calling for tenders upon this subject of transportation from Montreal west: Fort William and Duluth?—Yes; I don't remember the tenders, but I suppose there were.

17553. Did you put in any tender upon the strength of that advertisement?—I don't think we did. I don't remember the circumstances exactly. I think we thought we had the right to deliver them—our rails.

17554. There is a copy of an advertisement which calls for tenders upon this subject up to the 19th day of April, 1875, and on the 23rd of April, 1875, you write a letter apparently—l mean your firm—mentioning that the advertisement, or some other reason, gave you to understand that the Government required cartage, handling and piling, which was not included in the tender of November, and that you would be pleased to attend to those additional matters for the sum of 60 cts. per ton: now didn't you understand that in writing this letter you were embracing services which were called for by tender, and which you were seeking to obtain merely by a private letter?—We contend that we were entitled to the transportation of our rails to the west. I think the tone of the letter will bear that out. I do not remember the particulars in connection with it, but I know that is my impression.

17555. Did you decline to tender, knowing that these items were included—I mean cartage, handling and piling?—Did we decline to tender?

17556. Did you decline to tender, knowing that the Government required other services to be performed, besides those services which you say you supposed you had previously arranged for?—I don't remember, I don't think we did. We may have done so; I don't think so.

17557. In this same letter, after the time for receiving the tenders, which letter is dated 23rd April, 1875, you use these words: "We also understand that you require cartage, handling and piling to be done by the shipper, which is not included in the tender, but we will be pleased to attend to these for an additional sum of sixty cents per ton:" now how were you aware on the 23rd of April, 1875, that these services were required?—I suppose we discovered them from the tender.

17558. What tender?—You say that the Government advertised.

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17559. Do you mean from the advertisement?—The advertisement—the date of the advertisement. I don't know any other way we discovered unless it was from that.

17560. If you knew it from the advertisement you would probably know it before the time for putting in the tender: why not put in a tender embracing these services?—I consider that the Government were already—so far as our rails were concerned, that we brought out—were already committed to us, and that is the very reason why we did not propose to tender.

Reason why Cooper, Fairman & Co. did not put in tender, thought Government was committed to them.

17561. Your whole price for this work and transportation and these extras amounted to \$6.20 per ton, I believe, did it not?—I don't remember the exact figures.

Price with these extras \$6.20 per ton.

17562. Were you aware about that time that any person else had tendered to do it including all those extras at a lower price?—I suppose that other parties tendered; I don't know.

17563. Did you know that a Mr. Samuel tendered?—I don't think so. Of course those things all came out at the time in the papers, and I knew it from that; but I don't think that I knew at the time that Mr. Samuel tendered.

17564. Did you have some arrangement with him afterwards on the subject? No, I don't think I spoke three words to him.

17565. Was any arrangement made afterwards by your firm with him?—I don't think so.

17566. Were you aware that before you actually got the contract he withdrew his tender?—I don't think so.

17567. It appears by the official documents on the subject that the decision of the Government was that he should not get the contract, and about a week after he put in a formal letter withdrawing his tender; we thought that probably might be explained in some way. Do you know anything about that?—No, I don't know anything about that.

The withdrawal of Samuel accomplished without action on part of witness's firm.

17568. That matter was accomplished without your taking any part in it in any way?—Yes.

17569. Were you, at the time of writing this letter, in April, 1875, owners or part owners of any steamboat line?—No.

When writing letter of April, 1875, had no interest in any steamboat line.

17570. One of the reasons for not dealing with Mr. Samuel appears to be that he was not proprietor of any vessels of that kind?—Mr. Samuel was clerk in a store in Montreal. He had his office next door to Jacques & Co., forwarders.

17571. After your writing that letter in April to which we have alluded you appear to have got a communication from Mr. Braun, Secretary of the Department, on the 30th May, 1875, that the cartage of 5,000 tons of steel rails and accessories from Montreal to Duluth or Fort William was awarded to you: do you remember that after that you made another bargain with the Government to carry a larger quantity?—No; I do not remember.

Does not remember the fact that his firm had afterwards proposed to carry a larger quantity.

17572. Do you remember about June of the same year you proposed in your own name, but speaking as agents for the same company, to carry from 10,000 to 20,000 tons of rails on the same terms and conditions?—Well, I suppose we must have made the proposition. Our letter is there. I do not remember the letter.

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Cooper, Fairman & Co. claimed that they wanted to deliver 20,000 tons.

In both propositions ostensibly acting for Merchants Lake and River Steamship Co.

The above steamship Co. witness thinks constructively offered in 1874.

That Co. held him to his bargain.

Though he never made a binding agreement with them.

Made a bargain with that Co. in case their tender was accepted.

But it was the Mersey Co.'s tender was accepted.

Still understood their tender was accepted for carrying 20,000 tons.

No documents on this matter which do not appear in the Report of the House of Commons.

17573. Do you remember having made such a bargain?—I don't remember the letter, and I don't know that we ever carried the extra amount.

17574. The first contract, which was apparently for 5,000 tons at the price, you name, \$6.20 a ton, would be only about \$31,000?—Yes.

17575. Now Mr. Fleming states in his report of 1880 that the whole amount paid on these two propositions of yours was \$67,126: does that help you to remember that second transaction?—Well, that must have been a continuation of our 20,000 tons. We claimed that we wanted to deliver 20,000 tons. We always claimed that.

17576. But in both these propositions of yours you say you are acting for the Merchants Lake and River Steamship Co.?—Yes.

17577. Now do you think they ever made any offer in 1874 about rails and the transportation of them: that has never been in your mind at any time has it?—They were working in conjunction with us. I got the prices from them and they held me to do the bargain, or would have done so I suppose where I signed Cooper, Fairman & Co.

17578. Do you mean that you actually entered into a binding agreement with them?—No; I got the prices from them.

17579. Well, how would they hold you because you got the prices from them?—They thought that we were held.

17580. Why do you think they thought so?—Because they spoke to me about it.

17581. What did they say when they spoke to you?—They asked why we did not carry the matter out.

18582. Do you mean that you believed that you had ever made a bargain with them to transport those rails?—I made a bargain with them that, if our tender was accepted, they should carry the rails.

17583. It turns out your tender was not accepted; the Mersey Steel and Iron Co.'s was accepted?—We consider our tender was accepted for carrying 20,000 tons of steel rails that we brought out.

17584. It is very singular you should consider it accepted unless there is some other document which does not appear here or some understanding that does not appear on the paper?—We considered it that way. Our letters all through bear out that.

17585. Are you aware whether there has been any document on that subject which does not appear in this report to the House of Commons?—No; I don't know of any.

17586. Are you aware of any understanding between yourself, or any of your firm, and any one in the Department of Public Works other than what appears in writing or in this report?—I don't know of any.

17587. Does your firm keep a record of its correspondence on business matters?—Most of the correspondence, yes; that is the largest transactions.

17588. On such a subject as we have been speaking of to-day?—Generally, yes.

17589. Have you ever looked to see if there was any letter or telegram in any shape beyond what we have spoken of which would give

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you a claim such as you speak of?—I don't remember looking. I may have done so.

17590. You never found anything if you did look?—I may have found it if I looked. It is five years ago. I merely remember the impression on my mind.

17591. Do you remember the fact of the Government entering into an agreement with Patrick Kenny to transport some rails from the ship's side to a point near it—the Lachine Cut, I believe it is called?—I believe he did transport some rails, but I don't remember what it was.

17592. Do you remember while the work was going on writing a letter to the Government on that subject?—I don't remember writing one, I may have done so.

17593. Do you remember writing in July, 1875, to Mr. Trudeau, the Deputy Minister, to this effect: that the extra carriage on rails after they have been once loaded will be very little to Kingston, and will be allowed to parties carrying them from there west, and that as nearly half the last rails for Duluth and Fort William were sent by barge to Kingston, the canals only taking or allowing eight feet, and that you understood that the Government had large grounds and docks at Kingston, and that you therefore undertook to deliver and pile at dock in Kingston, say 10,000 or 15,000 tons of rails at \$1.30: do you remember writing any such letter?—I remember the substance of the letter.

Remembers July, 1875, writing a letter proposing to transport and dock 10,000 or 15,000 tons of steel rails at \$1.30 at Kingston.

17594. Do you remember that your firm wrote such a letter?—I suppose they wrote the letter.

17595. What led you to make that offer spontaneously apparently?—Well, I don't remember the circumstances that led me to make it, but I suppose that there had been a block in Montreal, the rails arriving too fast, and that it was necessary that something should be done. I do not give this as the reason why it was dictated, but I would naturally suppose that was the reason of it.

17596. Do you know whether in moving rails from Montreal westward to any point on Lake Superior, for instance, that a transshipment is generally necessary at Kingston?—Not in all cases.

17597. Do you know whether it generally takes place?—It does sometimes.

17598. In this same month of July, 1875, it appears by the printed Return that your firm addressed the letter to Mr. Trudeau, the Deputy Minister, to this effect: That you understood that the Government purposed removing steel rails to the canal bank, near Lachine; that you would, the next day, tender for transportation there, including carting, freight and piling, and trusting he would kindly not close the matter until he heard from you: do you remember anything of that matter?—I remember that there was some correspondence relative to that, and I have no doubt we wrote such a letter.

Remembers July, 1875, proposing to remove steel rails to canal bank near Lachine.

17599. How did you know that the Government proposed to remove those rails to the canal bank near Lachine?—I don't remember.

17600. There was no advertisement on the subject, was there?—Well, I don't remember that either. We were receiving those rails on behalf

**Transportation  
of Rails—  
Contract No. 20.**

of the Mersey, that is looking after them, seeing to the checking, and so on, and getting proper receipts for the Mersey people, and we would naturally know they were getting booked there, and very apt to know something would have to be done for them; but I would get the information from the Government agent there that something had to be done at once, and I would naturally make a proposition to do it.

17601. Do you know whether the movement of these rails to the Lachine Cut diminished the cost of the transportation of them to the west, or was the cost just as great from this point where they were moving to as if they had been left in Montreal?—I really do not know.

17602. Did you make an offer to the Government on that subject afterwards?—I really do not remember. I may have done so. If I remember correctly, there was a jam in Montreal, and there would have to be something done, either put them in store or something else.

**Contract No. 22.  
Not interested in  
Holcomb &  
Stewart's offer.**

17603. After this letter of yours of 14th July, 1875, proposing to remove all rails to Kingston, Holcomb & Stewart made an offer to the Government: were you interested in any way in that transaction with Holcomb & Stewart?—No; not that I remember of.

17604. In the following year, on 16th May, 1876, a subsequent contract was entered into with the Merchants Lake and River Steamship Co., for the transportation of rails from Montreal, Lachine and Kingston, westward: had you any interest in that contract?—I don't think we had.

**Contract No. 27.  
Jacques & Co.  
connected with  
Lake and River  
Steamship Co.**

17605. That appears to have been submitted to public competition, and Jacques & Co. appear to have made the successful tender: do you know who they are—whether they are connected with that line?—I think they were.

17606. Your firm appeared to have tendered, naming \$5.40 per ton to Fort William, \$5.40 per ton to Duluth, \$5.40 per ton to Fort William, and \$5.40 per ton to Duluth again, the first two being from Montreal and the last two from Lachine; so you appear to make no difference in the price of transportation from Montreal and Lachine: do you know now whether there was any difference in the cost of transportation from these two places westward?—Well, it is a very hard question to answer because some bargemen or propellers might be willing to take them at a less price from Lachine bank than they would to go down in the basin and take them among the ships there. I should not think there would be very much difference at any rate, if any.

17607. Do you remember the next contract in which you were interested?—I do not.

**Railway  
Spikes—  
Contract No. 29.**

17608. In July, 1876, there was a contract with your firm for spikes for Fort William?—I know we had a contract with the Government for spikes.

17609. Do you remember whether that was let by public competition?—I think so.

17610. An advertisement appears to have been dated July 7th, 1876, calling for tenders up to noon the 24th of July?—What is the date of our tender?

**Witness's tender  
the lowest \$57  
per ton.**

17611. The tenders were opened on the 25th July, 1876; in this matter your tender appears to be the lowest, \$57 per ton: is there



any explanation which you wish to give in this matter?—None. I think we executed the order all right and got our pay.

**Railway  
Spikes—  
Contract No. 29.**

17612. The next one appears to have been contract No. 30, for bolts and nuts: have you any recollection of that matter?—I have.

**Bolts and Nuts—  
Contract No. 30.**

17613. What about it?—If I had anything to give me any reminder on the subject— I, of course, remember we had a contract for bolts acting for parties.

17614. Do you know whether that was submitted to public competition?—I don't know.

**Does not know  
whether this sub-  
mitted to public  
competition.**

17615. Do you remember that in consequence of not fulfilling the contract with the Mersey Co., as far as it related to bolts and nuts, it became necessary for the Government to get the same quantity or about that from some other parties?—Yes.

17616. Who supplied these bolts and nuts in the name of the Bolt and Nut Co.?—The Toronto Bolt and Nut Co.

**Robb & Co. sup-  
plied articles.**

17617. Robb & Co.?—It is Robb & Co; the Toronto Bolt and Nut Works I suppose would be the proper title. We were their agents in Montreal.

17618. Where were they made?—Their factory was in Toronto.

17619. Were the bolts and nuts supplied there under this contract?—I don't think they were.

17620. Where were they supplied?—If I remember right the factory burned down before they executed the order.

17621. How was it carried out?—The Patent Bolt and Nut Co. of London got the contract ultimately.

**The Patent Bolt  
and Nut Co. of  
London; got the  
contract.**

17622. Who managed that transfer from the name of Robb & Co. to this new firm?—The new firm, the Patent Bolt and Nut Co.?

17623. Yes?—I think it was myself. I think I notified the Department of the fire, and that they would have to get the bolts and nuts somewhere else.

**Witness made  
arrangements  
with these.**

17624. Then where were they delivered under this new contract?—They were delivered in Montreal. I remember we had to pay the duties on them. I objected to paying the duties, but they said no matter where we got them the duties had to be paid. All the other bolts that came in. I was told so by the parties who delivered them—the parties delivered them in bond in Montreal. We had to pay the duties.

**Had to pay duty.**

17625. If these had been delivered as was originally intended in the Mersey Co.'s tender, would duties have been paid?—No; they would have been in bond. The Government would have to pay the duties.

17626. And why was it you were called on to pay the duties: was it because the new contract was made to deliver them by Robb & Co. in Toronto?—I suppose so. The Government were very arbitrary and they just notified us to pay the duty. I protested against it, but they paid no attention to the protest and made us pay it.

**Reason why they  
had to pay duty.**

17627. I suppose Robb & Co., had no connection with the Mersey Steel and Iron Co.?—No; I think not.

**Bolts and Nuts—  
Contract No. 30.**

17628. The whole thing was arranged by you for your own benefit and on your own behalf as a commission merchant?—Yes; we knew the Government had to have these things, and, of course, we tried to secure them for them through our friends—that is, the parties whom we represented.

Contract brought about because of a letter of Cooper, Fairman & Co.

17629. This contract appears to have been brought about in consequence of a letter from your firm, and not by public competition: is that as you understand it?—Well, it was on account of the Mersey refusing to carry out the—refusing to supply them.

17630. That is the November tender you mean of the Mersey Co.?—Yes.

17631. But in March, when this new arrangement was made, there was no competition was there?—I do not know.

17632. Did you take part in any competition, or did you just make a spontaneous offer?—I made an offer—at least I suppose I did. I don't remember the exact wording of the letter. I made an offer that they should transfer that order to Robb & Co., whom we represented. We were agents for them.

17633. Do you remember whether the prices of those articles had fallen since November?—I do not remember.

Cannot remember the state of the market.

17634. Cannot you tell now about what you gave for these, whether the market was really lower at that time than in November?—I really could not tell.

Does not remember whether market went down between November and March.

17635. If the tendency of the market had been downwards from November to March, it would probably fix itself in your memory when you took part in a transaction in March based on the November offer: don't you remember whether it was more profitable than the offer you made in November?—I do not. I remember we had to pay duties; that is the strongest thing impressed on my memory. We sent in a protest.

17636. You have told us that already?—It cost us some \$1,200 or \$1,500, I do not remember the exact figures, but between \$1,200 or \$2,000 duties, we had to pay on them, so that, as far as we were concerned, we had not much profit left.

17637. You say that you considered it a hardship to have to pay the duties?—Yes.

17638. Don't you know that in March, when you made the offer to supply them, you proposed to pay the duties?—Yes, I remember that. That was the trouble. We supposed and intended, and Robb & Co. intended, that the bolts should be made in this country, and being made in this country, they would have to pay duty on the iron coming in, and there would be the employment of the labour, and to emphasize it, that they should transfer to Robb & Co. I very foolishly said the duty should be paid—that is on the iron. Then when the factory got burned down that thing came against me.

17639. Do you remember the price you got for these bolts?—I do not.

\$101 per ton, price for bolts and nuts

17640. \$101 per ton appears to be the price named in the records?—That would be probably correct. I do not remember the figures.

17641. Are you aware whether other persons had, either in November or before that, or any time up to March, offered to supply

bolts at a much lower price?—At the time I don't think I had a knowledge of it; but, of course, afterwards all this became public property, and I did know. That is, I don't think at the time I entered into that arrangement there I knew anything about the figures of other parties.

17642. Do you know any reason why your tender for \$101 a ton was accepted in March, if those lower offers had been previously made?—That is the Mersey Steel and Iron Co.?

17643. No; I am speaking of your offer in March: the Mersey Co., as I understand it, made no offer on the subject?—My offer in March for Robb, is that the one you refer to now?

17644. Yes; I am asking if you know of any reason why your offer in March, at \$101 per ton, was accepted in preference to these previous offers which were made at a lower price?—I did not know at that time that they were lower.

17645. They were known to the Government: have you any explanation of that matter?—No explanation, other than they were the bolts that belonged to these particular rails, and it is usual in ordering rails to order the fish-plates and bolts. They must correspond; and it is usual to order them from the same parties.

**Bolts and Nuts—  
Contract No. 30.**

Learned since that other parties offered to supply bolts and nuts at a lower figure.

No explanation to give why Government should have accepted his offer higher as it was than others.

17646. Is that the reason you got the order for Robb & Co. when the rails were supplied by the Mersey Steel and Iron Co. in England?—We applied for it and got the rails from the Mersey Co.

17647. Does your explanation fit in this transaction do you think?—Not very well. That is the way I would likely do it. The Government do as they like.

17648. Is there anything further about that particular contract, the Robb & Co. contract, which you wish to explain?—No; I don't know of anything else.

17649. Your next contract appears to be in the name of the Patent Bolt and Nut Co. for some bolts and nuts for the Vancouver rails: do you remember how that was brought about?—I do not. I suppose we acted for them, and they did business direct with the Government. We opened the negotiations, or something of that kind. We were their agents here, you know.

**Contract No. 31,  
B.C.**

Cooper, Fairman & Co.'s contract in the name of the Patent Bolt and Nut Co.

17650. There appears to be an offer on March the 2nd, 1875, as you will see by looking at Exhibit No. 149, is that your writing?—That is my writing.

Offer of Cooper, Fairman & Co., in March, 1875.

17651. How did you come to quote or make any propositions to the Government on this subject in March, 1875?—I don't know, unless I would naturally know they were shipping rails there and must have bolts.

Does not know how he came to make this proposition.

17652. Was there any invitations for offers on this subject as far as you know?—There may have been, but I do not remember any.

17653. As far as you are concerned, do you think it was spontaneous?—I think so. It is a proposition I would make to any company on anything of that kind.

Offer spontaneous.

17654. Do you consider it usual that offers of this kind should be made to the Government without advertisement or request for tenders?—I never thought a moment on this subject. They had my propositions and they were accepted, and that is all I wanted.

**Bolts and Nuts—  
Contract No. 31,  
B.C.**

17655. This particular lot had not been included in any previous offer, in November or any other time, had it?—I don't think so.

17656. This was the first and the last of the transactions as far as you know, that you made a spontaneous offer at this price and the Government accepted it?—I don't know whether the Government accepted it.

17657. Don't you know it was carried out?—I don't remember.

17658. Don't you know about that transaction of the Patent Bolt and Nut Co. being carried out?—I remember we had a transaction with the Government in connection with the Patent Bolt and Nut Co., but I do not remember the particulars of it. I suppose we got our commission and that was the end of it.

Could not say if the market had gone down in March, 1875.

17659. I think I asked you before if you were aware, about the time you made this offer in March, 1875, whether the market had gone down since November?—I could not say.

17660. Do you remember this impression on your mind: that in March you got a higher or a lower price than would have been got in November?—You see, steel and iron they don't always run in the same direction, particularly steel rails. It is hard for me to say. I do not remember how the iron market went. Of course the prices of bolts are regulated by the iron market.

Would not like to say one way or the other.

17661. We had been led to understand by a previous witness that in March, 1875, the market price for bolts was considerably lower than in November, 1874—perhaps £2 sterling per ton: does that statement refresh your memory at all on the subject?—No, I would not like to say either one way or the other on the subject.

At Department talked with Mr. Trudeau, Mr. Braun and Hon. A. Mackenzie.

17662. In this contract, or in all these others that I have spoken about, had you communication, by private interviews, with any person connected with the Department?—Not private. I went to the Department when I wanted to make any special enquiry, and talked principally with Mr. Trudeau.

17663. With whom else did you discuss matters?—Well, Mr. Braun; and I may have had one or two interviews with Mr. Mackenzie.

17664. With any one else?—Not that I am aware of.

17665. There are some letters here addressed to Mr. Buckingham: did you address any letters to him on the subject?—Not that I remember of.

17666. In any of those interviews did you discuss these offers that you have put in writing, and which we have been enquiring about?—No, I do not remember of ever having done so. If I had any enquiries, or any conversation with him, it would be relative to some points in some contract I had on hand, or was to tender for.

17667. Something in reference to matters you had already contracted for?—Yes.

In his conversation with persons connected with Departments had no discussion as to contracts not completed.

17668. Do you mean that you had no discussion as to the expediency of the Government accepting any of these contracts which you ask for by a spontaneous letter?—No.

17669. Nor as to terms being discussed after the letter?—Not that I am aware of. I generally wrote those letters from Montreal, and they were answered.

17670. Had you not some one here who was conducting these negotiations on behalf of your firm?—No; never.

17671. The next contract is one with you in your own name, not as agents for any firm, but only yourselves apparently, and it commences with a letter from you on the 19th January, 1877, to Mr. Trudeau, to this effect :

“ We understood last fall that the Department was in want of a further supply of railway spikes for Duluth, but owing to the advance in freights and insurance we were not able to supply at the same price as contract for Fort William which was taken very low. We are now, however, prepared to deliver 100 tons or more at Duluth, at the opening of navigation at the same contract (above mentioned).”

That contract was about July, 1876, and the price was \$57 per ton : do you remember these circumstances?—I remember from your reading that letter. I do not remember the letter.

17672. Do you remember proposing such a thing to the Government as this : that they should, in January, 1877, allow you to furnish spikes at the price of the previous contract which was a very low price?—Well, I have, since you have read it, a very faint recollection of it. If I had the letter (Exhibit No. 153) I could probably confirm it.

17673. Here is the letter?—Yes; this letter was written by us.

17674. By yourself?—By myself.

17675. Now, looking at the letter, can you give any further explanation of the matter : can you say, for instance, how it is that you came to know that they wanted 100 tons at Duluth, if there had been no public competition on the subject or no advertisement?—I am sure I do not know. I remember one incident, that of Ryan. Either Ryan told me or some other parties told me that they had bought some spikes in Toronto. I do not know whether it refers to this particular time or not. That is all the impression I have on my mind relative to spikes up there.

**Bolts and Nuts—  
Contract No. 31,  
B.4.**

Had no one in Ottawa conducting negotiations on behalf of his firm.

**Railway  
Spikes—  
Contract No. 32.**

Letter of January 19th, 1877, offering to supply iron spikes at \$57 per ton the price paid in July, 1876, and which is described as low.

Cannot explain how he came to know the Government wanted 100 tons of spikes there having been no call for tenders.

17676. Do you think now, when you stated in that letter of January, 1877, that the price in the previous contract was a very low one, you were correct?—I probably was, or I would not have said so.

17677. Do you think you proposed shortly afterwards to supply them considerably less?—If I did I succeeded in getting them from the makers for considerably less.

17678. As a matter of fact, do you remember whether this supply was submitted to public competition?—I do not remember. May I call your attention to this letter. It does not state that I offered to take it at a very low price, but I merely said that the contract taken the previous year, at \$57 per ton, was very low. There is no doubt but it must have been very low at that time, and I offered in the following spring to supply some more at the same price.

17679. But didn't you offer then, in January, 1877, to supply some more at the same price?—Yes.

17680. Do you mean when you offered to supply them at the former price that you did not intend to indicate that it was a low price for that time?—Well, it might bear that construction, but the intention here is, I merely made the statement that that figure of \$57 in the fall previous or the summer previous was a low price.

17681. A low price for that time?—Yes.

**Railway  
Spikes—  
Contract No. 32.**

17682. But not for the time you wrote this letter?—It would bear that construction.

Wrote the letter with the intention of suggesting that \$57 per ton was a low price in 1877.

17683. Did you write it with the intention that it should bear that construction, that \$57 was a low price?—Yes; it would bear that construction.

17684. Do you say now it was a low price then?—I cannot remember.

17685. Tenders appear to be called for on February 19th, 1877, for the supply of from 100 to 300 tons of these spikes, and you appear to have made tenders upon the subject?—What date: under what date did we tender?

17686. The time for receiving tenders was Tuesday, the 13th day of March, so it must have been no later than that date: do you remember anything connected with this tender as to the price of it?—No; I do not.

Soon after he tendered at \$54.95.

17687. The prices among the different tenders range from this which is the lowest, \$54.95, up to \$75: do you remember whether about that time there was any very close competition in the prices of these things?—I do not. I do not know I ever heard before any figures excepting my own.

Before putting in tender may have found out that Pillow, Hersey & Co. tendered at \$55 per ton.

17688. There was another tender of 5 cts. a ton above yours: do you know whether you found out their price in any way before you put in your tender?—We may have done so.

17689. Do you remember how?—No; I do not. Who were the parties?

17690. Pillow, Hersey & Co.?—I do not remember that we did, but I say we may have done so.

17691. If you did do so, do you know through what channel you would have done it?—I would do it from Pillow, Hersey & Co. themselves. We were on very intimate terms.

17692. Were you rivals of theirs or were you interested in their tender?—We were working with them.

17693. In this matter?—I don't know as to that matter, but I know we have worked with them in other transactions.

Has worked tenders together with Pillow, Hersey & Co.

17694. Was this putting in of the tenders in these two names, one Pillow, Hersey & Co. and one Cooper, Fairman & Co. for the benefit of the two firms?—I cannot tell. We have worked tenders together in that way not only in this case but in other cases—if this is one case, which I do not know. If we worked together in that matter we had an understanding before we made out our tenders that we would put in the tenders so.

17695. The price which you received is, you see, somewhat less than the \$57: do you remember whether there was any decided fall between the time you wrote that letter and the time you put in that tender?—I do not remember; but you name some parties and quote \$75, so there was not a very great decline. \$57 is a low price to-day for good spikes delivered up there at that point.

Prices may have fallen between 19th January, 1877 and 30th March, 1877; but he does not know.

17696. I am asking about the fall, so as to account for this difference in your view between 19th January, 1877, and the 30th March, 1877, at one date you suggest \$57 as a very low rate, and in the last that

Railway  
Spikes—  
Contract No. 32a

\$54.95 is sufficient?—It may have been, because iron moves very rapidly sometimes.

17697. Of course we understand it may have been, but I am asking how it was?—Oh, I don't remember. We have a great many transactions passing through our hands all the time, it is perfectly impossible for me to remember all the circumstances and particulars unless there is something marked.

17698. We were in hopes, after you were subpoenaed, you would refresh your memory so as to give us all the information possible?—I had not the slightest opportunity to do so. I left Montreal to move west unexpectedly, and then I supposed you had all the correspondence and printed forms here, and that would give me all the points I would want.

17699. Were you interested in a transaction between the Government and the North-West Transportation Co., moving rails from Kingston to St. Boniface?—I don't think it.

17700. Do you remember what was the next transaction in which your firm was interested?—I do not, unless it would be some more spikes.

17701. There was one, No. 35, for spikes, Fort William and Duluth, **Contract No. 35.** do you remember whether that was submitted to public competition?—I think so.

17702. There is an advertisement on the 21st of February, 1878, calling for tenders up to Tuesday, the 19th March following; in this matter I think you were successful by about 5 cts. a ton: do you remember whether you had any arrangement such as you spoke of with the other firm?—I think it is probable we had with Pillow, Hersey & Co. We have a great many transactions with Pillow, Hersey & Co. We buy very largely from them, and they buy very largely from us. Our transactions amount to a good many thousand dollars per year.

Cooper, Fairman & Co. 5 cts. a ton lower than the next lowest tenderer.

Thinks it may have been by arrangement.

17703. Do you know whether in this matter you had such an arrangement; they appear to be 5 cts. a ton over your tender?—I cannot state positively, but possibly it was so.

17704. Upon looking more carefully at the list of tenders, I find that there was an intervening tender, Lee & Leys, 5 cts. a ton over yours, Pillow, Hersey & Co. being 20 cts. over theirs: do you remember whether you had such an arrangement with Lee & Leys?—Never.

17705. Do you know whether you had any information as to the price of their tender before you put in yours?—No.

17706. Have you at any time received such information upon any such subject from any one in the Department?—No.

17707. I mean the price or substance of any other party's tender?—No.

17708. Are you aware of any person in any of the Departments obtaining any advantage or pay for any information or assistance given to any one in connection with any contract or tender?—No.

Aware of no special information or improper influence being extended to any one.

17709. Neither yourself nor any of you, nor any other person?—No.

17710. Are you aware of any Member of Parliament or any Minister obtaining any advantage for any such assistance?—No.

**Railway  
Spikes—  
Contract No. 35.**

17711. From any firm or any member of a firm?—No.

17712. Are you aware of a member of any firm or any individual getting any advantage above their actual rights through any Member or any Minister?—I do not remember of any.

17713. Are you aware of any such person getting any such advantage or any favour through the assistance of any person connected with a Department?—I do not know of any.

17714. Are you aware of any promise being made to any Minister or Member or any one connected with any Department to compensate them for any favour or advantage given to any one?—I do not remember of any.

17715. Is there any other matter connected with these contracts in which you have been interested, that you wish to explain?—I do not remember anything just now.

17716. Have you been interested in any other transaction which I have not mentioned in connection with the Canadian Pacific Railway?—I think not.

17717. Is there any other matter connected with the Canadian Pacific Railway which you can explain by way of evidence?—I am not aware of any.

17718. Is there anything further that you wish to say upon the subject, either of the connection with the Canadian Pacific Railway or the arrangements between your firm, or any other matter which has been alluded to in this evidence?—I do not remember anything just now. I suppose I will remember after I go away plenty of it.

17719. Have you nothing further to say on the subject?—Nothing further.

OTTAWA, Saturday, 27th November, 1880.

**TRUDEAU.**

TOUSSAINT TRUDEAU'S examination continued:

**Tendering—  
Contract No. 61,  
B.C.**

*By the Chairman:—*

**Contractors:  
Purcell, Ryan,  
Goodwin & Co.**

17720. What is the next contract?—Contract No. 61. It is for the construction of twenty-nine miles of railway in British Columbia, between Boston Bar and Lytton. The contractors were Purcell, Ryan, Goodwin & Co. The date of the contract was the 10th of February 1880.

17721. Was this work let by public competition?—Yes.

17722. At the same time as the last contract?—Yes.

17723. I mean was the advertisement for tenders issued at the same time?—Yes.

17724. Have you a separate report on the tenders for this section, and the time of their being opened?—Yes; I produce it. (Exhibit No. 244.)

17725. Who were present at the time of the opening?—Mr. Fleming, Mr. Braun and myself.

17726. At what date was that?—On the 20th of November, 1879.

17727. That is some days after the time named for receiving tenders?—Yes.

**Tenders opened  
20th November,  
1879.**



Tendering—  
Contract No. 61,  
B.C.

17728. Do you remember why the opening was delayed?—Because the Minister of Railways and Canals was absent, and the opening was delayed until his return.

17729. Were these tenders in the same parcel as the ones you described last time you were giving evidence as to section A?—Yes.

17730. At that opening did you find any tenders which you excluded from the competition as far as this section B is concerned?—There was one tender from Brown & Corbett which was received too late, and besides had no cheque in it. One tender from Brown & Corbett received too late and had no cheque.

17731. Was there any other security with it equivalent to a cheque?—No.

17732. Have you that tender which was so excluded, as well as the other tenders?—Yes; I produce fifteen tenders. (Exhibit No. 245.)

17733. If this tender had been allowed to compete, would it have been successful over the one which was accepted?—No; it was not the lowest. This late tender not the lowest.

17734. Was the one which was accepted the lowest of all the tenders?—Yes. The lowest tender accepted.

17735. Was the contract executed finally with this same firm who made the lowest tender?—Yes.

17736. Have you the contract or a copy of it?—I produce the original; and a true copy of it is to be found on page 36 of the Blue Book of 1880.

17737. This printed copy will answer our purpose without the filing of the original: do you know whether this contract was afterwards transferred, or whether another was substituted for it?—Yes; on the 10th of February, 1880, it was transferred to Andrew Onderdonk. 10th February, 1880, transferred to Onderdonk.

17738. Have you the transfer?—Yes; I produce it. (Exhibit No. 246.)

17739. Was this transfer from the original firm to Mr. Onderdonk assented to by the Government, and was he accepted as the contractor in lieu of the original firm?—Yes; it was assented to by Order-in-Council, which I produce. (Exhibit No. 247.)

17740. This Order-in-Council is dated in June, 1880, while the transfer to Onderdonk is dated, as you said, in February, 1880: do you know whether there was any doubt or delay in the recognition by the Government of Mr. Onderdonk's position as assignee? In the Blue Book of 1880 there is a short correspondence between the Minister of Railways and Mr. Trutch upon the expediency of this transfer, perhaps that may assist you in explaining the matter?—Before assenting to this proposition the Department required time for consideration. Before assenting to proposition Department required time for consideration.

17741. Do you know whether there was any hesitation on the part of those original contractors to carry out the proposed transfer and that that led to some delay; although the document is dated on the 10th of February, it may not have been executed so early as that?—I find nothing in the correspondence on the subject.

17742. Are you aware of any personal interviews, or did you take part in any, in which that matter was discussed by any of the original contractors?—No.