

Sir Thomas Shaughnessy—*Continued.*

Mr. McPhillips: We always have the Courts of law to preserve justice or administer justice. I do not think it would necessarily follow that because Mr. Creelman gave his own opinion to his Company that would be considered final; his opinion is entitled to credit, but yet, at the same time, the Company might have been called upon in an action brought by the Crow's Nest Coal Company.

Q.—Now, Sir Thomas, you made the suggestion that this transfer might have been carried out on the initiative of the Government, the transfer from the one Company to the other? A.—Yes.

Q.—I would like you to read a telegram here of the 23rd of July, 1901; and you will recollect that that was followed up by the Order in Council of the 10th of August. This is what Mr. Brown telegraphed you on the 23rd of July, 1901: "Feel now that with prompt decision south-east corner and probably section lying between B. C. Southern block 2 and Elk River might be secured as lieu land third section Columbia and Western, and at same time finally close B. C. Southern matters. Provided make extremely liberal cession acreage Columbia Western would obtain full acreage first section, which would largely absorb available area contiguous. This would preclude of obtaining full area third section. In any event, in view advantage establishing lieu land precedent very necessary in fourth section settlement, and in view land commissioner opinion land contiguous to line no value anyway, would like your approval go ahead on these lines." A.—That is in July?

Q.—That is the 23rd of July. So that, apparently, you had on the 23rd of July some knowledge of what Mr. Brown was attempting to carry out by the Order in Council of the 10th of August? A.—The result of the negotiations between him and the Government; yes, up to that point.

Q.—On the 23rd of July, 1901. A.—And the British Columbia Southern Order having been—

Q. (Interrupting)—Let me see if your answer is here. You answered on the 24th of July, 1901, as follows: "First and second sections cover land between Rossland and Robson. You understand nature of agreement between Heinze and Company with reference to lands earned by construction of these two sections. We can make no bargain that will interfere with delivery full quantity of land without giving Heinze ground for claim, and he will have undivided half-interest in any land received in connection with these two sections. So that the arrangement will be confined to third and fourth sections. Do not quite understand your message, and would like further information after you have read this message." Did you get any further information in regard to that? A.—I think the messages follow on, Mr. McCaul.

Q.—The point I want to make is: You understood, then, at that time that Mr. Brown was trying to get these two particular blocks in connection with the Columbia and Western land subsidy? A.—That is, whether the suggestion originated with Mr. Brown or the Government, that negotiations had reached that stage on the 23rd of July.

Q.—Yes; we have Mr. Brown's evidence with regard to how the negotiations started and came about? A.—Yes; that he would know about.

Q.—That eventuated in Order in Council 393 of the 10th of August, 1901, assented to on the 4th of September; and on the 5th of September, 1901, we find that this Pacific Coal Company gazette their letters patent, which were dated on the 31st of August, 1901. Were you in touch with the proceedings being carried on by the Pacific Coal Company in relation to their organisation? A.—Yes; the suggestion originated with me.

Q.—And were you kept informed as to the position of affairs with regard to the issuing of these letters patent? A.—The question first came up in Toronto, when I was visiting Toronto, and when in Mr. Osler's office I was discussing our coal affairs, with Mr. Matthews and Mr. Osler, among other affairs of the Company. I said, in the eastern part of the country the Company have got a partial monopoly of the coal. In the western part, the Great Northern have the control of the coal supply east of the mountains; the Canadian Pacific are not in a position to go into the coal business, and I think we should form a company to provide facilities, machinery, for operating coal lands throughout the Dominion. And I asked Mr. Osler and Mr. Matthews if they would become directors in such company, and they fell in at once; and we telephoned for Mr. Creelman, who was not then connected with our Company, and he came over and we gave him instructions about incorporating a company; and I gave him the names afterwards of the other directors, after my return to Montreal.

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Q.—And afterwards the application was made and signed by the directors of the Canadian Pacific? A.—They were all directors of the Company.

Q.—Mr. Creelman, at that time, was not your solicitor? A.—No, not at that time. If you would permit me, probably I might say this; then the matter remained dormant for I don't know how long a period, probably because it required a deposit of \$50,000 and we had no particular prospecting in view excepting the Jennings property, to which I referred yesterday.

Q.—That is, at the mouth of the Crow's Nest Pass? A.—Up at the summit on the boundary line between Alberta and British Columbia. We found, on examination of that property, that it did not amount to anything, it was not worth bothering with, and we dropped the thing for the present. The next investigations were made down in Cape Breton, where we spent about \$10,000 on lands we took an option on, supposed to be coal lands, developing the fact that there was no coal there. And that was the extent in which the Pacific Coal Company played any part in our affairs.

Q.—That is, that you did not see it was advantageous to make the deposit of \$50,000 with the Government until on or about the 31st of August, 1901? A.—Yes.

Q.—And, as I understand you to say, that while these facts seemed to follow in some co-relation of order, your explanation is now that it is a mere coincidence? A.—A mere coincidence, nothing more. I wish to say most positively that at no time from the beginning of our ownership of the British Columbia Southern Railway charter or the Columbia and Western charter, up to the present moment, has there been one single thought of the organisation of any company, either the Pacific Coal Company or any other company, with a view to taking any portion of the lands of the Columbia and Western blocks that we are discussing here to-day, with a view of exploiting them in any way whatever. No such thing was ever thought of by myself, or any director of the Company, so far as I know. It was never breathed; never contemplated.

Q.—The name of the Company would rather suggest, would it not, a Company intended to operate rather on the Pacific side of the continent than on the Atlantic—the Pacific Coal Company? A.—Well, the original idea was to call it the Canadian Pacific Coal Company, and we thought it better to drop out the "Canadian" part of it.

Q.—I notice that the application makes no mention of petroleum, while the letters patent were issued to mine and extract coal and produce petroleum, and generally to carry on the trade or business of colliery proprietors, coal and coke manufacturers, oil producers and refiners, mining in all its branches. A.—I think you will find Mr. Creelman, in doing that, adopted almost the wording of the charter of the Crow's Nest Coal Company.

Q.—I see. He thought the charter of the Crow's Nest Coal Company would be a very proper one to follow in this instance? A.—I don't think I ever discussed with him the question of the wording or framing of the charter at all, or of inserting those words.

Q.—Now, Sir Thomas, do you recollect seeing Mr. Wells in Montreal in the fall of 1902? A.—That would be about six months ago?

Q.—Yes. A.—Yes

Q.—He was down there then? A.—Yes.

Q.—And some question came up between you as to some company, coal or land company was discussed? A.—I see that Mr. Wells mentions such a thing in his evidence; but I declare I cannot recall any such conversation.

Q.—You do not recall it all? A.—No. Of course, in talking on a variety of subjects, something may have been said, if he says that.

Q.—He said that the question of some coal company came up, and that he understood from you that the only interest that the Canadian Pacific would have in it would be that they would have shares in exchange for the lands. A.—No.

Q.—If it came up, from what you have given in evidence here, I understand the Canadian Pacific Railway Company really owned all the stock in this Pacific Coal Company? A.—It would, if the Company had been formed; yes.

Q.—And you might have told him that? A.—I don't see why I should have said anything about it at that time, because in 1902—that is subsequent to the securing of the charter for this Pacific Coal Company—we secured rights on behalf of the Canadian Pacific Railway Company itself to operate coal mines.

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Q.—But you might have said that to Mr. Wells in your conversation with him? A.—I think it most unlikely, because I think by that time the Pacific Coal Company had passed entirely out of my mind.

Q.—Your position is it was very unlikely you said it, but you might have done so? A.—Possibly, but I cannot understand in what connection I would mention it.

Q.—Now, Sir Thomas, Mr. George McL. Brown has been described as the Executive Agent of the Canadian Pacific Railway Company. Is that his position? A.—Yes.

Q.—Well, that is your position too, isn't it? That is all you are, Sir Thomas, is it not, Executive Agent? A.—Well, possibly, in a little broader sense.

Q.—As a matter of fact, his real position was that of a rather skilled lobbyist, was it not? A.—Well, I don't think that that is a proper description of it.

Q.—Perhaps that is not a very nice way of putting it. But he was here really as confidential go-between, between the Canadian Pacific Railway Company and the Province of British Columbia? A.—With the large interests that the Company had in the Province in the matter of railway lands and other properties, with the continual presentation of new schemes to the Legislature, with the negotiations that necessarily come up from time to time between the Government and the Company, it was found very inconvenient to have no person out here who was really an official of the Company; and, therefore, Mr. Brown was selected and appointed here, to act for the Company in conducting these negotiations.

Q.—Quite so. A.—But I do not think that you can call him a lobbyist, in that sense of the word.

Q.—I did not intend to use it in any offensive sense at all. A.—He was an officer of the Company here, doing his duty as an officer.

Q.—Yes, quite so. I understand that you do not have to have similar assistants in the East, because you are in touch. A.—We are closer at hand there.

Q.—Now, did he have any power of attorney from the Columbia and Western Railway Company? A.—No.

Q.—Have you got any resolution of the directors of the Columbia and Western Railway Company by which Mr. George McL. Brown would be authorised to vary the statutory contract contained in the Subsidy Act of 1896 to the terms of the Order in Council of the 10th of August, 1901? A.—No; I don't think that the Columbia and Western ever took any action of that kind.

Q.—Quite so. A.—No, I don't think that matter was ever before the Board of the Columbia and Western formally. I think my permission, however, if the question were raised, would rather be more potent than that of the Board of Directors of the Columbia and Western.

Q.—As a matter of fact it would, but as a matter of law it might be otherwise? A.—We would fix it all right with the Board, at any rate.

Q.—Now, I understand that you and Mr. Wells have been very good friends for quite a long time, Sir Thomas? A.—Yes, for many years.

Q.—Friendship based upon mutual confidence and mutual esteem, I presume? A.—Yes. I hope so, at any rate; I cannot speak for him.

Q.—And evidently, in November, 1901, when Mr. Wells was down in Montreal, and you, according to the evidence that you gave yesterday, permitted him to take back two very important grants belonging to the Canadian Pacific Railway Company, you had absolute confidence in him then? A.—Yes, I had.

Q.—And I don't think, Sir Thomas, from what you knew of Mr. Wells that you would consider he would be a likely person to go into the witness-box and give deliberate false testimony? A.—You are asking for my opinion at that time?

Q.—Yes. A.—Yes, I quite concur.

Q.—That was your opinion at that time? A.—Yes.

Q.—And you probably recognise now, as Mr. George McL. Brown testified, that really Mr. Wells was the efficient cause that prevented these grants being delivered to the Railway Company? A.—Well, of course, I only know that incidentally.

Q.—You practically know that from what you have seen of the evidence? A.—Yes. My grievance is not against Mr. Wells, it is against the Government, the Legislature.

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Q.—I understand that. And if Mr. Wells had given that promise to you, Sir Thomas, in Montreal, it speaks pretty well, at any rate, for his nerve, to have stood in the way of the delivery of these grants, don't you think? It was a pretty nervy thing to do? A.—That is a physiological question.

The Chairman: You understand, Sir Thomas, you are quite at liberty to refuse to answer any question that is asked you by the counsel; and then if you refuse the Committee will decide whether the question shall be asked. A.—I hope I will be willing to answer any question asked by counsel, if I can.

Q.—Well, we will let that go; it is a mixed question of physiology and psychology. Now, when did you first see Mr. Wells in Montreal on the occasion of his visit in November of 1901; what day was that? A.—To the best of my recollection, between half past-five and six o'clock on the evening of the 20th of November.

Q.—Would you say that you saw Mr. Wells on the 20th, 21st or 22nd in your office, at any time during the morning? A.—Yes, on the morning of the 21st.

Q.—You are quite sure of the morning? A.—I feel pretty confident about it; I feel sure of it at least.

Q.—Do you recollect having Mr. Wells lunch with you on the 21st at St. James Club? A.—He lunched with me one day, but I cannot say what day it was.

Q.—If Mr. Wells said that that was the day after he arrived there, and on the 21st, you would not be prepared to contradict him with regard to that? A.—No, certainly not.

Q.—Now, do you recollect that you had had handed to you, prior to that, the memorandum which you had asked Mr. Wells to prepare in regard to the building of the road to Spence's Bridge, and that you made an appointment with him at lunch to meet you at four o'clock that afternoon to discuss it? A.—Of course, it is exceedingly difficult at this lapse of time to talk with absolute certainty about hours of the day; but my recollection is that, on the morning of the 21st, Mr. Wells came to the office to get the receipts for these patents. It would appear—and I did not know that until a week ago Monday—it would appear that all of the patents, including these two, were in the possession of the Company from the evening of November 20th until the forenoon of November 21st.

Q.—That is what you have been informed? A.—Yes; on Monday a week ago I was informed of that being the case, for the first time; I never heard of that before. But Mr. Wells came in on the morning of the 21st to obtain a receipt for the patents that he was leaving with the Company, taking with him the two Columbia and Western patents. I opened the door to go into either the legal department or the secretary's office, I don't know which, and Mr. Wells was there at the moment; I did not stay, I went back to my room; and my best recollection is that, after getting that receipt and before going out of the building that morning, Mr. Wells came to my office and discussed the Spence's Bridge matter; and that it was while he was there that he gave me such a memorandum as he did give with reference to the points he wished covered in my letter.

Q.—Then your recollection is that on the morning of the 21st Mr. Wells had a memorandum and handed it to you? A.—That in the course of our conversation he either prepared them or had with him some memorandum which he gave to me, yes.

Q.—Well, that seems to be rather a perfectly prepared memorandum of Mr. Wells'? A.—This one that I see here is.

Q.—Yes; not the sort of memorandum that a man could sit down and write in half an hour in your office? A.—Not at all.

Q.—It is evidently prepared with care and consideration? A.—Yes.

Q.—That fact would seem to point to Mr. Wells' recollection being more clear than yours, because Mr. Wells' recollection is that the question of the Spence's Bridge was discussed with you on the first interview; that he went home to his hotel that night and, at your request, prepared a memorandum to be submitted to you, and that was submitted to you, as you have just told us, on the 21st. That would seem, if that is the memorandum, more reasonable? A.—If that be the memorandum, yes. But it seems extraordinary, in writing a letter on that, endeavouring in my correspondence, as I do, to be particularly exact,—it seems extraordinary that in writing my letter I confine myself so strictly to the railway policy of the Company in the Province of British Columbia, without reference to some other points covered by that memorandum.

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Q.—Your letter, no doubt, was written with a view of being submitted to the Government in British Columbia? A.—Yes.

Q.—And really explains how much the Canadian Pacific Railway Company have done towards opening up the country, and so forth? A.—Yes.

Q.—And that letter was dated the 22nd? A.—That letter was dated the 22nd, yes.

Q.—That was the last day of the interview? A.—Yes.

Q.—So that it is quite possible, then, that Mr. Wells' recollection of the sequence of events may be more correct than yours? A.—Well, I don't know any reason why it should be any more correct than my own.

Q.—I have just been trying to point out the reason. You say this memorandum was handed to you on the 21st? A.—Yes.

Q.—It was the result of a request from you that Mr. Wells should submit a memorandum of what he proposed in regard to building to Spence's Bridge? A.—Yes.

Q.—And it is evident that it had required some care to prepare it? A.—Yes.

Q.—So that in view of those facts, it looks as though Mr. Wells' recollection of the sequence of events was a little more correct than your own? A.—I don't see why that should necessarily follow; because when we discussed this question on the morning of the 21st it is quite possible that Mr. Wells had with him then his memorandum and left it with me; because in my letter I refer to a memorandum. I am not clear as to when that memorandum did come to me, or whether it was a pencil memorandum, or the particular memorandum that is before the Committee now.

Q.—But your recollection is that some such memorandum was handed to you on the 21st? A.—Evidently it was, because I refer to it in my letter.

Q.—Now, I did not quite understand, Sir Thomas, in the evidence you gave yesterday, whether you claimed that there was delivery of the Crown grants or not to the Canadian Pacific Railway Company in Montreal on the occasion of this visit in November, 1901? A.—Of course, with the evidence, with the information that I have as to these patents being in possession of the Company for 24 hours, there is no doubt in my mind now that delivery was completed. At the time that Mr. Wells came there with these patents I do not think that the question of delivery or non-delivery, or the legal position of the Company, really played much part with me. It was the ordinary act of courtesy towards a gentleman who asked to retain these patents, a thing that I could not, I think, properly have refused.

Q.—You did not understand, then, at the time that you had your conversation with Mr. Wells, that there had been any delivery of the patents to the Canadian Pacific Railway Company? A.—Well, I don't know that I did. I don't know that I could say that there had been a formal delivery.

Q.—That is quite in line with the telegram you sent on the 24th of April from Montreal to Mr. Brown, which was put in by Mr. Brown here; you say (reading telegram); that would be quite in line with that? A.—Yes.

Q.—So it certainly was not at all necessary for Mr. Wells to ask your permission; and I understand, indeed, that you said yesterday that you did not wish to pin yourself to that word, that he asked for permission. A.—I think that the word permission is the proper word under the circumstances. I think Mr. Wells has testified—I don't know that he has—I think that Mr. Wells said to me at the time that he had these patents addressed to me in an envelope, but that he wished to retain them, for the purposes as described in my testimony yesterday. Now, I think, if these were addressed to me, and if he had brought them down to deliver, that it would be necessary that he should ask my permission to retain them.

Q.—That is the view you take of it, after further consideration? A.—I think that is the view I would take of it.

Q.—That is, since thinking it over, after giving your evidence yesterday to Mr. Duff, that is the view you take of it this morning? A.—I think, if my opinion had been asked immediately after the event, that that is what I would have said about it.

Q.—Then, didn't it strike you as rather an idiotic proceeding on the part of Mr. Wells? A.—I don't know just in what connection you mean? Asking that he should retain those patents?

Q.—Yes. Why should he have brought the patents down with him from Victoria to ask your permission to retain them, when he might just as well have left them in Victoria in the first instance? What was the object in the transaction, unless he was bringing them down to

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deliver them to you if some condition were fulfilled by which he could make the delivery? A.—Mr. Wells explained, in his conversation with me, why he wished to retain them.

Q.—Yes, you have told us that; on account of some vacancies in the Cabinet? A.—Yes.

Q.—Well, this was the position when Mr. Wells left here, Sir Thomas, and it is established beyond any question by the evidence of Mr. Prentice and Mr. Dunsmuir and Mr. Wells himself, that he took those two patents with express instructions that he was to deliver them to you on your agreeing that the Railway Company would construct the line to Spence's Bridge. Now, don't you think it likely that there was some discussion on the 21st of November that you had with Mr. Wells in regard to the building of the road to Spence's Bridge? A.—I don't think that there was.

Q.—You said yesterday to Mr. Duff, I think, nothing was said on the first occasion? A.—Yes.

Q.—About the construction of the road to Spence's Bridge? A.—That is the best of my recollection.

Q.—Do you want to go further than that? You won't positively deny that the subject was discussed on the first interview with Mr. Wells? A.—Oh, it is quite possible that it might have been referred to, but I have no recollection of it.

Q.—And in that same interview the question of the delivery of these two particular grants was also discussed. A.—That was the subject of discussion, yes.

Q.—Well, you did not inquire then at that time as to whether the grants were in the vaults of the C. P. R.? A.—I knew nothing about it at that time; made no inquiry about it; never did make any inquiry until, as I say, I was preparing, getting my papers together to come out here.

Q.—Of course, it would have been just as satisfactory, Sir Thomas, if the grants had been sealed up in an envelope and left in the vault of the C. P. R., or put in the Bank of Montreal, or anywhere, to be delivered to you at the expiration of thirty days, as bringing them back? A.—Yes, it would not have made a bit of difference to me.

Q.—And not a bit of difference to Mr. Wells? A.—No.

Q.—There was no particular object in carrying them back to Victoria if he was to return them to you within thirty days? A.—No, the grants having been issued pursuant to an Order in Council, recognising the right of the Railway Company to receive them as a subsidy for work done, the Great Seal having been attached and, I suppose, the ordinary record having been made in the department at Victoria, it seems an extraordinary thing that these patents should be forwarded to me with another string on them, that is, unless we built another line at some place in British Columbia these patents would not be delivered.

Q.—It was a little hard on the Company, I think, too. A.—That, however, is a line of reasoning that has come to me since this discussion here; before that it did not.

Q.—But there would not appear to be any particular object of Mr. Wells carrying these documents back to Victoria if he was to return them in thirty days? A.—Of course, I cannot say what object Mr. Wells had; but the fact remains that they were carried back, after a distinct promise to me that they would be delivered. And there was no explanation of any nature of their non-delivery.

Q.—Mr. Wells, as a matter of fact, did not comply with his undertaking to return them in thirty days? A.—No, he did not.

Q.—I suppose you wrote to him and reminded him of his undertaking? A.—I don't know that I did. I don't think I thought of it again.

Q.—You learned, shortly afterwards, that Mr. Brown was experiencing difficulty in getting these grants delivered? A.—Yes, the patents were being retained here—were retained for a period of nearly three months.

Q.—Of course, you wrote to Mr. Brown and told him you had Mr. Wells' promise to return them in thirty days? A.—I don't think I wrote to Mr. Brown.

Q.—You did not write something like this: "Dear Wells,—I beg to remind you that you took away those grants with my permission on the express undertaking to return them in thirty days, and I would like you to fulfil your promise"? A.—No, I don't think so.

Q.—That would appear a natural thing to do, if this was the undertaking that Mr. Wells took them away on? A.—These patents were not the only matter that was requiring attention at that particular time; and my conviction is that after Mr. Wells left me with the patents I scarcely thought of them again until Mr. Brown called my attention to their cancel-

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lation in March. Of course, he was quite familiar with what had occurred; I had told Mr. Brown what had occurred between Mr. Wells and myself, and I have no doubt he was urging Mr. Wells to send those patents on.

Q.—You told Mr. Brown prior to the cancellation Order of the 18th of March, 1902, that Mr. Wells had undertaken to return those in thirty days? A.—Yes, I am quite certain.

Q.—And Mr. Brown was aware of that fact all this time, was he? A.—Yes, I think so.

Q.—Then I understand you to say that the matter of these two particular blocks was only looked upon as a small order compared with other matters that have your attention? A.—No, I don't say that; I said it was one of the many matters. You will understand, where there are many thousands of these things to look after, they must be passed by as they are dealt with, and frequently a matter of very considerable importance is put aside and overlooked for probably an unreasonable length of time by reason of other pressing matters.

Q.—Well then, Sir Thomas, you got the information of the cancellation Order of the 18th of March, 1902, and you were out here in June? A.—Yes, about the middle of June.

Q.—Naturally, you would remonstrate with Mr. Wells about his going back on his undertaking? A.—Yes, I think I did.

Q.—Did you? A.—I think I did.

Q.—Did you mention it to any other members of the Government? A.—I am not sure of that.

Q.—You have no recollection of mentioning it to any other of the members at all? A.—My recollection is, the only time I saw any of the Government at all was in that forenoon when I passed through the corridors and shook hands with two or three members and called on the Speaker. I may have met Colonel Prior, I don't know, but I think either there or at the Club at luncheon, I have forgotten which. But I don't know that I had any conversation on the subject. It is quite possible that I may have, but I don't recollect it.

Q.—But you had some conversation with Colonel Prior at that time? A.—It is possible.

Q.—Undoubtedly, because it was from Colonel Prior that you heard what you have described as being mere gossip, floating gossip about this company. A.—Yes.

Q.—So that you were evidently discussing this subject with Colonel Prior in Victoria? A.—I say quite possible; I don't recollect the conversation.

Q.—Your recollection, Sir Thomas, is that you heard something from Colonel Prior, at any rate? A.—I had the impression that Colonel Prior gave me some passing reference to something of the kind in Montreal; but I don't recollect that we discussed it in Victoria.

Q.—At any rate, you were discussing this land matter with him, and it would be natural for you to have said to Colonel Prior, "It is an extraordinary thing, Mr. Wells' undertaking to return me these grants in thirty days, and he has not done so"? A.—Yes, I might have had that conversation out here a year ago, but I don't recall it.

Q.—You will not say whether you did or did not? A.—No, I will not.

Q.—Now, when this matter was discussed with you in Montreal, between yourself and Mr. Wells, did any question arise in regard to the Crow's Nest Pass Company at all? A.—I don't think so.

Q.—Don't you recollect the agreement being sent for and brought in and shown to Mr. Wells? A.—Reference was made to that yesterday. I have no recollection of it.

Q.—You have no recollection of it? A.—No.

Q.—It might have happened or it might not? A.—It might have happened.

Q.—Perhaps this will recall it to your recollection: Do you recollect Mr. Wells suggesting that he would like to have the assistance of Mr. Greenshields? A.—That was on the first evening, yes.

Q.—Oh, that was on the first evening? A.—Yes.

Q.—Now, what did he want Mr. Greenshields' assistance for, in connection with this proposition, about the agreement to Spence's Bridge? A.—My recollection is that Mr. Wells said that some question had been raised by somebody as to the right of the Government to give these lands in these particular localities, and that while the Cabinet seemed to be of one mind about it, there was no difference of opinion, he had thought of consulting Mr. Greenshields.

Q.—And Mr. Creelman, I think, objected to Mr. Greenshields being called in, do you recollect that? A.—I think Mr. Creelman expressed a very strong opinion himself on the point, but as to whether he objected to Mr. Greenshields, I don't know. I don't suppose it would make much difference to Mr. Wells anyhow, if he wanted to take advice.

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Q.—Yes ; he is old enough to take care of himself? A.—Yes, I think so.

Q.—After the cancellation Order of the 19th of March, 1902, was passed, were you keeping in touch with Mr. Brown as to land subsidy matters? A.—No, I don't think I did ; I think that I concluded at that time that the question had become one for the Courts rather than—I think I instructed Mr. Brown as to what our position would be with reference to these grants, but I don't think I went beyond that.

Q.—When did you first learn about the Bill that was to be introduced to re-instate the company in respect of the fourth section? A.—It is barely possible that I may have received a copy of the Bill before I went to Montreal, but that I am not sure about ; I know I had a copy of it, but whether I got it out here or got it in Montreal ; I am not sure.

Q.—I see here is a copy, with this memorandum endorsed on the back of it by Mr. George McL. Brown ; “Victoria, 15th May, 1902. Sir Thomas Shaughnessy, President, Montreal, Que. Final proof of Bill. Government promises introduction by Message to-day, but one cannot be sure these days.” A.—Yes, that apparently was sent to me at Montreal.

Q.—Was there any further covering letter with it, or anything explaining how it came about? A.—No, I don't think so. It was a matter that I would not give any attention to whatever ; it was only a memorandum sent down to let me know what was being done.

Q.—Now, on the 22nd of March, 1902, George McL. Brown telegraphed you as follows : “Personal. Columbia and Western grant second block East Kootenay cancelled without notice. Wells and other Ministers explain political expediency, and now propose Company accept alternate Government blocks along line in settlement third section, that grant will issue at Company's request, promise introduction of Bill to re-instate subsidy fourth section. Wells promises East Kootenay block settlement fourth section. Doubt sincerity. Am making formal written protest,” and so forth. Did you form any connection in your mind between Bill 87 and this matter? A.—Not the slightest ; no, I did not.

Q.—It was evident that Mr. Brown thought that Mr. Wells was jollying him when he made that suggestion ; you would take that to be the meaning, I presume—his doubt of sincerity? A.—The words there would indicate a suspicion of that kind.

Q.—Yes ; that he doubted his sincerity. Now, there are just one or two telegrams that I want to put in, and I will be through. Here is a telegram, 1st of January, 1900, from yourself to George McL. Brown, Executive Agent, Vancouver, in which, referring to this matter, you finally say : “You are authorised to deal with the matter on that basis if the Government will leave subject of deficiency lands and south-east corner open for future consideration.” What was meant by the south-east corner there? Was that the block in question? A. (Reading the telegram)—That is the same south-east corner.

Q.—Yes, it refers to that. So that, as far back as the 1st of January, 1900, you had your eye on this block? A.—Well, at that time we were discussing the British Columbia Southern grant. We wanted to get that, of course.

Q.—As a matter of fact, it had been reserved as far back as May, 1891? A.—May, 1891 ; yes.

Q.—There was an original reserve in 1890, not specified for any railway purposes? A.—Yes.

Q.—And then in May, 1891, it was specifically reserved for the British Columbia Southern? A.—Yes ; it was reserved in 1891.

Q.—In your telegram of the 7th of May, 1902, beginning, “Say nothing until Provincial Parliament prorogues,” you say, “actual delivery is not required, but, if it were, Mr. Wells made such delivery when here, and it was only placed in his possession for one month, for reasons which he explained to me.” You were advised that actual delivery was not required. And I suppose that that opinion and advice was largely the foundation of the ejectment actions that were begun? A.—Yes.

Q.—In connection with these blocks? A.—The ejectment actions were commenced not so much with a view to subjecting the people who were there to inconvenience, as to establish the Company's position with reference to the ownership.

Q.—And to be in the position of having some actions in the Court before any Statute would be passed, as was passed? A.—Yes.

Q.—It seemed to be good tactics. A.—Not effective, however ; it did not prevent repudiation.

Sir Thomas Shaughnessy—*Continued.*

Q.—It was the right move all right, though, Sir Thomas. Has your Company made any application at Ottawa for disallowance of the Act of this Session—this present Session? A.—Well, I don't know as to that.

Q.—Do you think it is probable? A.—I have not the slightest doubt that if we had the proof here that we propose to submit when the time comes, I would be glad to give it to you to look it over, but I cannot tell you now.

Q.—You propose to submit a brief, then, when the time comes? A.—Probably; unless the Province of British Columbia sees its duty and does it, and makes such application unnecessary. And that is what we hope will be done. We hope that the remedy will be applied right here, and not at Ottawa.

Q.—The reason I ask you is because I would not like the position of the Railway Company to come up at Ottawa without the legal position of the Province also coming before them at the same time.

Mr. McPhillips: Sir Thomas, I do not think you have been asked by either counsel anything about Mr. Taylor in connection with the matter that we are inquiring into. Do you know Mr. W. J. Taylor, of Victoria, practising barrister, King's Counsel, at Victoria? A.—Yes.

Q.—Who happens to be the partner of the present Attorney-General, Mr. Eberts. A.—Yes.

Q.—How long has your acquaintance with him extended? A.—Oh, I should say eight or ten years; possibly more.

Q.—Has he throughout that time been at any time the legal adviser of the Canadian Pacific Railway? A.—Well, I could not say as to that, covering such a period.

Q.—We will not cover the whole time, but coming down to this particular matter, dealing with what has been elicited during the progress of this inquiry, I suppose you have heard that Mr. Wells made a statement that Mr. Taylor approached him in the City of Montreal with respect to these particular lots 4,593 and 4,594, and as to what might be done with respect to them? A.—Yes, I saw that testimony.

Q.—You know, generally what has been stated, I suppose? A.—Yes.

Q.—Now, do you say that Mr. Taylor had any authority of any nature or kind from the Columbia and Western Railway Company, the Canadian Pacific Railway Company, or yourself, in any way authorising him to broach any such subject to Mr. Wells? A.—None whatever; absolutely none. Any such proposition coming from Mr. Taylor would have no more value than a proposition made by any passer in the streets; not a particle more.

Q.—Therefore, if made, it could have certainly no value, as Mr. Taylor was not speaking for you, the Canadian Pacific Railway Company or the Columbia and Western Railway Company? A.—Certainly.

Q.—Was Mr. Taylor acting, or had he been acting in any way, on behalf of the Companies in connection with these lands? A.—Not to my knowledge.

Q.—I mean in a professional way? A.—Not to my knowledge.

Q.—Or in any way to your knowledge? A.—No.

Q.—Well, these matters generally come to your knowledge, I suppose, who are acting for you? A.—As a rule they do; although Mr. Brown, of course, has more direct dealings with them than I have. Mr. Brown informs me that he never had any communication with him about them.

Q.—Of course, like other matters in this inquiry, you yourself have had occasion since it has been launched to advise yourself on various matters? A.—Yes.

Q.—In so doing, have you become advised in any way that Mr. Taylor had been acting for the Companies? A.—No.

Q.—That would be the Columbia and Western Railway, or the Canadian Pacific Railway, or any other company which is directly or indirectly connected with those lands? A.—I say no, positively.

Q.—Now, dealing with the land grants; of course, we understand, Sir Thomas, the Dominion Government call their grants patents— A.—Yes.

Q.——and we call our patents out here grants. So that when you say "patents," you mean, of course, the Crown grants? A.—Yes.

Sir Thomas Shaughnessy—*Continued.*

Q.—Now, with regard to those, similarly, you have had occasion to advise yourself as to what the real facts were in connection with their delivery or non-delivery, since this inquiry has been launched, I suppose, or before, was it? When did you find out for the first time, and where, that these two particular Crown grants, 4,593 and 4,594, had been in the possession of the Company? A.—Oh, I think it was Monday, a week ago last Monday. At that time it struck me probably I would be coming West, and I went into the secretary's office for the purpose of making inquiries about papers that it might be desirable for me to bring along, bearing upon the case. Mr. Oswald, who acts as Secretary to the Columbia and Western Railway, was called in, and I spoke to him about the receipts for the patents. I asked him to prepare copies of the receipts that he had given for the patents; and he went on then to explain that on the evening of the 20th of November, the night before he gave the receipts, Mr. Wells came to him and delivered to him twenty Columbia and Western patents and five British Columbia Southern patents; that he had locked them up in the vault; but later in the evening Mr. Wells came to him and asked him to have two of those patents which he wished to take away with him; but that Mr. Oswald, either because he did not feel that he was warranted in giving the patents out, or could not get into the vault, or some other reason, declined to give them to Mr. Wells; the patents remained in the vault during that night; and the next morning, when Mr. Wells came in to get his receipt, he was allowed to take those two, I having said that it had been arranged so; and he obtained those two, and received his receipt for the eighteen Columbia and Western patents and the five British Columbia Southern. That information came to me in that way for the first time on Monday a week ago; I had no information about it then and have none now, excepting as it comes from the secretary of the Company.

Q.—Now, you say, Sir Thomas, that during the discussion that you had with Mr. Wells at this time in Montreal, that Mr. Wells made the observation that if you could get him legal advice that the Government were within their statutory rights in granting these two blocks, 4,593 and 4,594, that the grants would be given up. What do you say to that? A.—I don't think I put it in exactly that way. I think Mr. Wells said if he could get legal advice to that effect. But that was, I should say, six months ago; that was on the occasion of his last visit to Montreal.

Q.—That was his last visit to Montreal, I see. A.—Yes.

Q.—Then you put it—I may be wrong, then, in putting it to you in that way—you did not mean to say that Mr. Wells propounded the matter to you in this way, that if you could get the advice? A.—Oh, no, no; I should say that Mr. Wells' intention was to convey the impression that if he could be satisfied by legal advice that that was the case, the Government would give up the lands.

Q.—Therefore, it was not a case of your Company getting the opinion to satisfy Mr. Wells? A.—Oh, no; not at all.

Q.—It was a matter evidently he was caring for himself? A.—Yes.

Q.—Now, Sir Thomas, did you scan this memorandum carefully? I think you read it through while you were giving your evidence yesterday? A.—I looked it over yesterday.

Q.—I would like you to look at it and observe if it is a fact, and I think it is, that Mr. Wells, although he was in Montreal at that time with these Crown grants covering sections one and three of the Columbia and Western Railway, which include the blocks 4,593 and 4,594, that he does not in that memorandum call attention to the fact that he is requiring of your Company to do something more to earn the subsidy for sections one and three, does he? I mean, you may say it is common ground that the land subsidy for sections one and three are earned, in that memorandum? A.—Yes.

Q.—There is no contention put forward there, that you had to do something more to earn your land subsidy for sections one and three? A.—No.

Q.—He lays stress as to section four, that he would like you to build to Otter Lake to get the land for section four? A.—Yes.

Q.—But he does not say in any way that to get the land subsidy for one and three that you are to do anything more, does he? A.—No, I don't think he does, no.

Q.—Now, as a matter of fact, Sir Thomas, he had with him the two Crown grants for these two blocks 4,593 and 4,594, but it is a matter of comment that in his memorandum he makes no reference to any further condition under which they are to be obtained? A.—No; when

Sir Thomas Shaughnessy—*Continued.*

I looked at it yesterday I thought he did. "First, the reinstatement of your land subsidy," I caught that, and it gave me an improper understanding of it. The memorandum does not affect the subsidies applicable to sections one and three.

Q.—And yet we have Mr. Wells putting forward the contention, as you have heard, that the Company was to do something more, notably something very onerous, it seems to me, to build a line of railway from Midway to Spence's Bridge, before these grants would be handed over? A.—Yes.

Q.—Now, bearing those facts in mind, I would ask you to apply your mind, Sir Thomas, as closely as you can, to what the identical words, if any, used by Mr. Wells were, with respect to conditions, if any, that he was exacting of you before these two particular grants would be delivered over, for blocks 4,593 and 4,594? A.—To the best of my recollection, and I think that my mind is well fixed on that, because it was a time of importance in connection with this particular transaction when Mr. Wells came to me on the first occasion about these patents, no condition of any nature or description was mentioned in connection with their delivery, neither the Spence's Bridge line or any other consideration of any kind. The only grounds upon which Mr. Wells asked permission to retain those patents were the grounds given yesterday, that there were some vacancies in the Cabinet and that they would probably be filled in a few days, and that in the meantime it would be a source of convenience if he could have these patents in his possession, or it might be a position of embarrassment if he were not in position to say that the patents had not been delivered to us; or to that effect. I cannot probably give the exact language, but that was the effect of it.

Q.—Well, as I might interpret that, Sir Thomas, you did not deduce from him anything which imported that he, Mr. Wells, Chief Commissioner of Lands and Works for the Province of British Columbia, was dissenting in any way from making the delivery? A.—No.

Q.—Then, what was subsequently done by you was an assent on your part to his taking what you deemed to be the property of the Company that he, for reasons that he claimed were political, which might be something that he would have to take up with his colleagues, his incoming colleagues, not his then colleagues; did you so understand it? A.—No; I don't think that I got that impression. These grants had been completed, and had been forwarded, as I understood it, from Mr. Wells in an envelope addressed to me, he being the custodian of the patents for delivery; that, pending the selection of the men for these Cabinet vacancies, some question might arise about these grants that would be a source of embarrassment to him or his Government, and, therefore, he desired to keep them in his possession for a few days until those positions were filled; but at any rate, whether they were filled or not, that the patents would be forwarded to me within a month.

Q.—Well, that might mean that his incoming colleagues would have to accept the responsibility of the delivery of these Crown grants. But you did not tax your mind with that? A.—Well, I am so innocent of all things political that I did not think of that.

Q.—At any rate, you are clear, Sir Thomas, that so far as Mr. Wells is concerned, and so far as he was representing the position to you on behalf of the Government, there was no intimation that that was an incomplete transaction? A.—None whatever; absolutely none.

Q.—With respect to those blocks 4,593 and 4,594? A.—Absolutely none.

Q.—You would call it a completed transaction, would you? A.—A completed contract; a completed transaction.

Q.—These two Crown grants 4,593 and 4,594? A.—Yes.

Q.—And there was nothing that remained open for completion? I mean to say that the Columbia and Western Railway had accepted the condition which attached to the reception of those Crown grants on behalf of the Company? A.—Yes. As far as the transaction between the Government and the Company was concerned, I considered it a completed transaction, that nothing remained to be done.

Q.—You see, Sir Thomas, that Order in Council which authorised the preparation and execution of those two particular Crown grants, as well as the others, says in terms, in full satisfaction of subsidies earned? A.—Yes.

Q.—I mean to say, your Company, the Columbia and Western Railway Company, accepted those two Crown grants 4,593 and 4,594 under the terms of the Order in Council authorising their preparation and execution? A.—Yes. And if those two patents had been left with us, Mr. Wells' receipt in that case would be, as it was in the case of the British Columbia Southern, a receipt in full for the land subsidy.

Sir Thomas Shaughnessy—*Continued.*

Q.—Then, do I understand there was no question open and not settled between the Province of British Columbia and the Columbia and Western Railway Company as to the acceptance of these grants? A.—None; of course, there always was the question open as to the subsidy applying to the section of line beyond.

Q.—Yes, we understand that; but dealing with sections one and three? A.—So far as we knew, there was no question left open between the Company and the Government.

Q.—And these would apply— A.—These grants would have been accepted in full satisfaction of the whole subsidy in respect to sections three and one.

Q.—And you say that on the facts, as you understand them, delivery was made. Of course, you speak of some knowledge that comes to you in a secondary way; but you do say that delivery was made? A.—Yes. I have that information.

Q.—Now, on the occasion of Mr. Wells being in Montreal and these questions coming up, we have it in the evidence here that Mr. Taylor was in Montreal at the same time. Did you meet with Mr. Taylor on that occasion? A.—No, I don't think so.

Q.—At that time? A.—No. I don't think that I have met Mr. Taylor in Montreal for years.

Q.—You never had business relationship with him? A.—None whatever; never had. When Mr. Taylor called on me in times past, it was merely a visit of courtesy. I had no business relationships with him.

Q.—Now, I think my learned friend Mr. McCaul dealt with the question of the Coal Company; and I don't know that there is any good purpose that can be served by going into it any further; but all I might ask about that would be this: the agreement apparently with the Crow's Nest Coal Company would appear to be of such a nature that, if it carried out all its covenants, there would not be an opportunity for the Canadian Pacific Railway Company to embark in the coal operations with regard to these particular lands, would there? A.—The contract with the Crow's Nest Coal Company provides that the Crow's Nest Coal Company observing its covenants with respect to a suitable and sufficient supply of coal and coke at all times at reasonable prices, that the lands covered by the agreement with the Columbia and Western Railway should not be used by the Company for a period of ten years.

Q.—Then those two particular blocks—and you contend, of course, they are your property, 4,593 and 4,594—being under your control, and the Crow's Nest Coal Company performing all its covenants in connection with its operations, would these particular lands be opened for exploitation and development on your part as coal lands during this period that you have mentioned, of ten years? A.—No.

Q.—So that to arrive at the point of the Company going into the matter of coal development on these lands, you would have to pre-suppose a breach of covenant on the part of the Crow's Nest Coal Company? A.—Yes; or on part of the Canadian Pacific Railway Company, or its outlying companies.

Q.—Now, dealing also, very shortly, with that matter, Sir Thomas—has there been any ground for the Crow's Nest Coal Company being vigilant to protect its interests as against your Company in respect to these lands? That is, has there been any subject up and agitated that the Canadian Pacific Railway, through its subsidiary companies, was bent upon affecting the position of the Crow's Nest Coal Company? A.—Not that I know of.

Q.—You have not, for instance, heard it mooted, nor has it been advanced to you in any way, that the Crow's Nest Coal Company had to call in the individuals of the British Columbia Government to protect its interests? A.—Oh, no; I don't think so; we have not heard anything of that kind.

Q.—Are you in friendly relationship with the Crow's Nest Coal Company and its directors? A.—Well, yes; sort of an armed friendship with them; we have to try to keep them right.

Q.—But there is no contention put forward by them, to your knowledge, that your Company was endeavouring to overreach them in any way, or not to comply with your agreements? A.—I think not. I think they know that we shall and do comply with our covenants.

Q.—So that there was no need, as far as you know at any rate, on the part of the Province of British Columbia,—and I do not see any evidence here relative to that,—there was no need for it to intervene to protect the interests of the Crow's Nest Coal Company? A.—Certainly not, as against us.

Sir Thomas Shaughnessy—*Continued.*

Q.—What do you understand, Sir Thomas, in short, anyhow, by the action of the Government of the Province of British Columbia in passing that cancelling Order of the 18th of March, 1902, cancelling those two Crown grants? What do you really understand was the impelling motive of the British Columbia Government to cancel those grants? A.—Well, of course, I only know by hearsay.

Q.—Yes; but I want to get that. A.—My advice was that it was a question entirely of political expediency; that the Government, for reasons of their own, with which I am not familiar and which I would not attempt to speak of from memory—the Government, for reasons of their own, thought it was good politics to cancel the grant; and did so.

Q.—Now, applying your mind to that particular point, Sir Thomas; ordinarily, as between man and man, if property is in contest, the two individuals concerned know what the matter of contest is? A.—Yes.

Q.—Do you say that the Government of the Province of British Columbia advanced something to you which they claimed you were answerable for and which entitled it to cancel those grants? A.—They made no charge or declaration or statement or anything of that nature to us, so far as I am advised.

Q.—That is, you are not advised of something which the Government of the Province of British Columbia claimed you were responsible for, and by reason of which that action was taken? A.—No.

Q.—You know of no matter of that kind that was opened to you? A.—None whatever.

Q.—If it was that they cancelled those grants upon the ground that you were unwilling to accede to Mr. Wells' proposition to build from Spence's Bridge to Midway, was that made known to you? A.—No.

Q.—It was not made known to you that to get those grants you had to do that? A.—No.

Q.—You did not even have an opportunity to say whether you would or not, on that proposition? A.—No.

Q.—Secondly, was it made known to you that they were intending to cancel those Crown grants because they felt that there was some fraud or corruption of some nature and kind which could be chargeable against your Company, the Columbia and Western Railway Company, and by reason of that they purposed to cancel those Crown grants? A.—Never heard of such a thing, never.

Q.—I don't know whether you have observed it or not, Sir Thomas, but Mr. Wells, in his examination, said to this Committee that in Montreal, when this matter was opened to him by Mr. Taylor, that he did not think it a matter of such consequence, apparently, as to even mention it to you. Of course, you agree with him in that—at least he never mentioned it to you, did he? A.—Never, never.

Q.—Now, if those Crown grants were cancelled upon the ground that there was some improper action on the part of your Company, or its agents, for which the Company should be held responsible, you say that that matter was never opened to you? A.—Never.

Q.—Or to your directors in any way? A.—No.

Q.—You have never had an opportunity to answer it in any way? A.—Never.

Q.—Until this? A.—Until this meeting here.

Q.—And that is after the events? A.—That is after the two events.

Q.—The event of the 18th of March, 1902, and, of course, the passage of Bill No. 16? A.—Yes.

Q.—Now, Sir Thomas, in your examination, at times—you did it inadvertently, I suppose, and we did not find fault with it, because we felt surely it was not meant in that sense—you spoke of the "repudiation" Bill of this Legislature. Of course, we sit here as representing the Legislature, and in exercising our duties here we are the Legislature in that sense. Of course, the rules do not permit any reflection upon the Legislature, when sitting as such. A.—I apologise for use of the expression; I only intended to describe it as I have it in mind.

Q.—But I want to call it to your attention, Sir Thomas, that the Hon. Mr. Wells, the Chief Commissioner of Lands and Works, rose in his place in this Legislature and stated the fact to be, without adverse comment or contradiction from any place in the House, that these Crown grants of blocks 4,593 and 4,594 never left his possession, and that there was no delivery of them. And upon those facts this Legislature acted. I ask you, Sir Thomas, why it was that that statement could go unchallenged if it could have been contraverted? So far as the Legislature is concerned, that is what they acted upon. A.—Well, of course, at that

Sir Thomas Shaughnessy—*Continued.*

time we had not information to the effect that these patents had gone out of Mr. Wells' possession, these two patents; that information only came to us within ten days; we knew nothing about it at that time.

Q.—But it was upon those facts, Sir Thomas, that the Legislature acted; the statement from a Minister of the Crown made in his place in the Legislature. A.—That, of course, Mr. McPhillips, is what we complain about. We complain after these grants had been made, if they were cancelled on *ex parte* testimony, if there was such testimony offered, and if by reason of that testimony, instead of political expediency, the Government cancelled those grants—upon *ex parte* testimony—we were deprived of what properly belonged to us. It is subsequently upon *ex parte* testimony again—because necessarily, under the circumstances, any statement made by Mr. Wells in the House affecting the cancellation of these patents would be *ex parte*—on such testimony again the House passed a Bill depriving us of the opportunity to establish our rights through the Courts. That is what we object to. That is our objection. I think, as a matter of fact, the investigations which are taking place now, after the event, should have taken place beforehand. That is, it strikes us that this investigation could only be for the purpose of justifying an act already performed; and that, therefore, we are placed in an unfair position.

Q.—Now, Sir Thomas, I draw your attention to a question that was asked of the Hon. Mr. Wells and answered on the 8th of April, 1902, in the House. He was asked, "For how many acres have Crown grants been issued to the Columbia and Western Railway Company?" to which he answered "722,020"; "For how many acres have Crown grants been prepared but not yet issued?" Answer: "There are no additional Crown grants prepared." The House was advised on the 8th of April, 1902, therefore, you will see, Sir Thomas, that there were no such Crown grants existing as we now find. That is another feature that was before the Legislature. With your knowledge of the facts, what do you say as to that answer, Sir Thomas? A.—It seems to me that that is entirely a question between Mr. Wells and the Legislature.

Q.—But it does not fit in with your knowledge of the facts, does it? A.—Of course, that was after the cancellation.

Q.—It was after the cancellation Order; but the question was, "For how many acres have Crown grants been prepared, but not yet issued?" You think, perhaps, that was a political answer? Would you make that answer on the facts? A.—I don't know what I might do if I were a politician.

Q.—As President of the Canadian Pacific Railway Company, would you have made it on the 8th of April? A.—He must be particularly exact in his statements.

Q.—Now, on the 2nd day of May the Hon. Mr. Wells was asked the following questions by Mr. Curtis, and made these answers (reading same from Journal). That is the way the Legislature was advised on the facts; that up to that time no agreement had been arrived at with the Company determining what lands shall be allotted; and that is confined to section three, having nothing to do with section four at all. Could you have answered in the same way, on the 2nd of May? A.—There is a good deal of tact displayed.

Q.—It does not fit in, though, with the facts as you know them, does it, Sir Thomas? A.—No, I don't think that it does.

Q.—Whilst the House was in session evidently the members of the Legislature were trying to get at the facts apparently, from these questions? A.—Apparently from those questions.

Q.—And if there has been any failure of properly advising the Legislature on those facts, the failure may not rest with other than the Government, in the matter. A.—Still, the Legislature, now being better advised, and having the actual facts, of course, has the opportunity to correct any erroneous acts that it may have done in connection with it.

Q.—But whom would you say was responsible for this situation? A.—I would not attempt to say.

Q.—I suppose the Government of the Province is in charge of the affairs of the Province? Hon. Col. Prior: We will take all the responsibility for it.

Q.—Now, I refer you also to questions that I asked myself, and the answers made thereto, on the 21st of March, 1902 (reading same from Journal). On the 21st of March, 1902, therefore, the Legislature was advised that none of these lands were Crown-granted, you see there. Of course, that does not fit in with the contention of your Company at all; you contend that

Sir Thomas Shaughnessy—*Continued.*

you have Crown grants to-day, do you not, of 4,593, which is popularly thought to contain oil lands? A.—Yes, we feel that the title of those lands is properly vested in us.

Q.—You say there the Legislature was not properly advised on the facts. Leave the facts as they might be on the one hand, or on the other, the Legislature was not advised of the facts, was it, as far as you observe? A.—Apparently not, in accordance with our information, no, or belief.

Q.—We had correspondence here, but, unfortunately, it has got mislaid; a letter from Mr. Brown to Mr. Wells, I think bearing date the 22nd of March. You have produced a file of correspondence here which has a letter accompanying it of March 28th, 1902, of Mr. Brown to yourself? A.—Yes.

Q.—And he gives a great number of enclosures. Amongst that correspondence—and we have the original letter here—there is a letter bearing date March 22nd, 1902, from Mr. Brown to the Hon. the Chief Commissioner of Lands and Works, dealing with matters that Mr. Brown had in his charge for your Company, and in one paragraph of it we find this language, “The President of the Company may be able to appreciate your contention in conversation with me on the 19th inst., that political expediency necessitated the Government’s present action in this matter”—so that evidently, according to Mr. Brown’s contention at the time, that was what was being put forward to him according to his notion—“but, frankly, I cannot, particularly in view of your assurances to me, also of the 19th inst., that you would see that these two blocks, for which grants have already issued but not delivered, would go to the Company in settlement of the subsidy in respect of the fourth section.” Mr. Brown there raises the point that Mr. Wells had stated to him that the legislation which would be brought down for the fourth section would permit of these two blocks of land being given to the Company in that way; that is, that the new Act would be broad in its terms, I suppose, as we see it was very broad in its terms—that was drawn to your attention by Mr. Duff? A.—I saw it, yes.

Q.—And that these two blocks would be given to the Company in this other method. Did you charge your mind with that information in any way? A.—No, I did not. I understand that is a subject of dispute between Mr. Wells and Mr. Brown. Mr. Brown, of course, made that statement in the letter written at that time. But I know nothing of it beyond that.

Q.—You say personally you know nothing of the intention of this Bill 87? A.—Not a thing.

Q.—Other than it was to restore your right to the subsidy for section four? A.—Yes.

Q.—As to whether it would have brought about the other happening, you know nothing about? A.—That I did not know anything about, no.

Q.—You, I think, admitted to my learned friend, Mr. Duff, that the Bill seems more comprehensive in form than contemplated? A.—Yes, based upon my recollection of what had occurred there, I could not recall that any formal agreement had been made with the Attorney-General; Mr. Brown assures me that there was, and that he was present; but I cannot speak of it from my own recollection.

Mr. Helmcken: Does that refer to the agreement referred to by Mr. Brown, of the 8th of July, 1898? A.—My meeting with Mr. Turner and other members of the Cabinet occurred in June, I think, 1898.

Q.—You had a meeting? A.—We had a meeting out here in his office, in which the subject of Mackenzie & Mann’s construction of the line to Midway was discussed; and at which meeting I stated to the Government that we were willing to forego our right to the charter there if these other people would build. It is alleged by Mr. Brown that they also agreed at that meeting that the land subsidy question with reference to section four would be arranged. But that I cannot speak of; I cannot say from my own recollection.

Q.—Then you went back to Montreal, and on your return there you had an agreement drafted and signed? A.—Yes; Mr. Brown says that that agreement was discussed at that meeting in Mr. Turner’s office on that day, that it was arranged that we should receive in lieu of the land for the sections of the line—in lieu of the land subsidy—\$4,000 per mile, and that after I went back to Montreal I had an agreement prepared, or he sent me an agreement from here, prepared on those lines, which was executed by the Columbia and Western Railway Company and sent here for execution by the Government. In the meantime, the Government went out of power, or something else happened, and it was never executed.

Sir Thomas Shaughnessy—*Continued.*

Q.—You cannot tell us when that agreement was forwarded from Montreal, the agreement of the 8th of July, 1898, to the Government here? A.—No, I cannot from memory. But I am satisfied it was forwarded from Montreal to the Government for execution. But I cannot give the date.

Mr. McPhillips: Reverting for a moment, Sir Thomas, to that memorandum: It is a matter of comment that if that was the memorandum that you had before you with Mr. Wells in Montreal, apparently there is no reference whatever to its contents in your letter. It is not earmarked in any way. As a matter of fact, you deal with your general policy, but you do not deal with the subject-matter of that memorandum? A.—No.

Q.—And you have no recollection that that is the memorandum (handing the document to witness)? A.—No, I have no recollection that that was it.

Q.—And you say, in your ordinary course of business, you generally make some reference to the matter that is before you at the time, in writing a letter that way? A.—Yes.

Q.—Now, Sir Thomas, has it been your practice in the past, or the procedure of the companies, the different subsidiary companies, or companies that you may have acquired, within your office from time to time, of the Canadian Pacific Railway, that had the right to land subsidies—has it been a matter of procedure, in taking over the lands granted by the Government, for the directors to meet together and have the proposition of the Government laid before them—for instance, the Order in Council—and that you would then formally pass a resolution accepting those proposals? A.—Well, informally, yes; the necessary data, as a rule, is prepared by the solicitors, to be spread upon the minutes of the Company. But there is no formal meeting of the directors for the purpose.

Q.—But, as I understand it, Sir Thomas, dealing with legislation of British Columbia, which you have knowledge of, in which you have been concerned, in connection with land subsidies, it has always been the case that any land subsidies have been earned under a statutory agreement? A.—Yes.

Q.—Contained in the Statute? A.—Yes.

Q.—And when the companies comply with the statutory requirements you expect that the Government will carry out its portion of the contract? A.—Yes.

Q.—That is its statutory contract? A.—Yes.

Q.—Of course, you are familiar with other contracts that are drawn, no doubt, by your solicitors and that you append your signatures to, where there are contracts in form between the Company and individuals, or perhaps Governments? A.—Yes.

Q.—But in this connection you say it was a statutory contract, if we understand it aright; there was no contract other than the Statute? A.—No; I don't think it was the practice of the Government to make any other contract than the Statute.

Q.—And, as a matter of fact, there is no contract independent of the Columbia and Western Subsidy Act, 1896? A.—No, I think not.

Q.—Reverting again to this letter of Mr. Brown to you, of March 28th, 1902, in which he sends you certain correspondence, inclusive of a letter of March 22nd to the Hon. Mr. Wells, which I previously referred to on another point, I draw your attention to the fact that he says, in the second paragraph on the first page, this: "I note your confirmatory statement that the Government now proposes to convey to the Columbia and Western Railway Company the alternate blocks along the line of said railway in settlement of the subsidy in respect of the third section, but you make no mention of the fact that the Government has already settled this matter with the Company, and has partially carried out that settlement, in fact, completely, with the exception of the delivery to the Company of the executed Crown grants for two of the blocks of land included in the settlement." Mr. Brown attempts to deal with the fact as to the delivery, or non-delivery, of these Crown grants? A.—I think that Mr. Brown, and I too, in our telegrams and letters, frequently use the word "deliver" in a dual sense; that is, there was a confusion between the physical delivery and what we claim to be the legal delivery. There was no physical delivery to me. Mr. Oswald will testify that there was physical delivery to him; but I knew nothing about that at the time of this correspondence. So that, in using the term "delivery," both in my letters and telegrams, and I think Mr. Brown has done the same thing, we sometimes used the word in the physical sense, physical delivery, and at other times we stood upon our legal rights and spoke about what we call legal delivery.

Sir Thomas Shaughnessy—*Continued.*

Q.—But at this time neither you nor Mr. Brown were aware of the facts that Mr. Oswald can testify to? A.—No; the only delivery that we could speak of as having been made up to Monday a week ago, or the day that Mr. Oswald gave me this information, was what we would call legal delivery. There was no physical delivery to me, nor to the Company, as far as we knew up to that time.

Q.—But, on advice, apart from that, your contention is that the property passed, as lawyers understand it? A.—The property passed.

Q.—The property passed from the Province of British Columbia to the Columbia and Western Railway Company? A.—We are advised, yes.

Q.—And you are advised; and, if that be true, it naturally follows in legal sequence that if the property did pass, the only way you could part with the property would be by a proper conveyance from the Columbia and Western Railway Company? A.—Yes.

Q.—Now, Mr. McCaul laid a little stress on the action of Mr. Wells being either, as he termed it colloquially, a very nery action for him to withstand, I suppose, the Columbia and Western Railway Company—or you might term it, in its larger sense, the Canadian Pacific Railway Company—it was a very nery action on the part of Mr. Wells to do that. I did not quite apprehend what your answer to that was, Sir Thomas Shaughnessy. As I gather it from you, there was no question of being at arm's length between you and Mr. Wells at this time in Montreal, was there? A.—None whatever, no.

Q.—Your relationship was as it had been for some considerable time? A.—Yes.

Q.—A friendly one? A.—Yes.

Q.—Close? A.—Yes.

Q.—So that there could be no nery action on the part of Mr. Wells if there was strict amity existing between you and Mr. Wells. He was not taking any inimical position? A.—Oh, no; I should say by all means that on the part of Mr. Wells the nerve was not displayed at that particular time.

Q.—No. If there was nerve displayed, it was at a later date? A.—At a later date, yes.

Q.—But you were not called in at the time of the exercise of that nerve? A.—No.

Q.—Now, do I gather aright from you, Sir Thomas, that Mr. Wells also opened to you this fact that he had these particular grants for blocks 4,593 and 4,594 in an envelope addressed to you? A.—I gathered that from what he said.

Q.—From him? A.—Yes; and I think he used the expression that he had these patents, these Crown grants that he addressed to me, in an envelope addressed to me; I think he used that expression.

Q.—And he said that without any qualification? For instance, he did not say to you, I have these grants, Sir Thomas, addressed to you, but you must, on behalf of your Company, enter into an agreement, satisfactory to the Government, to build from Spence's Bridge to Midway before I will deliver them? A.—No, he did not.

Q.—Nothing of that language or to that effect? A.—Nothing of that nature or description; not a word.

Q.—So that, as you understood him, he had Crown grants in an envelope addressed to you, without conditions, so far as this interview is concerned between him and you in Montreal? A.—Yes.

Q.—And that was followed, apparently quite consistently enough, by Mr. Wells asking from you the right to bring these Crown grants back to British Columbia, 4,593 and 4,594? A.—No, I did not understand that he wished to bring them back to British Columbia, because I expected Mr. Wells to remain in the East at least for a considerable portion of the month to which he referred. But he said that he wished to retain those two grants in his possession for a period, until those two vacancies in the Cabinet were filled, but in any event not for more than a month.

Q.—Now, if there was any question of custodianship at all in this matter, Sir Thomas, at this time, for whom was Mr. Wells the custodian of those Crown grants for 4,593 and 4,594: for the Government of the Province of British Columbia, or for the Columbia and Western Railway Company? A.—I would say that I feel that I was justified in saying that he was custodian for me as representing the Columbia and Western Railway Company.

Q.—Mr. Wells did not open to you this, did he, that he proposed using these Crown grants politically and to assist the filling up of the Cabinet by being able to say — A.— Oh, no.

Sir Thomas Shaughnessy—*Continued.*

Q.—That these grants were not executed and that this matter was not closed? A.—No.

Q.—You would not assume, Sir Thomas, that he was going to do that, would you, Sir Thomas? A.—Oh, no; I would not assume that Mr. Wells was going to make any improper use of them; no.

Q.—I mean it would entail that perhaps, wouldn't it, if you look at it in that way; it would entail that he would be doing that—that is, he would not be acting in accordance with the fact, as you understood it—if any representation was made that the Columbia and Western Railway Company was not entitled to these two Crown grants, he would not be stating in accordance with the facts? A.—It is hard to answer a question of that kind, you know, in the abstract, when somebody else is involved.

Q.—Well, from your view of the facts, it would not be consistent with the fact, when he retained those Crown grants under the circumstances that you have related, for him to represent that the lands were not the lands of the Columbia and Western Railway? A.—I should say it would not be proper for him to make such representations.

The Committee here adjourned until 2:30 p.m. to-day (May 20th), or until the House rises.

WEDNESDAY, May 20th, 1903.

The Committee met at 2:30 P.M., pursuant to adjournment.

Present, the full Committee.

SIR THOMAS G. SHAUGHNESSY in the witness-box, further examined by Mr. Helmcken:—

Q.—Sir Thomas, are you familiar with the Subsidy Act, as well as the Act of Incorporation, of the Columbia and Western? A.—Well, only in a general way, Mr. Helmcken.

Q.—So far as the subsidy is concerned, were you familiar with the terms of that Act? A.—Yes, to this extent: I knew that under the Subsidy Act of the Columbia and Western Railway a land grant had been voted; a land grant would be given of 10,400 acres a mile, I think, for the narrow gauge line, and of 20,000 acres a mile for the standard gauge line, to be selected in alternate blocks along the line of railway.

Q.—And do you know when the grants were to be given? A.—The grants were to be given, as I recollect, to the first section on the completion of the second, and to the second section on the completion of the third, but that I am not sure about; I don't know that the condition applied to the first and second sections.

Q.—Not to the second. A.—And to the fourth section on the completion of the fifth and sixth sections. That is, the fifth and sixth constituting the line from Midway to Penticton.

(Mr. Helmcken reads from the Act of Incorporation; also from the Subsidy Act.)

Q.—Now, will you tell me in what respect the Columbia and Western had been deprived of any rights under the Subsidy Act? A.—Well, I don't know that I can tell you as to that, Mr. Helmcken; I had the impression that by some legislation passed by the Province in 1898, granting to another company a charter over this same ground, that the charter rights of the Columbia and Western were practically nullified; but I am not sure about it at all.

Q.—You cannot tell the Committee, Sir Thomas,—we are just finding out the information,—in what respect, if any, under the Subsidy Act, the Columbia and Western have been deprived of their rights? A.—No, I cannot; I don't know that they have been.

Q.—No; precisely. A.—I don't know that they have been.

Q.—Section four has been completed, has it not? A.—Yes.

Q.—But you are not entitled to a land grant with respect to section four until section five has been completed? A.—So I understand it, yes.

Q.—Therefore, strictly and legally speaking, you are not entitled to a land grant in respect of section four? A.—No, without further legislation.

Q.—Ah, that is right. A.—Yes.

Q.—But I want to get it just as the matter stands. A.—Yes; I quite understand it in that way.

Sir Thomas Shaughnessy—*Continued.*

Q.—Now, the object of the Railway Company, as disclosed here, has been to obtain possession of lots 4,593 and 4,594. Do you agree with that, or do you not, Sir Thomas? A.—I think that the Railway Company would like to get them; yes.

Q.—There is no doubt about that? A.—There is no question; no.

Q.—Will you tell me on what basis the Railway Company are legally entitled, or can claim that they are entitled, to these sections 4,593 and 4,594? A.—I don't know that the Railway Company could put its case in that shape at all—that they can put it in the shape of a claim. The Subsidy Act, as I recollect it, provided that the lands required to satisfy the subsidy applicable to this railway should be selected in alternate blocks along the line of railway, as described, I think, in the Act, and that if there were insufficient land in those blocks to satisfy the subsidy, then that the deficiency might be selected from lands reasonably contiguous to the railway; I think those are the terms.

Q.—That is the lieu lands? A.—Yes. Now, then, having earned the lands, and it being represented that there were not sufficient lands contiguous to the railway, along the line of the railway, to satisfy the subsidy unsatisfied of about 900,000 acres, the question arose as to where the balance of the lands might be provided, and the question of contiguity was one, I think, opened to discussion between the representatives of the Company and the Government. If the representative of the Company was able to satisfy the Government that these two particular blocks were reasonably contiguous, and that, as a further consideration for securing these blocks, that instead of taking from the Government 900,000 acres, or about that, the Company would accept in full settlement 600,000 acres, I think it became a matter of negotiation. As to whether the Government had the right, had the legal right, under the terms of the Act, to go into East Kootenay and select these blocks there to give to the Railway Company, for a particular consideration of this kind, is a question of law on which I would not like to express an opinion. I think Mr. Creelman, who advises us on subjects of that kind, is distinctly of opinion that the Government had the right.

Q.—We have it in evidence, Sir Thomas, that there are sufficient lands under the reserve to satisfy any land claim which the Company might be legally entitled to. Was that information ever conveyed to you? A.—Well, no; I rather had the impression that there was not sufficient land. Indeed, I think that in one of those letters that I produced there that statement is made.

Q.—I understand that. Was that in reference to the mountain tops? A.—I suppose that had reference to the mountain tops, yes.

Q.—But did Mr. Brown ever tell you that there was an insufficient quantity of land in the reserve? A.—Well, I don't know that he did; I inferred that from the negotiations, and the result of the negotiations.

Q.—That is, between Mr. Brown and the Government? A.—Yes.

Q.—Did you have anything to do with the negotiations? A.—No, I did not.

Q.—It was simply reported to you by Mr. Brown in his executive capacity, I suppose? A.—That is all.

Q.—And you tell us that he preferred seeing you than committing his reports to writing? A.—Well, he frequently visited Montreal, and he knew that I did not care to be bothered by long reports; he could always report verbally better than he could by letter in reference to these things.

Q.—Well, what is the gist of your complaint, Sir Thomas, as against the Government now? A.—My complaint is, that negotiations having been conducted that finally led to a grant by the Government of Crown grants, with the Great Seal, conveying these lands to the Company in satisfaction of its land grant due by reason of this construction of most expensive railway through this country, that the Government, on *ex parte* testimony, subsequently, without giving us any chance to be heard, cancelled those grants; that subsequently, when the Company had expressed its determination to defend its right to the grants, to take the position before the Courts that the title to the land having been vested in the Company by reason of the issue of the patents, that they would take the ground that title could only pass by a deed from the Columbia and Western to the Government in order to convey those lands back—that having been advised that the Company was going to take that position, the Government or the Legislature—the Legislature on the recommendation of the Government, I suppose—passed legislation depriving the Courts of jurisdiction. That is our ground of complaint.

Q.—I see, that is now? A.—Yes.

Sir Thomas Shaughnessy—*Continued.*

Q.—In March, 1902, you were apprised in due course of the act of cancellation of the Order in Council, were you not? A.—Yes.

Q.—What action did you take, you as representing the Company, on hearing of that? A.—We took no action beyond ascertaining what our—I telegraphed to Mr. Brown, I think, telling him that I considered it a questionable business transaction on the part of the Government. But, of course, the matter was put into the hands of our solicitors for the purpose of giving an opinion as to what the Company's position would be.

Q.—The Company took no further action in the matter, other than telegraphing Mr. Brown and asking the advice of their solicitor, Mr. Creelman, in Montreal? A.—Yes. When I say the Company, I mean the Company at Montreal. Mr. Brown, I have no doubt, entered a vigorous protest out here; but we took no official action at Montreal until, I think, the 3rd of May, when I telegraphed Mr. Brown. It was a month or six weeks afterwards.

Q.—The 3rd of May or the 7th of May? A.—Whatever the date is.

Q.—I think the telegram is really worth preserving: "Say nothing until Provincial Parliament prorogues." You are telegraphing on the 7th of May? A.—Yes.

Q.—"Then say to the Government that we are advised the patent for the land in the south-eastern corner of the Province having issued with the Great Seal attached, it could only be restored to the possession of the Crown by a deed from the Columbia and Western Railway Company. We are further advised that, in the case of a Crown patent, actual delivery is not required, but that, if it were, Mr. Wells made such delivery when here, and it was only placed in his possession for one month, for reasons which he explained to me. Very important that there should be no hint of this while Parliament in session, otherwise they might introduce a revoking Act." Now, on the 15th of May the Premier wrote you—or, same thing, wrote Mr. Brown; you recollect the letter, Sir Thomas? A.—What is it, relative to the fourth section?

Q.—Yes, precisely. A.—Yes, I recollect generally its terms; it is amongst those papers, I think.

Q.—"G. McL. Brown, Esq., Executive Agent Canadian Pacific Railway Company, Vancouver, B. C. Sir,—Referring to your application for an extension of the time for earning the land subsidy of the Columbia and Western Railway, I am authorised to say that the Government will introduce, at the next Session of the Legislature, an Act authorising the Lieutenant-Governor in Council to grant the lands in respect of the fourth section of the railway (Christina Lake to Midway), which has been completed." That is Mr. Dunsmuir's letter? A.—Yes.

Q.—Well, in pursuance of that, it is stated here that Bill No. 87 was introduced. Mr. Brown apparently sent you a copy of Bill No. 87—I won't say Bill No. 87, but a Bill which was afterwards known as No. 87—on the 15th of May. Now, having that information in your possession, what was your object in still adhering to that policy of saying nothing until the Provincial Parliament prorogues? A.—Well, I did not understand at that time, nor did I understand until within the last two or three days, indeed, that Bill No. 87, as it is known now, the Bill of which Mr. Brown sent me a copy a year ago, about the time of its introduction in the House—I did not understand that that had any bearing whatever on these two land grants; that the purpose of that Bill was to reinstate the Company in reference to the fourth section, that is, to provide that the Lieutenant-Governor in Council might grant the lands earned by the construction of the fourth section without the construction of the fifth section being insisted upon.

Q.—If you read it, Sir Thomas, you see it is stated there: "There shall be granted to the Columbia and Western Railway Company an area of land equal to 20,000 acres per mile for each mile of railway constructed by the Company over the said fourth section of its said line of railway, extending from Christina Lake to Midway." A.—Yes.

Q.—There was a Bill giving the Company the right to that land? A.—Yes.

Q.—That is, did you so understand it? A.—Well, up to that point I did. I understood that the purpose of the Bill was to give to the Columbia and Western Railway Company an area of land equal to 20,000 acres per mile over each mile of railway constructed by the Company, and known as the fourth section.

Q.—Well, by what process of reasoning did the Company induce the Government to bring in this legislation? A.—I have not the slightest idea.

Q.—You had nothing to do with it? A.—I had nothing to do with it.

Sir Thomas Shaughnessy—*Continued.*

Q.—That was left in the hands of Mr. Brown? A.—Of Mr. Brown, yes.

Q.—Well, no one, Sir Thomas, seems willing to acknowledge the drafting of this Bill. Do you know anything about it? A.—No.

Q.—Can you tell us who your legal advisers are who would draw Bills for submission to Parliament? A.—I have not the slightest idea who drafted this Bill.

Q.—Well, who generally drafts your Bills? A.—With reference to our Montreal legislation, I think the greater part of the Bills are drafted by Mr. Creelman; sometimes by our Ottawa solicitors under his direction. Out here, I don't know who would act for Mr. Brown in drawing a thing of this kind. It is quite possible that he has had so much experience he might be able to draft it himself.

Q.—You would not go quite so far as that; he said he might possibly have done it, but at the same time he did not draft this Bill. A.—I cannot tell you who did draft it.

Q.—Well, this Bill has flown into this building in some way or other, and we cannot find out who drafted it. The whole of this matter was left, I presume, with Mr. Brown? A.—Mr. Brown had entire charge of it.

Q.—And he might employ solicitors for this purpose who would not be known to you? A.—Might, yes.

Q.—He would not necessarily ask your permission to employ any particular solicitor for this particular purpose? A.—No.

Q.—But so far as you are personally concerned, or otherwise, you do not know? A.—I do not know anything about it.

Q.—Well, you were here on the 16th of June, last year? A.—Yes.

Q.—This Bill was introduced into the House on the 22nd of May? A.—Yes.

Q.—Did you have any interview with the Executive, or any member of the Executive, during your visit here? A.—I don't recollect that I had. I know that I did not have any meeting with the Executive.

Q.—Did you meet any member of the Executive? A.—Yes; I think—I am not positive—but I think that I met Mr. Wells for a few moments; I am very confident that there was no conversation between Mr. Wells and myself on the subject of this Bill. I think I met Mr. Eberts and had a chat with him.

Q.—On the subject of the Bill? A.—No; I don't recollect that the Bill was discussed; because, as a matter of fact, I was not giving much attention to the Bill. It was a detail that I did not necessarily pay much attention to, that Mr. Brown was looking after. I think my conversation with Mr. Eberts was very largely on the subject of his proposed visit to England; he was going to England about that time, hurriedly called away, as I recollect. I am not sure that I met Col. Prior; it is possible that I met him up at the corridor at the House. But I had no formal meeting on the occasion of the visit with any of the Ministers.

Q.—You were still pursuing your policy of laying low, saying nothing until the present Parliament prorogues? A.—I had given instructions in the matter, and it was not a matter that required any more attention at my hands.

Q.—You had put it in charge of Mr. Brown? A.—When once I have put the ship in charge of the captain, I like to have him look after it; my intervention would do more harm than good.

Q.—But your ship landed on the rocks? A.—Yes.

Q.—Was it through the fault of the captain? A.—Well, I don't know; it may have been the fault of the captain, and it may have been the fault of the rocks.

Q.—What excuse was given to you for the loss of the Bill? A.—My recollection is that the Government withdrew the Bill; they did not press it.

Q.—Yes; they withdrew it under pressure, no doubt. But still, what excuse was given officially to you, sir, why that Bill was withdrawn? A.—That the Government thought best to withdraw it, I believe.

Q.—That is, by Mr. Brown? A.—Yes.

Q.—Did Mr. Wells give you any excuse? A.—I don't think so.

Q.—Did Mr. Wells ever intimate to you that that Bill would have to be withdrawn when you were here? A.—No, I don't think so.

Q.—Ever give you any intimation? A.—No; I don't think we ever had a conversation on the subject.

Sir Thomas Shaughnessy—*Continued.*

Q.—At that time you had an opportunity to take up the question of the cancellation of the Order in Council; did you avail yourself of that opportunity? A.—No, I did not.

Q.—So that none of these matters were inquired into by you? A.—Not on that occasion.

Q.—When you were here? A.—No.

Q.—The whole matter was left in the hands of Mr. Brown? A.—Yes.

Q.—Now, don't you think it would have been as well, Sir Thomas, while you were here, that this matter should have received your personal attention? A.—Possibly, looking back on it, I had not know but it might; I might have been able to use stronger language than Mr. Brown would be inclined to use.

Q.—He is very mild, you know, considering his report? A.—But I did not feel that it would do any good at the time; the Government had acted in the matter, and I looked upon it as a matter that was really in the hands of the lawyers then and would have to be dealt with by them. And my visit to Victoria was a very brief one; I was only here a portion of a day, and I did not come here with a view of going into any of these things, and did not do so.

Q.—At any rate, up to the time of your being here on the 16th of June, or, at any rate, up until the 7th of May, we will put it, were you under the impression or under the belief that these Crown grants were in your possession? A.—These two particular grants?

Q.—Yes. A.—No, I was not.

Q.—You had no idea at all? A.—No.

Q.—You had never made inquiries as to whether these Crown grants had been in your possession? A.—Well, I knew that they were not in our possession at that time.

Q.—When did you first know that they were in your possession? A.—On, I think it was, Monday a week ago; certainly within a couple of days before I started for the Coast.

Q.—How does it come that it was only a day or two before you started that you ascertained that fact? A.—It was never a subject of inquiry before. I assumed that Mr. Wells had retained those two patents, that he had not turned them in at all; that he had obtained his receipt for the patents that he had turned in, and I assumed that that was the end of it; I had not the slightest information from any source that the patents had been in our possession for one moment.

Q.—What did Mr. Wells say to you, that he might retain the Crown grants? A.—Retain.

Q.—Therefore, so far as Mr. Wells and you are concerned, it would be merely notice to you that he still had the Crown grants in his possession. A.—I would naturally conclude from what he said that he had them in his possession; and, as a matter of fact, I thought he had.

Q.—And you only discovered the fact afterwards? A.—If it were not for Mr. Oswald's statement the other day, when I was making inquiries in the office, I would never have known that they were out of Mr. Wells' possession.

Q.—How did it come that Mr. Oswald never stated this before? A.—Because the question was never raised with him; Mr. Oswald had done his whole duty in receiving the grants and giving receipts for them. And I knew nothing about the subsequent discussions relative to the possession of the Company and the Government. That is something I would not know anything about.

Q.—Mr. Wells' visit East was in November, 1901? A.—Yes.

Q.—And it is not until 1903 that you discover the fact? A.—Not until May, 1903, yes.

Q.—Now, is there any explanation of the delay in not having ascertained that fact? A.—There is no explanation; I cannot say; excepting it is one of those things that happens in the natural course of events.

Q.—It is a matter, I fancy, that, owing to your multifarious duties, passed out of your mind, and you left it in the hands of another? A.—It had not passed out of my mind, because I knew the position between the Company and the Government; I knew the course we were going to adopt to establish our title to these lands. But with reference to the details of the delivery of the patents, and the receipts, that had passed out of mind, and I never made further inquiry about it.

Q.—You had a visit from Mr. Wells in the fall of 1902? A.—Yes.

Q.—Nothing was then stated with regard to the delivery of the Crown grants? A.—No.

Sir Thomas Shaughnessy—*Continued.*

Q.—Nothing at all? A.—Because we knew nothing of it; at least, I knew nothing about it.

Q.—And nothing at all was made known to you? A.—No, not a word.

Q.—Did you ask him for the delivery of those Crown grants then? A.—No, I did not; I found fault with the non-delivery, though.

Q.—Oh, did you? A.—Yes.

Q.—What did you tell him? A.—I told him that we were satisfied, that, notwithstanding the fact that he had retained those two patents, the title to those lands were vested in the Company. I gave him the legal grounds upon which we were advised that the lands were ours. And Mr. Wells' response was that if he could be satisfied by legal advice that that were the case, that we should get the lands.

Q.—Did he intimate to you, Sir Thomas, that if he, on arriving at Victoria, could ascertain in that manner that your contention was correct, that he would have those Crown grants handed over? A.—No, I don't think he referred to Victoria; I think he merely referred to the fact in such a way that I had a right to assume he would get legal advice; but whether at Victoria or elsewhere, I don't think he specified.

Q.—You were advised, were you not, of Mr. Wells' departure from here in 1901? A.—Yes.

Q.—And, I suppose, kept posted by Mr. Brown, possibly? A.—No, I think not; I think Mr. Brown telegraphed me that the patents would be delivered by Mr. Wells personally, who was coming East and would bring them with him.

Q.—At that time did you know, or did Mr. Brown bring to your attention, that Mr. Taylor was in Montreal? A.—No; I knew nothing about Mr. Taylor.

Q.—Did you see Mr. Taylor in Montreal in 1901? A.—I don't recollect seeing him. If I did, it was merely in passing on the street. But I don't recollect meeting him.

Q.—But even if Mr. Brown and Mr. Taylor did meet in Montreal, it does not necessarily follow that that fact would be reported to you? A.—Oh, no; of course not.

Q.—And, therefore, there may have been some conference and consultation between Mr. Brown and Mr. Taylor and you would not know anything at all about it? A.—If Mr. Brown and Mr. Taylor were in the city at the same time they might meet without my knowing anything about it, because I had no business with Mr. Taylor of any kind; and Mr. Brown might not tell me of all his meetings there.

Q.—In your letter of the 22nd of November, 1901, to Mr. Wells, which you gave him permission to use, Sir Thomas, what is the meaning of this expression: "The crying need of British Columbia at the moment is not additional railway mileage at the expense of the Government, but more energetic work in the forest, fields and mines, as is apparent to every person familiar with the conditions that prevail in the Province, who has not been unduly influenced by the methods of railway speculators and contractors"? A.—It seems to me that it is exceedingly plain what is meant by it.

Q.—What did you mean? A.—I mean that, so far as I have been able to judge during the past few years, the one subject of discussion attracting the attention of the Legislature out here has been railway construction, with all sorts of railway schemes that have been presented and proposed by all sorts of people; and so much of the attention of the Legislature has been taken up with these things that irrigation, for instance, which could be of vital value to the Province—the irrigation of the valleys, the more rapid utilisation of forest production, such legislation as may tend to make mining more profitable or less difficult—all of these things have not received at the hands of the Government, I think, the attention that they should receive. I know, as a matter of fact, that three times out of five, when railway charters and subsidies are granted, either here or at Ottawa, to competing lines of the Canadian Pacific, that those same propositions turn up to the Canadian Pacific through New York parties or Minneapolis parties, or some other parties, with inquiries if we are to take them up, if the privileges are to be transferred to us. I always regret that sort of thing, and I think it unfortunate to the Province that so much of the time of the Legislature should be taken up with that sort of work, when other legislation, far more effective in advancing the material interests of the Province, might be put through. That is, generally, what I refer to. Now, of course, I may be wrong in my deductions; I am giving you only my own opinion about it.

Q.—That is what we want. A.—And if I am wrong I shall always be glad to correct the statement. But I think I am justified in stating just what I did in that letter.

Sir Thomas Shaughnessy—*Continued.*

Q.—Did any question of railway speculators come up before you, arising out of Mr. Wells' visit to you, or out of the memorandum? A.—No, none.

Q.—“I am justified in giving you the strongest possible assurance that the Company is willing to co-operate, to the limit of ordinary business prudence, with the Government and people of the Province in promoting the best interests of the Province, and would view with extreme regret the adoption of a Government policy that might so affect this Company's interests in British Columbia as to make further extensions of our lines in that territory unwise and undesirable.” Had that anything to do with the question of Spence's Bridge and Midway, asking you to build the line from Spence's Bridge to Midway? A.—Well, I don't know that it had, excepting indirectly.

Q.—Was not this a diplomatic way of your giving Mr. Wells an answer in the negative? A.—Well, it was, for the moment.

Q.—Yes. A.—I think that I say there rather distinctly, at the moment that we are not prepared to go on with any more construction work. I have no hesitation about saying that the Spence's Bridge line, to the Nicola Valley, and eventually down to Penticton, is a line that we have in view that we wish to build. I would like very much if circumstances would permit us to go on this year with a portion of the line. But there is always a threat hanging over us that the Government would utilise its resources to build a railway through the south of Kootenay. Now, we had spent millions of money in the construction of lines of railway in the Province, at the time I wrote that letter, that were not returning one single penny on the investment, I mean were not yielding returns sufficient to pay the entire interest charge on the cost; if anything, the conditions are worse now than they were then, because, in helping the copper people and the lead mining people, we have had to make substantial reductions in our freight rates. I wanted to impress upon Mr. Wells the fact that if we were to be expected to do anything in the way of building additional railway mileage in British Columbia, or in other ways co-operating with the Government towards the development of the Province, we must feel that we did not have an antagonistic people there; we must not feel that whenever the Legislature met we were to be threatened on every recurring Session with legislation, Bills contemplating the co-operation of the Government with some railway speculators, trying to make a railway expensive to us, or get the Great Northern or Northern Pacific a footing in our territory.

Q.—Was there any intimation of a procedure of this kind by Mr. Wells in that interview with you, as a means of compelling you to build this line from Spence's Bridge? A.—No, I think not. We talked about this Kootenay Railway, and I objected seriously to the Government becoming involved with the construction of that line. I said, we have examined that territory thoroughly, we know about it; we would not allow the territory to go from us if it were prudent to build through there; but it is not for the moment; and we object to the railway going through there, because it is unfavourable to us.

Q.—You wanted to preserve that territory? A.—Yes; for a reasonable time.

Q.—In your opinion, at that time, November, 1901, it was not worth the C. P. R.'s while to build that in order to obtain those Crown grants? A.—No.

Q.—Is that the way you looked at it at the time? A.—That was not made a condition at all. That question was not raised. This question was discussed quite apart from the Crown grants.

Q.—I want to get this, Sir Thomas, because I can quite conceive of the Crown grants being there and the discussion. But instead of using the word “condition,” was there any other word used, or did the conversation give you the idea that it was the intention of Mr. Wells to get an assurance from you of building this line before handing over the Crown grants? A.—Not at all. There was absolutely no connection between the handing over of the Crown grants and our discussion with reference to the Spence's Bridge line, and other railway construction in the Province.

Q.—How long did this conversation between you and Mr. Wells last? A.—Oh, I should say half or three-quarters of an hour, possibly an hour.

Q.—Anybody in your room? A.—No, just Mr. Wells and I discussing it. Subsequently it was put in more concrete form, at his request, in this letter. Now, I recollect, I think, that Mr. Wells referred to the construction of the Canadian Northern line through the northern portion of the Province by Mackenzie & Mann.

Sir Thomas Shaughnessy—*Continued.*

Q.—At this time? A.—No, that was in 1901 at this same conversation.

Q.—Yes, exactly. A.—In this same conversation; I think he made reference to that. And I said: “Mr. Wells, there can be no possible objection on the part of our Company to the action of the Government calculated to open up the northern portion of the Province; we have not gone in there; it is not a territory that we can reach in reasonable time, and there can be no objection on our part to any line down to Bute Valley through the Cariboo country, through that northern section of the Province, none whatever. But with reference to the southern portion of it, I feel that having expended this large sum of money—this railway line from Robson to Midway, about 80 miles in distance, has cost up to the present time over \$50,000 per mile, in fact, nearly \$60,000, I think—well, having spent that large sum of money in lines that are comparatively non-productive, having built all the branch lines to the mines out of our pockets, without expense to the mine owners, I feel that it would be a very unfriendly thing if the Province, before we have an opportunity to catch breath, should step in there and back the proposals of other railway companies in taking territory that naturally belongs to us.”

Q.—I have always understood that the C. P. R. are not antagonistic to the Canadian Northern project? A.—Well, not in British Columbia, oh, no, no; we don't care anything about it.

Q.—You were speaking about being here in 1898, Sir Thomas, during Mr. Turner's regime. At that time elections were pending, were they not? A.—I think so, yes.

Q.—And this discussion with regard to an agreement which we have been discussing, as of the 8th July, 1898—had that any connection with elections at that time? A.—Not so far as we were concerned.

Q.—But so far as the Government were concerned, did they put that out to you in any light? A.—No, I don't think so.

Q.—Then, were the terms of the agreement discussed with the Attorney-General, Mr. Eberts, and the Premier, Mr. Turner, at that time, or with the full Cabinet? A.—Well, as I stated in my evidence yesterday, I recollect very distinctly the discussion of the railway feature of it. I have no recollection of the discussion of the land portion of it. Mr. Brown, who says he was present at the time, insists that we did discuss on that occasion the land grant, and that it was arranged that the Government would give us in lieu of the lands \$4,000 per mile; that is, that the lands would be surrendered to the Government and that they would give us in lieu of them \$4,000 a mile. Of course, this agreement sent to the Railway Company, and not executed by the Government, would seem to confirm that view. But of my own knowledge, I cannot say that it was discussed; if it was it slipped my memory. You know we had two or three discussions during Mr. Semlin's time; we also reached an arrangement by which we were to surrender the lands in consideration of \$4,000 per mile for 3% Provincial debentures; and there were several series of negotiations about it; and I would not attempt to speak from my memory as to when those discussions took place and where.

Q.—In Mr. Semlin's time these negotiations were to be followed up by legislation? A.—Yes, I think a Bill was to be brought down. I think there was a draft Bill prepared.

Q.—And it is in your correspondence? A.—Yes.

Q.—And similar legislation would be required in the first instance, of the proposal made to you through Mr. Turner's Government at that time? A.—I should imagine so, yes.

Q.—In the present position, Sir Thomas, would it have been necessary that legislative action should have followed the act of the Government? A.—In which instance do you refer?

Q.—In endeavouring to make a settlement of the Columbia and Western lands. A.—I should not think so; if lands were delivered. I think legislation would have to follow, of course, if there were any departure in the way of granting a money bonus instead of the lands. But not if the lands were to be granted under the terms of existing Acts.

Q.—I admit that, if they are granted under the terms of existing Acts. Now, can you tell me, Sir Thomas, how the Columbia and Western became entitled to these lands in question under existing Acts? A.—That is the legal question now again. If the Government had no right legally under the Subsidy Act, as it existed in August, or whatever time it was, 1901, to grant those lands to the Columbia and Western Railway Company, clearly the Columbia and Western Railway Company had no right to get them.

Q.—And they would not get title? A.—If they had the right, no further legislation would be required; they could go on and get the grants. Apparently the Government thought

Sir Thomas Shaughnessy—*Continued.*

they had the right, because they gave the grants. And it is a legal question on which I would not like to express an opinion. My legal training has not been sufficient to warrant me in doing that.

Q.—The blocks in question were supposed, at any rate, Sir Thomas, according to the Orders in Council here, to be given in respect of sections one and three? A.—No, I don't understand.

Q.—No? A.—No.

Q.—What are they supposed to be given for? A.—Section three, I think.

Q.—Not one and three? A.—No, I thought not. I think the line, Trail and Robson, which I understand to be section one, or part of section one, received its subsidy quite apart from this.

Q.—They are supposed to be given for section three? A.—Section three—well, the section of the line from Robson to Christina Lake.

Q.—That settlement was not carried out; but these blocks were to be given in favour of section four. Can you tell us, Sir Thomas, how it comes about that that change was attempted to be effected? A.—I don't understand your question, Mr. Helmcken.

Q.—If you could not get the lands in question in respect of section three, how does it come about that you should get them in section four? A.—We could not get them for section four, no, because, under the existing Act, we are not entitled to any subsidy for section four, neither these lands nor any others.

Q.—Then, doesn't it follow that you should have other legislation on the subject if you want to get them? A.—You mean after the cancellation of these patents?

Q.—No, before the cancellation of the Crown grants; assuming the Order in Council not to be cancelled— A.—Yes.

Q.—Would not that arrangement have been ratified by the House? A.—Well, I don't know why, myself; I don't see why. Assuming, of course, that the Government had the right under the Subsidy Act, and it then decided to give to section three, which was entitled to a land subsidy, these two particular blocks that were not contiguous to the railway. If it had the right I don't see why the patents need be confirmed by the House.

Q.—Under this Bill 87, Sir Thomas, do you know whether the Company would have claimed these lands, 4,593 and 4,594? A.—Well, that is rather an extraordinary question for me to answer. I don't know anything about Bill 87.

Q.—But you were posted that the Bill was going to be introduced, and there was some object in the Bill? A.—The purpose of the Bill was to get the lands for section four.

Q.—Precisely. A.—When I say the lands, I say the land subsidy to which section four would be entitled if section five had been built.

Q.—Yes; that is to say, they were going to amend the Subsidy Act by this Act here? A.—Yes; so as to remove the necessity of building section five.

Q.—Of course that was a departure from the Act and necessitated legislation? A.—Yes.

Q.—You had a telegram on the 5th of May; and this Bill comes in on the 22nd of May. Did you have any intimation from Mr. Brown between the 5th of May and the 22nd of May? A.—Not a word.

Q.—Mr. Brown had not said to you that these lands were to be obtained by means of this Bill? A.—No. I knew nothing about that clause in the Bill that might be so considered, until the last three or four days; I knew nothing about it.

Q.—Can you tell me, Sir Thomas, whether any applications for licences had been made on behalf of your Company in connection with 4,593? A.—I think that somebody mentioned to me two or three days ago that the Columbia and Kootenay Railway Company had made application for some licence in there, without knowing the situation of the lands. But I don't know anything about it personally.

Q.—And you don't know of any person having applied for licences in there, in that locality, for you or for your Company? A.—No.

Q.—Or on behalf of the Company or in connection with the Company? A.—No, I do not.

Mr. McCaul: Did I understand you to say to Mr. McPhillips that you did not understand that Mr. Wells was going to take the grants back with him to Victoria, but that he was going to stay East for some time, and wished to retain the grants some time there? A.—Yes, that was my understanding.

Sir Thomas Shaughnessy—*Concluded.*

Q.—Then what would the object have been, as you have told us that he wished to retain the Crown grants in connection with the Cabinet appointments? I thought it was to be discussed when he came back to Victoria? A.—I don't know about that; I don't know what his motive might be.

Q.—If he was going to stay in the East and keep those grants, the whole object of Mr. Wells bringing the grants back to Victoria falls to the ground? A.—Well, possibly. I don't know as to that. Thank you, gentlemen, for the courtesy with which you have heard me.

Witness stands aside.

HENRY CAMPBELL OSWALD, being duly sworn, testifies as follows:—

Examined by Mr. Duff:

Q.—What is your position, Mr. Oswald? A.—Secretary of the Columbia and Western Railway Company.

Q.—Anything else? A.—Yes.

Q.—What is it? A.—Chief clerk in the secretary's office of the Canadian Pacific Railway Company at Montreal.

The Witness: Mr. Chairman, I would like to state a few things before being cross-examined.

Mr. Duff: I have no objection. We have accorded that privilege to other witnesses.

The Chairman: You may have that privilege.

The Witness: Mr. Chairman, and gentlemen of the Commission:—There is not very much that I can say in this land matter, or any information I can give the Commission, except the taking over and the delivery of these grants, that being the only matter that passed personally through my hands. On the 20th of November, 1901, the Hon. Mr. Wells, after spending some time in our legal department in Montreal, handed me twenty-five grants, with certified Orders in Council, dated the 10th of August, 1901, and assented to on the 4th of September, 1901.

Q.—What grants do you say, Mr. Oswald? A.—Certified Orders in Council, and twenty-five grants, also the plans referred to in said Orders; on the understanding that he would call in the morning and get a receipt for the grants. I took those grants and other papers back to my own office and placed them in the vault for safe-keeping, until he called in the morning. Some time after this Mr. Wells came to my room and asked me to hand him back two of the grants. This I refused to do, stating that as I had the grants I would give him receipts for them in the morning. He gave me to understand that he was entitled to get two of them back. I said, if such was the case, he would be able to get them when he called for the receipts in the morning. Early the following morning I made out a receipt as receiving from the Chief Commissioner of Lands and Works of the Province of British Columbia twenty Columbia and Western Crown grants, and another receipt for the five B. C. Southern grants. After making out those receipts I was informed that two of the grants were to be returned to Mr. Wells. Mr. Wells came in to see me and I told him that his conversation the night before was correct, and that those two grants were to be handed back to him. He picked out those two grants in question. I made out a receipt as receiving them from him eighteen Columbia and Western grants, adding a foot-note that the grants were only received in partial satisfaction of the land grants of the Columbia and Western. He read the receipts through and said they were quite satisfactory and went away.

Mr. Duff: We ought to have those receipts. A.—I think you will have them.

Mr. McCaul: They have sent for them.

The Witness: This receipt is in full satisfaction of the B. C. Southern, and this is for the Columbia and Western (indicating). It was only lately, when the president coming here to attend this Commission, and reading these articles taking place in the papers, that I noticed that the honourable gentleman had stated that the grants had never been delivered to the Company, had never left his possession, in fact never had left the Windsor Hotel. And in discussing with Sir Thomas I told him that these grants had been in my possession for twenty-four hours. He was a little surprised at the time of learning that, thinking that Mr. Wells had taken them away when he came in to see him. There is nothing more I can say in this matter. That is the only thing I have dealt with personally in connection with it.

Mr. Oswald—*Continued.*

Mr. Duff: Now, Mr. Oswald, I understand you to say you are the secretary of the Columbia and Western Railway Company? A.—Yes, I am.

Q.—And you are also chief clerk to the secretary of the Canadian Pacific Railway Company? A.—Yes.

Q.—Who is the secretary? A.—Mr. Drinkwater.

Q.—What are your duties as secretary? A.—Duties of attending to the office and looking after things naturally.

Q.—You do not attend to the whole of the C. P. R. affairs? A.—No, but things that he does not attend to I attend to.

Q.—What particular branch of the affairs? A.—Official documents, agreements, contracts.

Q.—What about correspondence? A.—Certainly.

Q.—You look after correspondence? A.—Correspondence that I am—not all correspondence; he looks after the principal correspondence himself.

Q.—I am talking about the secretary's office, not you yourself? A.—Yes, I attend to some of the correspondence.

Q.—Not you, the secretary's office, I say? You know what goes on? A.—Yes.

Q.—You know the duties of the place in which you are chief clerk? A.—Yes, certainly.

Q.—And I suppose the office of the secretary has to do with the correspondence of the Canadian Pacific Railway Company? A.—Some of it. That relating to that office.

Q.—Relating to what office? A.—The secretary's office.

Q.—Relating only to the secretary's office? A.—Yes.

Q.—In other words, the secretary of the Canadian Pacific Railway Company has to deal only with the correspondence relating to the secretary's office? A.—Exactly; yes. Every office has its own correspondence.

Q.—And the secretary has nothing whatever to do with the general correspondence of the Railway Company? A.—No.

Q.—Who has? A.—Probably our counsel has; that is, any correspondence—

Q.—Do you know anything about the correspondence between the Company and the Vancouver office? A.—No, I do not; except our letters that come to our Department.

Q.—Have you ever seen letters to Mr. Brown? A.—I have seen letters, yes, many of them.

Q.—What is done with them when they come? A.—If they are relating to our department they are answered and filed.

Q.—If they are not relating to your department what is done with them? A.—I presume, probably taken up in the office they are addressed to and filed in that office; for instance, a letter addressed to the general manager I should not see at all.

Q.—Do you know anything about Mr. Brown's correspondence files in Vancouver? A.—No, I do not; I never saw them.

Q.—You never saw them? A.—I never saw them.

Q.—Do you know anything generally about the correspondence files in the Canadian Pacific Railway Company's office at Vancouver? A.—No.

Q.—Have you ever seen them? A.—No. How would I see them?

Q.—I am asking the question. A.—No. I have not seen them.

Q.—You say, how would you see them? I suppose you imply by your question that it is not at all likely that you should see them? A.—No, I would not see them, unless I came out and deliberately went to his office and asked to see them.

Q.—In other words, the files would be kept in Vancouver? A.—In Mr. Brown's office.

Q.—In Vancouver? A.—Yes.

Q.—Any correspondence between Vancouver and Montreal, so far as the letters from Montreal to Vancouver are concerned, would be kept in Vancouver? A.—I presume so.

Q.—You know so, don't you? A.—I couldn't say.

Q.—What about the correspondence between the secretary's office in Montreal and the C.P.R. office in Vancouver; is that returned periodically to the secretary's office? A.—No; whoever has the last transaction.

Q.—And the copies of the correspondence passing from Vancouver to the secretary's office in Montreal is not transmitted periodically to Montreal? A.—No.

A.—You have never heard of such a thing since you have been in the office? A.—No.

Mr. Oswald—*Continued.*

Q.—Certainly not. Now, we will go on with this transaction of yours. You saw Mr. Wells on that date? A.—I saw him on the day of the 20th of November, 1901.

Q.—How do you fix that date? A.—Because my receipts show it.

Q.—How do your receipts show it? A.—Because I gave him the receipts the following morning, the 21st of November, 1901, after having those in my possession.

Q.—You saw him on the 19th of November, 1901, and got from him what? A.—Got from him twenty-five grants and certified copies of Orders in Council.

Q.—Gave him receipts on the next day? A.—Yes.

Q.—Gave him receipts on the 20th, dated the 21st? A.—Gave him receipts on the 21st.

Q.—You did not give them on the same day? A.—I did not give them on the same day; he was satisfied to come in the morning for his receipts.

Q.—Where did you get the receipts? A.—I drew them up myself.

Q.—From whose instructions? A.—From the president's instruction; I showed him the receipts.

Q.—From the president's instructions? A.—Yes, sir.

Q.—When? A.—On the evening; on the evening of the 20th.

Q.—On the evening of the 20th you drew up the receipts? A.—The wording of the receipts.

Q.—Just a moment—on the evening of the 20th you drew up receipts on the president's instructions? A.—Well, it is a long time back to go—

Q.—I know it is, but you are precise and accurate on this, and I want to know. A.—The receipts show the date.

Q.—Exactly; but you tell us that you drew these receipts up on the 20th; is that so?

A.—I remember distinctly drafting those receipts, and getting the information, the authority that they were quite satisfactory to the Company.

Q.—From whom? A.—Well, I couldn't say, but it was from—

Q.—Just a moment ago you said the president? A.—I thought— I couldn't say who it was.

Q.—Well, was it the president, or who was it? A.—I couldn't say.

Q.—Do you know who you got it from? A.—I don't know; it may have been from Mr. Drinkwater; I looked to him for a lot of things like that.

Q.—Do you know anything about it at all? A.—I certainly do.

Q.—Well, who did you get it from, then? A.—I couldn't say who I got it from; I certainly drafted the receipts; they were quite satisfactory, the wording of them.

Q.—To whom? A.—To the Company.

Q.—To the Company? Do you mean Mr. Marpole? A.—No, to the Montreal office, the head office of the Company.

Q.—According to you, the head office has many heads; which of the heads? A.—To the executive head.

Q.—Do you mean to the president, then? A.—It may have been the president; it may have been the legal department; it may have been in our own office.

Q.—It may have been Mr. Creelman? A.—It may have been Mr. Creelman saw the receipts, yes.

Q.—It may have been Mr. Creelman, it may have been Mr. Drinkwater, it may have been the president, it may have been Mr. Marpole— A.—No, it could not be Mr. Marpole. It was one of the three.

Q.—It was one of the three? A.—Yes.

Q.—That is as near as you can get to it? A.—Yes.

Q.—Why did you say a moment ago that it was the president? A.—Why did I say? I don't know; I can't remember; I am saying I cannot remember; it is a long time ago when that took place, nearly two years.

Q.—You cannot remember very much about it; that is the real fact? A.—Yes, I can remember a good deal about it.

Q.—As a matter of fact, you don't know who it was who settled this form, then? That is so, isn't it? A.—The form of that receipt?

Q.—Yes. A.—Yes, our legal department settled that form.

Q.—Now you are positive the legal department; a moment ago you said it was the president, then you said you didn't know who it was, and now you say it was the legal department. Do you want to make any further variation? A.—No.

Mr. Oswald—*Continued.*

Q.—And can you arrive at the definite conclusion? A.—I want to make nothing—

Q.—Do you want to make any further variation? A.—I do not.

Q.—Now you are satisfied it was the legal department? A.—Well, Mr. Duff, if you give me a chance to explain—

Q.—Now you are satisfied it was the legal department? A.—The legal department certainly were satisfied of the wording of the receipts.

Q.—In other words, Mr. Creelman settled this receipt? A.—Mr. Creelman saw that receipt, yes.

Q.—Mr. Creelman saw the receipt and settled it; is that so? A.—Yes. In fact, it was Mr. Creelman's foot-note—the wording of the foot-note there.

Q.—Exactly; I see. Done when? A.—Drawn on the morning of the 21st of November.

Q.—I thought you said a moment ago on the 20th? A.—I drafted the receipts, and showed them on that morning.

Q.—What? A.—I drafted out receipts, not taking out those grants, and showed that in the morning.

Q.—You drafted receipts on the evening of the 20th, after receiving them on the evening of the 20th? A.—If you will let me explain—

Q.—Please answer the question; you had your opportunity to make the statement; you got the documents on the evening of the 20th? A.—Yes.

Q.—You drafted the receipt on the evening of the 20th? A.—Yes.

Q.—You waited until the morning of the 21st to submit it to the legal department? A.—Yes.

Q.—And then you got Mr. Creelman to settle this receipt? A.—I got Mr. Creelman's foot-note on the receipt.

Q.—You got Mr. Creelman to settle the receipts, in other words; is that so? A.—In other words, it is.

Q.—And then you drew up the receipt? A.—Yes.

Q.—And you got it signed by Mr. Wells? A.—By Mr. Wells?

Q.—At least, you signed it? A.—I signed it myself.

Q.—For delivery to Mr. Wells? A.—Yes.

Q.—You signed it for delivery to Mr. Wells? A.—That is correct.

Q.—Is that in the same form as this document that you have now presented? A.—I don't grasp your meaning.

Q.—I say, is that in the same form? A.—Is what in the same form.

Q.—Was the document settled by Mr. Creelman in the same form as the document that you now produce? A.—That is a copy of it, and except for the writing part on it.

Q.—Except for these numbers? A.—Those lots.

Q.—4,597, and so on. Then you presented this to Mr. Wells; that is correct, isn't it? A.—Yes.

Q.—And Mr. Wells said, "Two of these grants I am entitled to"? A.—No, no; you have got that wrong, Mr. Duff; you don't understand it.

Q.—Is that so? A.—No, not at all. That is eighteen grants there.

Q.—What did you do with that receipt which had been drawn up on the evening of the 20th and settled on the morning of the 21st? A.—That receipt I destroyed.

Q.—When did you destroy that receipt? A.—I destroyed it on the morning of the 21st.

Q.—When? A.—Early in the morning; after I was informed by Mr. Wells—

Q.—By whom were you informed? A.—I cannot tell you where I first got that instruction.

Q.—Were you informed by Mr. Wells? A.—I was first informed by Mr. Wells that he would get back two of those grants. At that time I knew nothing about it—

Q.—You destroyed the receipt after you were informed by Mr. Wells that he would get back two of the grants? A.—I said I destroyed the receipts in the morning—

Q.—I ask you, did you destroy the receipts after you learned from Mr. Wells that he was to get back two of the grants? A.—I destroyed my draft receipt for twenty grants after I found he was to get back two of them.

Q.—The receipt, then, you now want to say, after what you have told us, that the receipt that you drew on the evening of the 20th was not submitted to the legal department? A.—The receipt I drew on the 20th was for the twenty-five grants.

Q.—And it was not submitted to the legal department? A.—No.

Mr. Oswald—*Continued.*

Q.—And then this is not a copy of the receipt that you drew on the 20th, as you gave us to understand a moment ago? A.—Except for the statement on the bottom, it is the same.

Q.—That is the whole gravamen of the thing, the statement at the bottom. A.—I could not give a receipt in full if I knew we were short two grants.

Q.—You said that Mr. Wells gave you those grants on the evening, you know, for safe-keeping. A.—He delivered them to me.

Q.—For safe-keeping? Did you say that or did you not? A.—I may have said so.

Q.—Did you mean it if you did say it? A.—I meant that the grants were delivered to me, handed over to the Company.

Q.—Did you say that they were given to you for safe-keeping? A.—I may have said so.

Q.—But did you say that? A.—If I did say so I should not say so.

Q.—And if you said so you did not mean it? A.—No.

Q.—That is all I want to know. A.—I said in the vault, I said they were put in the vault.

Mr. McCaul: You have been present here during the whole of Mr. Shaughnessy's examination? A.—Yes, Mr. McCaul.

Q.—And appreciate the importance of the point of trying to show delivery of these grants to the Company on that day? A.—Yes, sir.

Q.—How long have you been in the C. P. R. service? A.—Oh, since October, 1887.

Q.—What position did you start in? A.—Oh, I have had a great many positions.

Q.—What did you start in? A.—I started as office boy or junior clerk with the assistant of chief freight agent.

Q.—At what salary? A.—Salary of \$12 a month.

Q.—And you have worked up to the position now of chief clerk in the secretary's department? A.—Yes.

Q.—At what salary? A.—I don't know that I should state that.

The Chairman ruled the question improper.

Q.—Have you still got in view further promotion? A.—Well, I have been expecting it for two or three years, but never have had it.

Q.—What do you mean by saying that these grants were delivered to you for the Company on the 20th? Do you want to make the legal point for the Company that there was actual delivery made on the 20th? Is that what you are trying to do? A.—Yes, it was made on the 20th.

Q.—What time in the day did Mr. Wells come to you with those? A.—I said before that Mr. Wells spent most of the afternoon in the legal department discussing and talking about this matter.

Q.—That Mr. Wells spent most of the afternoon? A.—After spending some time in the legal department.

Q.—And he handed you those twenty-five grants? A.—Yes.

Q.—In what shape were they? All in an envelope? A.—No, they were not in an envelope at all, they were all together; just a bundle of grants.

Q.—They were all together? A.—Yes.

Q.—No particular grants kept separate from the others? A.—No.

Q.—Tied up? Was there an elastic around them? A.—There was an elastic band; the Orders in Council, the plans and grants and all.

Q.—And he handed you the lot at the time? A.—Yes, he did.

Q.—And where did you put them? A.—I took them back to my own room and put them in the vault.

Q.—And how long afterwards was it that Mr. Wells came to you to say he wanted to get those two back? A.—It was late that afternoon, I should say half-past six.

Q.—What time in the afternoon was it that you got the grants in the first place? A.—It may have been five o'clock, or half-past four or five o'clock.

Q.—Half-past four or five o'clock? A.—I had had them some time in my vault.

Q.—On the 20th? A.—On the afternoon of the 20th, yes.

Q.—Now, are you satisfied that that was before five o'clock at all? A.—It is very hard to answer questions two years back, nearly two years back, whether it was five or half-past five or six o'clock. It was some time in the afternoon of the 20th; it may have been five or half-past five.

Mr. Oswald—*Continued.*

Q.—Are you satisfied at all it was before five? A.—I am quite satisfied it was before five.

Q.—You are satisfied? A.—Yes, I am satisfied on that question.

Q.—Was this before or after Mr. Wells had had his conversation with Sir Thomas Shaughnessy? A.—That I cannot say. I don't know.

Q.—I presume it must have been after his conversation with Sir Thomas? A.—Well, I presume it was. I don't know at all; I should really say that I don't know when it was.

Q.—You did not hear about it? And then within a couple of hours Mr. Wells came and said he wanted two of those Crown grants back? A.—Yes, Mr. Wells called at my room late that same afternoon, asking me to return him two of the grants back.

Q.—And at the time Mr. Wells handed you these grants in the legal department he did not ask you for any receipt for them at all? A.—No, none whatever. He took the word, that he would come in the morning for the receipts.

Q.—He was to come in the morning for his receipts. And at the time no receipts passed from you to Mr. Wells for the Company for the grants at all? A.—Nothing whatever.

Q.—Not until the next morning. What was this receipt that you said you prepared on the night of the 20th; was that taken up to Mr. Creelman? A.—No, it was not; not on the night of the 20th.

Q.—Not on the night of the 20th? A.—No.

Q.—And you did not see the president on the night of the 20th? A.—Oh, I might have seen him two or three times.

Q.—Was the receipt drawn on his instructions, as you said? A.—Not then.

Q.—Did you get any instructions from the president about the form of the receipt? A.—No, I did not; not that night.

Q.—Then you were romancing when you said that on the evening of the 20th you drew up the receipts on the president's instructions? Why did you say that? Did you think it was going to help the Company? A.—I cannot remember these things so far back.

Q.—Why did you say that to Mr. Duff? Did you think you were making a point for the Company? A.—No, certainly not.

Q.—Why did you say it, then? You must have had some object? A.—I had no object at all, except simply trying to remember what took place.

Q.—Well, then, I suppose you are pretty particular about matters as important as these Crown grants, aren't you? A.—Yes, I am.

Q.—You would not give a receipt for twenty-five Crown grants when you only got twenty-three, would you? A.—No, I would not.

Q.—And you did not get twenty-five grants? A.—I got twenty-five the night before, yes.

Q.—You would not give a receipt for twenty-five grants? A.—No. I drew up the receipt the night before for twenty-five grants, twenty Columbia and Western and five B. C. Southern.

Q.—You claim that twenty-five grants had been delivered to you for the Columbia and Western Railway and were retained by you as secretary of the Columbia and Western Railway Company in your vault? A.—Yes, they were delivered for the Columbia and Western, twenty of them, and the other five for the B. C. Southern; not all for the Columbia and Western.

Q.—Did you take any receipt from Mr. Wells for these two grants? A.—No, I did not.

Q.—You seem to be pretty particular about other matters? A.—I would not take a receipt—

Q.—I suppose it did not strike you that if you had had these grants, as you claim, delivered to you for the Company, that there was any necessity of taking any receipt from Mr. Wells when you handed them back to him? A.—I would not ask Mr. Wells for a receipt, for I got my instructions they were to be handed back.

Q.—That is, because you understood they were not delivered? A.—They were delivered the night before.

Q.—You understood that there had been no intended legal delivery of those grants, and, therefore, you would not ask a receipt? A.—No, I never did.

Q.—Why did you not take a receipt? A.—Because the instructions came that they were to be handed back to Mr. Wells. I would not ask Mr. Wells for a receipt unless I had instructions to do so.

Mr. Oswald—*Continued.*

Q.—You would have to get specific instructions before you would ask for a receipt?

A.—You don't understand my meaning, Mr. McCaul. These grants were in my office for over a night; the next morning I understood that two of them were to be handed back to Mr. Wells. Well, in that case, I would not ask Mr. Wells for a receipt for those two grants.

Q.—You would not? A.—No, I would not.

Q.—You don't think that would be a business proceeding at all? A.—Yes, it would have been in this case a very good one; but I did not do so.

Q.—But it would have been a very good proceeding? A.—Yes, if I had done so.

Q.—But you did not do it? A.—No. I have got no receipt to show for these grants, whatever.

Q.—Now, who did you get your instructions from to hand these back to Mr. Wells?

A.—Well, I cannot remember exactly how I got them; but I presume it was from the president.

Q.—You presume it was from the president? A.—Yes.

Q.—Then the president knew you had these two grants in your possession? That is true, isn't it? Is there any escape from that? How could he give you instructions to hand these grants back to Mr. Wells, if he did not know that you had them? A.—The president did not know that the grants had been handed over to the Company.

Q.—The president did not know that the grants had been handed over to the Company, and he gave you instructions to hand them to Mr. Wells. What are you talking about? A.—He knew that the grants were to come to the Company, but he did not know that I had them that particular night in my possession.

Q.—How could he have given you instructions to return the grants to Mr. Wells if he did not know you had them in your possession? A.—Well, I must have got instructions, for I had them and I have turned them over.

Q.—Oh, to come down to it, you are not quite sure whether you got instructions or not, and you argue? A.—I cannot say where I got my instructions from for that.

Q.—You cannot say where you got your instructions from for that; that is where you get to? A.—I cannot say who I got my instructions from; I presume—

Q.—Do you think you know anything about it at all? A.—I think I have shown that I know something about it.

Q.—When did you concoct this story? A.—I have concocted nothing whatever.

Q.—After you saw these telegrams and saw that the Company had to make this point?

A.—As soon as I saw this thing in the paper I knew that I had had those grants in my possession.

Q.—How can you make that statement square with Sir Thomas Shaughnessy's statement that he never knew that he had the grants at all until you told him lately, and also with your statement that you got instructions from him to turn them over? A.—Sir Thomas did not know that I had got those grants.

Q.—I think that will do for you.

Mr. McPhillips: I would like to know from you, if you can recollect, what Mr. Wells said to you when he came to you with these grants? Can you remember the circumstances of his coming to you? A.—I remember the circumstance very well indeed. The transaction all took place in our legal department. As secretary of the Columbia and Western Railway Company, those twenty-five grants were handed over to me with the certified Orders in Council and those plans.

Q.—Did Mr. Wells himself make the manual delivery? A.—He did.

Q.—To you? A.—Yes, he did.

Q.—And you took them in your official capacity, did you? A.—Yes; back to our own room, and put them in the vault.

Q.—Now, what I am getting at, Mr. Oswald, in a way, is, would you say those Crown grants came to you in the way that other grants or patents might come to you? Would you be the natural custodian of these Crown grants on behalf of the Company? A.—Yes.

Q.—That is in your ordinary course of duties? A.—They would come to me in the same line as that; they would come to the office to me officially, and they would come for safe keeping and filing.

Mr. Oswald—*Continued.*

Q.—What is the usual custom ; you usually receive Crown grants in this way, or through the mail? A.—All the grants that I have seen have always come through the mails.

Q.—And, therefore, this was an unusual case? A.—Yes.

Q.—And, therefore, the facts might be more plain on your memory? A.—These facts are very plain ; I remember distinctly.

Q.—Now, you say that Mr. Wells handed those Crown grants to you. Did he make any observation in so doing? A.—Nothing at all, except that he said he would call in the morning for his receipt.

Q.—Did he say anything? A.—Nothing whatever ; there had been a good deal of talk on these matters all afternoon, but there was nothing said when he handed the grants over to me, except that he said he would come in the morning and get his receipts.

Q.—Had you had conversations with him there that afternoon with respect to those grants yourself? A.—No, none at all.

Q.—Mr. Wells made no statements to you, one way or the other, in connection with these Crown grants? A.—No.

Q.—As to whether he was making delivery or he was merely depositing them with you for safe-keeping, or anything of that kind? A.—The statement was that the grants were delivered over to the Company.

Q.—Who made that statement? A.—I couldn't say that Mr. Wells made that statement; I certainly took them on the understanding myself that I was receiving them for the Company.

Q.—And, as far as you can speak, you took them on behalf of the Columbia and Western Railway Company? A.—Yes.

Q.—That delivery was made so far as manual delivery is concerned, anyhow ; you were handed the grants? A.—Yes, I was.

Q.—Why wasn't it followed up in ordinary course by a receipt right then, Mr. Oswald? A.—Because Mr. Wells was satisfied to come in the morning and get his receipts.

Q.—Did he use his own volition in making that statement? A.—Yes, the understanding was that he would come in the morning and get his receipts.

Q.—If he had asked you for a receipt then, would you have given it to him? A.—Certainly, if he had asked for it then I would have given them.

Q.—Mr. Wells did not open the matter in any way by saying that as to two of the grants he did not wish to deliver them? A.—No, not a word.

Q.—Or that they were to be left with you for safe-keeping? A.—Not a word.

Q.—That matter was not taken up with you in any way? A.—No.

Q.—When did you first hear of that contention being put forward? A.—About these two grants?

Q.—Yes. A.—Mr. Wells returned some time afterwards that same afternoon and asked to have two of them returned to him, which I refused to do.

Q.—Did he speak to you about it? A.—Yes.

Q.—I would like you to tell the exact words. A.—I cannot say.

Q.—Or the effect of what he said to you? A.—He came in and asked for the two grants to be handed back to him ; I refused, saying that if he wanted those grants, if they were to go back to him, when he came in the morning he would get them when he got his receipts. As to the exact words, I cannot say.

Q.—Did he say as to the two grants that it was not to be understood that he had delivered them to you? A.—No, he did not mention the two grants ; he said two grants were to be returned. What they were then I did not know.

Q.—He said two grants were to be handed back to him? A.—He said two grants were to be handed back to him ; which two I did not know.

Q.—He did not indicate which two? A.—No, he did not.

Q.—And your answer to that was you could not do it then? A.—My answer was that if he was entitled to those grants they would be handed to him back in the morning, when he got his receipts.

Q.—Did he dissent from that? A.—He seemed quite satisfied and went away.

Q.—Then did you meet Mr. Wells the next morning again? A.—Mr. Wells came back the next morning.

Q.—Did he come to you? A.—He came back to me eventually from our legal department. He went there first. It was before Mr. Wells came back in the morning that I learned that two of the grants were to be handed back to him.

Mr. Oswald—*Continued.*

Q.—You told my learned friend, Mr. Duff, what took place. With the assistance of the legal department a receipt was made out, which we have here; a receipt drafted by you? A.—That official receipt is signed by me as secretary of the Company.

Q.—I would like to show that to you (handing document to witness). A.—That is the one.

Q.—You recognise that? A.—Yes; that is for the five B. C. Southern.

Q.—There is another one here (indicating). A.—Yes; that is the other one, for the eighteen Columbia and Western.

Q.—This is the important one. A.—This is the important one. That was struck off because it was a duplicate of the one above (indicating).

Q.—You say that receipt was prepared on the instruction of the legal department? A.—Yes, that receipt was prepared by myself, but this final note here was the wording of the chief solicitor.

Q.—Who is that? A.—Mr. Creelman. That wording down there that these patents are received only in partial satisfaction of the Company's claim; that was the legal advice I got. The other receipt, as I drew it at first, was for twenty grants and, therefore, would have been signed as the B. C. Southern one was—with the twenty grants.

Q.—That is if you had completed this transaction the night before? A.—I made out the receipts the night before for the twenty. The next morning, when I found there were two to be delivered back, I tore up that draft and made another one for eighteen; and got this footnote from the legal department. It is hard to remember everything that occurred back so far.

Q.—But if the receipts had been for all the grants you would not have called in the legal department in the matter? A.—There was no necessity for it.

Q.—No. A.—I think, if I remember rightly, that with those draft receipts, some official of the Company saw them. I cannot remember exactly now; it may have been Mr. Drinkwater; he is just in the office room there; I may have showed him the wording of that receipt, the first draft, and he said, yes, it is quite satisfactory.

Q.—Now, Mr. Wells on this occasion did not say anything to you which gave you any intimation that he had not delivered, or intended to deliver, those two Crown grants in question? A.—At first? No. Do you mean at first?

Q.—I mean during the first time, or during the second time? A.—I did not know anything about that at all, nothing whatever. The only thing I know is, after having them all, I returned him two of them.

Q.—When you gave this receipt with the controlling clause at the bottom of it there, did Mr. Wells make any observation to you with respect to those two Crown grants, that he had not made delivery or did not intend to, or anything of that kind? A.—No, nothing whatever.

Q.—You never heard him make any such statement? A.—No, I did not.

Q.—You say you are clear upon it, that these two grants had been in your possession? A.—Clear, positive of it. So much so that I tried to speak to the President about it some days before he started to come here; I tried to see him two or three times on this question, but I never had the opportunity; he is a pretty busy man, and I could not get to him, until I saw what was in the papers and he was preparing to come West, and I told him about it.

Q.—How did you check over the grants in finding out the numbers that you had? A.—Why, they are shown on the plans; the lot numbers are all shown on the plans.

Q.—Do you think that on the first night, the 20th of November, you checked over the Crown grants when you received them from Mr. Wells? A.—I counted them and found I had twenty-five.

Q.—Did you check them off knowing they were for special blocks of land? A.—Yes, because I made out a draft, a receipt, the night before.

Q.—You say, then, that you did check over the areas on the plan? A.—No, I did not mark the lots at that time; you will find my duplicate receipts show the lots,—not shown on that receipt at all. All that is there is, Crown grant so and so, said to contain an area of so many acres; but not the lots; I could not get the lots from the grants. I don't think you have exactly grasped my meaning. You won't find this on the official receipts, nor that on the official receipts (indicating). I got those lot numbers from the plans.

Q.—Can you identify from this copy of receipt the fact that you had the grants for 4,593 and 4,594 the night of the 20th of November? A.—No, I cannot. I did not know the lot number the night before.

Mr. Oswald—*Continued.*

Q.—You cannot really identify those particular lots from anything that is at your command? A.—No, I cannot.

Q.—You cannot identify these two particular grants? A.—I could not have identified any one of these lots.

Q.—Then, how closely do you speak as to these two particular grants for 4,593 and 4,594? A.—If I had twenty grants, and only eighteen now, giving back to Mr. Wells two of them, they must have been the lots in question.

Q.—You virtually answer it mathematically? A.—That is the way I certainly should answer it. I take it for granted that because I had twenty grants, and two went back to Mr. Wells, and those lots are shown there, then the two that he received must have been for 4,593 and 4,594.

Q.—But we do not understand you, Mr. Oswald, to be making the statement that you specially noted that you had two Crown grants in your possession, one being for 4,593 and one being for 4,594, the night of the 20th of November? A.—I do not do so, Mr. McPhillips. I did not know any of those lots the night before. It was not for perhaps a week afterwards, or perhaps ten days afterwards, that I knew the lots that each grant referred to; and that was only found out by Mr. McL. Brown going over the plans, you see; and we found the lots. You will find the plans show the lots in his pencil writing.

Q.—That would be a subsequent matter? A.—May I look at those plans, please. This is the way I got at those lots—I may be mistaken but I am positive that I am not (looking at plans). For instance, there, this is lot 5,816, 2,698, 2,700, 2,706—that is all in Mr. McL. Brown's own pencil. And I think you will find that every one is the same. And that is the way I got at the numbers of the lots.

Q.—But you did not know that at the time? A.—No, those were not marked on the plan for perhaps a month afterwards. That is how I got at the lots.

Q.—How did the Company, and in what way for the first time did the Columbia and Western Railway Company, or more properly the Canadian Pacific Railway Company, become advised of the fact that you did have these two particular Crown grants in your possession, as you say, for a period of about twenty-four hours? A.—The way it came about is in connection with Sir Thomas coming here in the matter of this investigation. I had been reading articles in the paper, and saw for myself the statement made by Mr. Wells; at the time I felt sure there was something wrong about it; because I remembered distinctly having those twenty-five Crown grants—the twenty-five patents, as we call them. It was then; that couldn't have been more than, I suppose, two weeks ago.

Q.—Two weeks ago? A.—When I spoke to Sir Thomas I told him that these patents had been in my possession for practically twenty-four hours, and that Mr. Wells personally knew that I had those grants and I handed them back in the morning.

Q.—You did that of your own volition? A.—Yes. And when Sir Thomas was speaking to me about it I told him also—there are lots of things to be thought of in coming away out to a place like this, you have to have papers and everything necessary and I spoke to Sir Thomas before we left the East—

Q.—Of these facts? A.—That I had twenty-five grants in my possession. And another thing that reminds me now that I was so sure of this thing—in a day or two afterwards, in looking over those plans, I came across this plan (indicating), and I said, “By Jove, I should have returned this plan to Mr. Wells with the grants.” It is marked “Deficiency blocks Nos. 1 and 2.” I immediately saw that I made a mistake in thinking of the thing, because it was belonging to an Order in Council that we have.

Q.—That is, you thought possibly this plan was connected with the Crown grants, blocks 4,593 and 4,594? A.—Yes. It belongs to the Order in Council. I found immediately that I was quite mistaken in thinking so. It was only simply for the time being.

Q.—But you were not asked to hand back the Order in Council? A.—No; the Orders in Council are there, certified.

The Chairman: This plan went with the Order in Council? A.—Yes.

Q.—Not with the Crown grants.

Mr. McPhillips: Then, dealing with this plan, under what circumstances did you get this plan that you have now referred to? A.—Because I got it with my Order in Council. The same as this B. C. Southern plan belongs to the B. C. Southern.

Mr. Oswald—*Continued.*

Q.—And this plan has reference to these two blocks, 4,593 and 4,594? A.—Mr. Brown has written on this plan.

Q.—Do you recognize the writing on that plan, Mr. Oswald (indicating)? A.—Yes, that is Mr. Drinkwater's writing.

Q.—On the left-hand corner? A.—I presume that is Mr. Wells' signature.

Q.—You are not familiar with his signature? A.—I have seen it before. I presume it is. This has got the 10th of August, 1901; I don't know whether that is written by the same person. I certainly got this plan with the Order.

Mr. McPhillips: Can you say, Mr. Gore, about it?

Mr. Gore: That is my writing, 10th of August, 1901.

The Witness: The others are all Mr. Gore's, then, for they are all the same writing.

Q.—Then, on your apprising Sir Thomas Shaughnessy of the fact that you had these two particular grants for a period of twenty-four hours, what followed that? A.—He seemed rather surprised. He remembered the circumstance of telling Mr. Wells that he could retain those grants, but he did not know that Mr. Wells had really handed them over to me, and that I had had them in my possession a short time.

Q.—He exhibited surprise? A.—He was quite surprised; he never knew that the grants had ever been in the possession of the Company for half an hour; he thought that Mr. Wells had handed only those other grants, and, as it turns out, had leave from himself to retain the two.

Q.—And I suppose since that nothing has transpired bearing on this subject one way or the other? A.—No.

Q.—Other than you have come out here and you have given your evidence? A.—No.

Mr. Helmcken: Look at those Crown grants (referring to the cancelled Crown grants for 4,593 and 4,594)? A.—It is a pretty hard thing to pick out those grants one from the other.

Q.—You cannot say, Mr. Oswald, whether you ever saw those before? A.—No, I could not say whether these are the same ones.

Q.—You never inspected them at all? A.—No, but eighteen others, they all look so much the same, I could not tell one from the other.

Q.—Here is a certified copy of them. You would have to go through them very carefully before you could say the exact number? A.—Yes.

Q.—And you say that you had that number of Crown grants, and two were called for, and, therefore, they must have been 4,593 and 4,594? A.—Yes, as it turned out, that must be the lot.

Q.—At least you did not know at that time? A.—I did not know at that time any of the lots, one from the other. I don't think those grants show the lots, do they?

Q.—Oh, yes, if you look at them. The lots are written on the grants. A.—I didn't know that.

Q.—You see there, Mr. Oswald, towards the latter part of the Crown grant, 4,593 (indicating)? A.—Yes, I see it.

Q.—And 4,594 (indicating). So that you would have to look at it very carefully to see what the lot number is? A.—Yes; it is a case of reading carefully the lot description.

Q.—There is nothing on the back of the Crown grants to show? A.—The lot is shown on the plan.

Q.—And you would have to look at the plan? A.—Yes.

Q.—I notice you put a number on the receipt on the side here, the Crown grant; did you extract that from the grant itself? A.—Yes, they are all numbered.

Q.—Is that the Government number? A.—Yes; the same as this.

Q.—The Government number.

Mr. McPhillips: Now, do you say that you prepared a draft receipt the night before, the 20th of November? A.—Yes, from my grants which I had in my possession; from the grants themselves.

Q.—You tore that up? A.—Yes.

Q.—If you had that, you would have the Government number on that draft? A.—I would have.

Q.—If you had the Government number on that draft receipt the number would correspond with the grant? A.—Yes, it would, of course, but I tore up my first receipt.

Mr. Oswald—*Continued.*

Q.—If that draft receipt on the night before was carried out on the same lines as this receipt, you would have checked the number? A.—Yes; I had the twenty numbers on that receipt, the night before, certainly.

Q.—It is very important on that point. A.—It is unfortunate I destroyed that receipt.

Q.—You will state, as a matter of fact, that the receipt of the night before that you had drawn up had upon it the Government numbers of all these grants? A.—I should think so. That receipt was destroyed. I cannot remember exactly.

Q.—But was it in the same form? A.—Yes, it was in full of the land due; it must have shown the numbers, there were twenty numbers on the receipt.

Q.—Therefore, you would have known the Government number to account for these two particular grants? A.—Yes, they must have been there. If the grants are numbered I must have had the twenty numbers.

Q.—Are you willing to pin your statement closely enough to say that that draft receipt of the night before showed the Government numbers? A.—I couldn't say as to that; there may not be numbers on them.

Q.—Oh, yes, there are. The numbers are consecutive. A.—I don't know how the numbers run.

Q.—You don't know whether they run consecutively or not? A.—No.

Q.—When Mr. Wells came to you and asked for the Crown grants, did you give him the whole bundle? A.—To pick out the two grants that he was to take back? Yes. I did not know which two grants he wanted.

Q.—Well, did you see Mr. Wells take the two out? A.—I saw him, yes; I gave him the receipts; he read the receipts and he said it was satisfactory; and he put them with the grants in his pocket.

Q.—Did you see Mr. Wells open the Crown grants? A.—No, Mr. Wells was glad to get those two Crown grants and put them in his pocket.

Q.—He knew them? A.—Yes, for he had them in his possession from Victoria to Montreal, he must have known them.

Q.—Did he take any time in singling them out? A.—Well, he did not take very long.

Q.—Did you watch him? A.—No, it was immaterial to me; he was to get two grants and I did not know which two he got, whether these two or any other two. He took two grants; and now there is no question what they were; but at the time I did not know which they were.

Q.—Why did you let him have two grants? A.—Because I was informed that two were to go back to him.

Q.—From whom? A.—I don't remember exactly now; I must have got it from the proper person; presumably from the president; I don't remember particularly who I got it from.

Q.—Why didn't you take a receipt for these two grants? A.—Because I did not know but they were his own property and he was entitled to them.

Q.—You didn't know whether you were entitled to these grants or not? A.—I didn't think we were when I handed them back in the morning to him; I didn't think we were entitled to two grants we got.

Q.—Were they all in one bundle? A.—They were all flat out, I think.

Q.—And then were handed over to you for safe-keeping the night before? A.—They were delivered the night before.

Q.—For safe-keeping? A.—No, delivered to the Company, as I took it, that night.

Q.—What instruction did you receive when those documents were handed over to you? A.—The instructions, I think, when the documents were handed to me, that Mr. Wells delivered the documents that night and he was to get the receipt in the morning. Documents come in all the time all the year—

Q.—You did not tell the president that night that you had this bundle? A.—No, I did not tell a person.

Q.—Not the president? A.—No, I did not.

Q.—When did you tell anybody that you had these Crown grants? A.—I did not tell the president about these two special Crown grants until the question came up.

Q.—Did you tell anybody else? A.—Why, there was the whole legal department that is in the office saw me get the grants. No, I did not tell.

Mr. Oswald—*Concluded.*

Q.—Did you yourself personally tell anybody of the fact that you had those two Crown grants? A.—No, I did not. The number of grants that we have there—we are simply buried in them; all kinds; I did not think of only two among others.

Q.—But these two Crown grants you say you had, and you turned them over to Mr. Wells the next morning, and you don't know by whose instructions or whose authority? A.—I don't remember whose instructions, but I must have had proper instructions from the proper source, or I would not have given them.

Q.—To whom did you apply for that authority? A.—The next morning I learned that two of the grants were to go back to Mr. Wells.

Q.—Mr. Wells came to you? A.—Mr. Wells came to me on the night before.

Q.—On the previous evening, and asked you to let him have two Crown grants. You did not let him have the two Crown grants? A.—Not that night, because I did not know—

Q.—Did you speak to any person between that time and Mr. Wells' return? A.—No, I did not. The next morning I learned that two Crown grants were to be delivered back to Mr. Wells. I must have got that from a proper source or I would not have given the grants back. I don't know who it was gave me the instructions. I tried to think of it all the way out—a long trip and I had lots of time to think; but I could not think who gave me instructions.

Q.—These receipts do not mention the Order in Council? A.—There is no receipt—not a receipt for the Order in Council.

Q.—You did not mention them? A.—No, I did not mention the Orders in Council or plans.

Mr. McCaul: Mr. Chairman, may I ask the witness, if he got those instructions, whether the instructions came in writing? A.—Instructions come to me in writing?

Mr. McCaul: That is the first question I want to ask you.

The Chairman: And what is the other question?

Mr. McCaul: The other question is, I want to try and define where those instructions came from, more definitely.

The Committee granted leave to Mr. McCaul.

Mr. McCaul: This was an important matter, because you, acting in what you conceived to be your proper duty, had refused to let Mr. Wells take those out the night before, and you must have required specific instructions before you gave up those grants? A.—Yes.

Q.—And did those instructions come to you in writing? A.—No, they did not.

Q.—How long before Mr. Wells came in in the morning did you get instructions? A.—I don't exactly remember. I cannot say how I got my instructions, but I got them before Mr. Wells turned up in the morning.

Q.—And you say they must have come from the proper source? A.—They must have.

Q.—What would have been the proper source? A.—Well, the proper source, no question about it, would be finally—would be from the president; Mr. Drinkwater may have told me about it.

Q.—How did Mr. Drinkwater know anything about it? You said you did not tell anybody you had those grants. A.—Mr. Drinkwater knew I had those grants, certainly.

Q.—He knew that always? A.—Oh, Mr. Drinkwater would not know anything after I took the grants over.

Q.—He knew you had those two particular grants? A.—No; he knew I had received grants, but he would not know whether I had ten or fifteen.

Q.—Some person in authority over you, the president or the chief solicitor of the Company, must have been aware that you had these two grants in order to give you those instructions? A.—Not necessarily. They could easily have said that two of the grants should be given back to Mr. Wells, and he may not know that they were handed to me.

Q.—But you got those specific instructions from someone? A.—I learned the next morning that the two grants were to be given to Mr. Wells.

Q.—How did you learn? Common rumour around the station or town? A.—Oh, no; that came from the proper—I don't know how I learned; I cannot remember now.

Q.—It came from the proper authority, and the proper authority, in your opinion, would be Sir Thomas Shaughnessy? A.—I should say so, yes.

Witness stands aside.