

## Central Railway of Canada

### Files seen:

RG 43 vol. 259 file 2168

RG 43 vol. 188 file 3176

RG 43 vol. 190 file 18859 Canadian Government Railways purchase of rails, ties and fastenings from the Central of Canada Railway

### RG 43 vol 259 file 2168

An Act to incorporate the Mid-Canada Railway 1903 (presume this was a draft)  
Company may purchase the property, rights, franchises shares and bonds of the Atlantic and Lake Superior Railway and may continue, complete and operate the railway under the name of Mid Canada Railway.

An Act to incorporate the Ottawa River Railway.  
Standard gauge railway from a point in or near Carillon to the City of Montreal and may also build branch lines to St. Come and to connect with the CAR. May enter into agreement with Jacques Cartier Union Railway, CAR, C&G, Central Counties, GN, CP, GT, Chateauguay and Northern, Ottawa Valley, Atlantic & Lake Superior, Montreal Park & Island and Montreal Terminal Railway or any other company in a position to supply terminal facilities at or near Montreal.

This was to be a substitute to the Ottawa Valley Railway.

1936 letter from lawyer asking about the bond of the Ottawa Valley Railway.

Ottawa Valley was taken over by the Central Railway of Canada in 1905.

Central Railway went into receivership in 1917 and the stocks of its constituent companies were held by the Exchequer Court as liable for the various bond issues. Receivership was discharged for some years.

### RG 43 vol 188 file 3176

**22 April 1912** Petition from farmers storekeepers and other residents of townships of West Hawkesbury, Caledonia and South Plantagenet asking that the Canada Central be allowed to pass through their community.

Whereas we believe you are considering the matter of a change of route for the Central Railway of Canada between Hawkesbury, namely by way of L'Original.

Whereas we strongly desire the adoption of the route as submitted to you by the Central Railway of Canada as serving the best interests of the community.

Whereas the town of L'Original is now served by the Canadian Northern and the residents of that town therefore have all the facilities for reaching Ottawa or Montreal

Whereas we have no facilities

We pray that you will not deny us the advantage of having the Canada Central passing through our community, but will approve the route now submitted.

**22 April 1912** Similar petition from the district of Routhier and St. Amour.

**RG 43 vol 190 file 18859**

**Canadian Government Railways purchase of rails, ties and fastenings from the Central of Canada Railway**

**May 11 1917 Telegram J.D. Reid to Hon F. Cochrane**

Explained the whole situation about rails to Mr. Gutelius on way to Halifax. He advised that while 10,000 tons will put them in good shape for the present time, may require more and agrees that we should purchase rails belonging to Canada Central & West Shore . Gave Mr. Yates full information. If you agree would suggest notifying trustees by wire on Monday Government must have rails. Advise highest tender in order that you may have order in council passed, purchasing. Trustees of Canada Central wired me offering their lot 50 dollars Macalpine Junction. Do not believe would make a mistake taking both lots.

**23 May 1917 Telegram Bell to Gutelius, General Manager Canadian Government Railways.**

WE have arranged to purchase 1700 tons 80 lb C.P.R. section new rails with angle bars rolled by Cambria Steel Company in 1912. Also track bolts and spikes for this tonnage if same are in good condition. Now piled at McAlpin on CPR short line between Ottawa and Montreal. Please say if you want to use these on Canadian Government Railways and if so will you release equal quantity for use on Quebec & Saguenay giving weights and sections. This does not interfere with order of 10,000 tons to be rolled at Sydney.

**Undated hand written notes**

1578 gross tons 80 lb. section steel rails 1912 piled at McAlpin Junction on CPR near Vankleek Hill. About 1 mile laid siding - balance seen near alongside siding. \$50.00 gross ton as piled - expenses taking up ??? laid to be borne by the seller - Central Railway of Canada.

Bar plates and angle bars	\$2.50 per 100 lbs.
Bolts	\$3.00 per 100 lbs.
Spikes	\$2.25 per 100 lbs.

50,000 ties, hemlock piles in solid pile for 4 years - 40c each for such ties as are suitable to engineer in charge.

**25 May 1917 Order in Council PC 1917-1447 is passed** - see data base for details.

**6 June 1917 Memorandum from Purchasing Agent to L.K. Jones, Assistant Deputy Minister**

Returns draft contracts (ties to be picked up by O'Brien and Doheny.

When Mr. Armstrong made his offer to the Minister he did not seem to be in possession of exact information as to what his Company had actually on hand at McAlpin's but the information he gave was the best that he, to his knowledge, could give and the data shown on the copies of my orders issued May 31 was supplied by Mr. Armstrong after a search was made by him of the Company's papers. When the minister agreed to accept these rails, nothing was mentioned about second quality rails, or shorts, nor did Mr. Armstrong know that he had frogs and other switch gear on hand. In like manner, Mr. Armstrong was of the opinion at the time that there were 50,000 ties on hand at McAlpin's whereas their records showed on investigation that they only had actually on hand 41,000 ties.

**7 June 1917 Draft contract sent to the company**

**9 June 1917 Contract returned duly executed**

**12 June 1917 Contract with Central Railway of Canada**

**14 June 1917 Telegram from Bell to C.B. Brown, Chief Engineer, CGR, Moncton**

It is proposed as rails inspected at McAlpine Junction by your inspectors and loaded to make advances from time to time instead of waiting until shipment is complete. Please instruct by wire inspector to forward duplicate original inspection reports to me from time to time. You will put through a final certificate and from this will be deducted the amounts which we advance from time to time.

**15 June 1917 telegram from Brown, CGR Moncton to Bell**

Have instructed Robert W. Hunt & Co who are making inspection to dent you duplicate original reports every second day. Under terms of purchase seller has to pay for the cost of lifting existing track sufficient money should be held off payment to cover this.

**16 June 1917 letter from Stuart Williamson, to Cochrane, Minister of Railways**

Come to my knowledge that your Department has bought 1700 tons more or less of steel rails and accessories also certain ties stacked in the company's yard at McAlpin, and now, I understand, being removed.

You may not be aware that the said company has no power or right to dispose of this material without the sanction of the trustees under two deeds of trust dated 17 July 1911 and 5 May 1914.

The affairs of the company are in course of adjudication before the Exchequer Court of Canada, the Trustees having applied for appointment of a receiver.

Brings this to your notice and to further state that the payment of any monies should be to the order of the City Safe Deposit & Agency Company of London, England as trustees for the bondholders.

My interest arises from the fact that I have been designated receiver by the bondholders for the liquidation of the company's affairs and the interest of the bondholders is jeopardized when the only tangible assets are the materials now being sold to your department.

Trusting that you will investigate this matter before making any payment of monies to the Central Railway of Canada.

**18 June 1917 Letter from Department to Stuart Williamson**

Glad that you wrote to me in order that payment for these assets be made properly.

**18 June 1917 Letter from Armstrong to Department**

Mr. Williamson, four years ago, was an employee of the Central Railway. The company has every reason to believe that the former contractors, Wills & Sons, whose action in enjoining the Company from having the work which they had discontinued proceeded with by other contractors was severely condemned by the Privy Council are now endeavoring apparently with the assistance of Mr. Williamson and the use of the name of the trustees to wreck the company in order to save themselves from the heavy damages they may have incurred. It is certainly strange that it is the lawyers of these contractors who conducted the and lost their suit against the Company who are now acting for and in the name of the Trustees to oppose a scheme of arrangement deposited by the Company in the Exchequer Court of Canada and assented to by over 75% of the bondholders, shareholders and creditors.

They also applied for a receivership suggesting Mr. Williamson as receiver. This application was refused by the Exchequer Court (copy enclosed).

Directors are acting in strict accordance with the Railway Act etc.

Company is acting strictly within its rights and in the best interests of all concerned and the directors feel that the refusal to pay them for the materials delivered to you in accordance with the contract made with the government would be a reflection on their honesty and integrity which they could not but resent.

**19 June 1917 Telegram from Brown, Moncton to Bell, Ottawa.**

Received wire from Robert W. Hunt Co. Central Railway have instructed CPR Agent not to ship any more rails or other material from McAlpine, 17 cars loaded and ready to lift. Contractors will be tied up tonight unless cars lifted. I have asked Hunt Co to send you copies of inspection reports but if not received our advises as to inspection shown 625 tons number one rail shipped and 80,000 lbs angle bars.

**20 June 1917 Letter from Deputy Minister of Justice to Department of Railways and Canals**

Assuming these rails to be covered by the mortgage deeds of 17 July 1911 and 5 May 1914, which I see no reason to doubt, it seems to be plain enough that the railway

company cannot convey a clear title unless the rails be released from the charge pursuant to the provisions of the trust deed and therefore, I suppose, that if the government pay the company they might be held liable for account by the trustee.

It would be sound practical disposition of the matter if it could be agreed that the government should take over the rails contracted for which remain undelivered, withholding all payments until the right of the trustee be determined if the company dispute it. As for the rails already delivered I presume the Government would retain them as against the company as well as the price agreed for, until the title is made good, but I do not think the government can safely pay the company for any of the rails until the trustee releases his claim.

**21 June 1917 Telegram from Brown, Moncton to Bell, Ottawa**

I am informed by Robert Hunt that O'Brien and Doheny, contractors were instructed this evening from a representative of the Central Railway of Canada to unload steel rails that are loaded here. Kindly advise me.

**20 June 1917 Letter from Cook and Magee, Montreal to Minister, Cochrane**

Acting for City Safe Deposit and Agency of London who, as trustees, are mortgagees of all the property and assets of the railway. Bonds to the value of approximately £427,000 have been issued and are outstanding, no interest has ever been paid, continuous default having been made since October 1914. Company has admitted utter insolvency in the most formal way having filed a scheme of arrangement with the Exchequer Court which scheme is being opposed by the trustees on behalf of the bondholders and has not yet been approved.

Trustees advised as follows:

"Trustees disapprove Central selling rails and moveable property. Take steps prevent or see proceeds handed trustees or paid into Court."

Please let us know the true position and, if possible, would appreciate an assurance from you to the effect that no payment will be made to Mr. Armstrong or to the railway without our clients being given a full opportunity of establishing their legal rights to the money and assets in question.

**20 June 1917 Letter from Robert Hunt Company to Major Bell, Department**

On 19<sup>th</sup> the Central Railway instructed CPR agent not to ship any more rails. O'Brien and Doheny will have nothing to do at McAlpine after to day. There are now about 18 cars ready loaded and no empties available.

**21 June 1917 Telegram from George Bury to Department**

21 cars were placed at McAlpine and loaded with rails, cars are now being unloaded.

**21 June 1917 Draft regulation under the War Measures Act**

urgent need for rails and otm for building railway lines for transportation purposes on the different war fronts, some 300 miles of rails together with otm were taken from CGR and

became necessary to replace. Contract with Central Railway and part has been delivered. Company has refused further delivery unless payment is made to it and the obtaining of the balance of the rails is absolutely necessary:

- 1- Minister of Railways and Canals may take or order the Central Railway of Canada to deliver forthwith to the said Minister the balance of the rails and otm called for by the contract.
- 2- Minister shall have the power to order the railway company to supply such officers, servants, employees and equipment as he may in his opinion require for effectively and expeditiously carrying out any order he may make under regulation 1 hereof.
- 3- The company or any person neglecting or refusing to obey any order made hereunder by the minister shall, in addition to any other penalty or liability to which it or he may be subject, be liable on summary conviction to a fine not exceeding \$5,000 and in the case of a person, to imprisonment for any term not exceeding six months or to both fine and imprisonment.

**21 June 1917 Letter from Central Railway President, on House of Commons Letterhead.**

In view of decision not to pay the balance to this company we had at first decided to demand the return of the rails but we are advised by our counsel that if the amount of the purchase price is deposited with the Royal or Montreal Trust Co in Montreal to your credit under an agreement to pay it over to us so soon as we satisfy you as tot he right of the Company to receive same, the Company may, without prejudice deliver the remainder of the rails.

**23 June 1917 Opinion from Dept of Justice**

General agreement with approach from Central Railway

**23 June 1917** Draft order in council under the War Measures Act PC 1917-1715 returned to the Department for further consideraton.

**23 June 1917 Memorandum to Mr. Bell**

Mr. W.L. Scott K.C., acting on behalf of the English bondholders wishes to be notified as to what disposition is made of the money for these rails. They appear to have no objection to payment into a reputable trust company, but he wishes to be informed of the name of the company and the terms and conditions of deposit in order that he may make representations with respect to the rights of his clients.

**23 June Telegram CGR Moncton to Bell at Department**

Have any arrangements been made with Central Railway people whereby loading of rail may be resumed immediately we are experiencing delays which are expensive. Contractors have 36 men on the job idle.

**23 June 1917 Telegram Bell to Brown, CGR Moncton**

Expect to resume loading rails Monday.

**25 June 1917 Letter from ? President, Central Railway to Frank Cochrane, Minister**

The conditions are not quite as understood. We do not wish to lose interest on the money and it should be deposited as soon as possible.

We notified your purchasing agent when selling the rails that there were certain charges on the rails which had to be paid before they could be removed as asked for an advance for that purpose. He stated that as we would be paid as soon as any had been delivered we should do without any advance; we arranged accordingly. Different parties threaten now to seize the rails unless paid at once and some arrangements will have to be made for this payment. I will come up tomorrow to see you about it.

**26 June 1917 Letter from Department to Royal Trust, Montreal**

It has been agreed that the money will be held by the Royal Trust. Please advise if you will accept the trust and the rate of interest you will allow.

**30 June 1917 Letter from Royal Trust to Department**

Would be glad to accept the trust.

Interest - nothing under one month

1-3 months 2 ½ %

over 4 months 4%

We were served yesterday with a Summons to appear in court here to make a statement in connection with this deposit in a suit between Mrs. Phillippe Burke and the Central Railway. We think we should be entitled to make a charge of \$5.00 against the fund for each appearance of this kind which we are called upon to make.

**Note on file** - the ties are going to the Quebec and Saguenay.

**3 July 1917 Memorandum for Accountant**

Please have a Receiver General's cheque made out in favour of the Royal Trust for \$54,504.47 and also have the two cheques now held in the name of the Central Railway of Canada drawn in favour of the Trust Company. The Canadian Government Railways will reimburse the department for this expenditure.

**3 July 1917 Letter from Brown, CGR, Moncton to Bell, Asst to Minister**

Time lost:

June 20        5 hrs

June 21        10 hrs

June 22        10 hrs

1 Foreman and 36 Men were working on 21<sup>st</sup> and when work resumed the crew consisted of 1 Foreman and 33 Men. There is no information as to how many men were idle on 21<sup>st</sup> and 22<sup>nd</sup> nor is there any information regarding the rates the Contractor is paying his men.

**6 July 1917 Department to Royal Trust**

Encloses cheque No. 699 amounting to \$86,232.43 in favour of the Royal Trust as Trustees for the Minister of Railways and Canals.

Royal Trust replied and acknowledged and asked how long the money would be there as without this information they would be unable to use the money so as to obtain returns above bank interest. The Department replied that they did not know but it could be some considerable time as there was litigation. Royal Trust replied that because the department could not tell them they can only allow bank interest.

**12 July 1917 Department to Royal Trust**

Encloses further cheque for \$13,972.57.

**10 August 1917 Department to Ewart, Scott, MacLaren & Kelly**

The department has no objection to the Royal Trust giving full information regarding these funds and any claims against them to Cook and Magee representing the Trustee for the bondholders of the railway.

**10 August 1917 Purchasing Agent to Bell, Assistant to Minister**

Second quality rails or shorts were invoiced at the rate of \$35.00 per ton as they can only be used in sidings, for frogs and switches or for guard rails. Switches were invoiced on the basis of \$125.00 for one 80lb. split switch turnout complete, comprising frog with accessories, guard rail with all fittings, switch point and rigid stand with all fittings complete, including lamp and lock.

**Note** total payments to Royal Trust \$100,204.00.

**10 September 1917 Accountant to Departmental Auditor**

Encloses copy of account against the Central Railway through time lost in loading rails and ties. I intend to deduct this amount from our remittance for the ties we have taken.

Taking up track in siding	\$205.50
Time lost	\$264.60
A. Babin expense account	\$71.90
Total	\$542.00
Supervision 10%	54.20
Total	\$596.20

Have no breakdown of the \$264.60 and will ask the contractor for this.

Details of this were forwarded on 13 September in summary

Labourers	770 hours @ 30 c per hour	\$231.00
Walking Boss	30 hours @ \$135 per month	\$15.60
Inspector	30 hours @ \$100 per month	\$12.00
H 2 O boy	30 hours @ 20 cents per hour	\$6.00



Total \$264.60

**18 September 1917 full details of all shipments.**

This includes car numbers and what was in each one etc.

In all 54 cars from GT, AC, CGR; IRC; P&R, B&A, NYC&HR, T&NO; STLL, CI&L; Big 4.

There was an overpayment of \$12,137.50 which was returned from Royal Trust to the Department. This was to cover the time lost, picking up the siding, #2 rail, shorts and ties to be shipped to the Quebec and Saguenay Railway. Total amount paid to Royal Trust was \$92,194.07. Total tonnage purchased was 1695.

**18 Jan 1918 Letter Department to Royal Trust**

Directed to pay the funds into the Exchequer Court of Canada. (Receiver had been appointed)

Royal Trust paid \$93,170.49 which included interest and disbursements (two attendances in court at \$5.00)

Much final correspondence on the final details (overpayments/underpayments)

End of file May 27 1918.