

Hamilton. Canada West.
20th September. 1858.-

Robert Gill Esq.-
President, Great West.n R y.
Company of Canada,
-London-

My dear Sir:

A recent mail from England having brought me a pamphlet issued by Mr. Mowatt, the late secretary of the Great Northern Rail y. Company, in which he endeavours to place on my shoulders all the blame arising out of the notorious Redpath frauds on that Company, I feel it to be my duty to you and your colleagues on the direction of this Company, as also to the shareholders, to take the earliest opportunity of exposing the gross misstatements of which Mr. Mowatt has been guilty -

He has so ingeniously mixed up a few grains of truth with a mountain of falsehood, and has so confused many subjects of widely differing dates, commencing with my private affairs fifteen years ago, three years before the Great Northern Act of Incorporation was obtained - that I have been constrained to make this statement much longer than I desired, although I have omitted much that would have assisted my explanations and strengthened my case. -

I am aware that, so far as you and the other directors of this Company are concerned, any statement might be avoided, as unnecessary, on the plea, that my appointment to the office I now have the honour to hold, took place after the fullest knowledge of the Redpath frauds had been made public; but I am sure you will excuse me for furnishing my friends in England, through this medium, with the means of refuting calumnious allegations so widely and so deliberately circulated. -

The instant these gigantic frauds were brought to light it must have been perfectly clear to Mr. Mowatt (as it has since been to all who have thoroughly looked into the subject, including the Committee of Investigation appointed by the shareholders,) that, but for his own incapacity, these frauds could not possibly have been perpetrated to any extent, or have remained undetected, and his subsequent acts show that he considered his only chance of escape from the consequences was to implicate some other person. -

He selected me for this purpose, and has from time to time made most outrageous statements to the Great Northern Board, to the Committee of Investigation, and elsewhere, all of which I have hitherto treated with the contempt they merit; but, probably conceiving that, as I was 3000 or 4000 miles away, I might not hear of his doings, or that I might feel indisposed to trouble myself by noticing, them, he has now circulated among the Great Northern shareholders a pamphlet repeating and somewhat enlarging his slanders. -

Soon after his appointment to the secretaryship of the Great Northern Company, Mr. Mowatt, became unpopular with the chairman and directors and many of the shareholders. His manners were abrupt & unconciliatory; he possessed a stubborn, dogged, and obstructive disposition; and the business of the office was, in consequence, much impeded. -

The result was that I had most arduous duties thrust upon me, and the more I did, the less, apparently, was Mr. Mowatt satisfied with his own position: and, although no open rupture occurred between us, a deep-seated feeling of jealousy towards me took possession of his mind, which he betrays most distinctly throughout his pamphlets. - He states that, on his appointment as secretary, to

the Company in June 1844. "He found in the office Mr. Thomas Reynolds, then a young man of five or six and twenty, who had been engaged about a month previously &c. - &c. - I pass over Mr. Mowatt's misstatement of my age, which was, I am sorry to say, eight or nine years beyond that which he accords to me, and proceed to throw a little light on our relative positions at the period referred to. - I was the originator of the Great Northern scheme, in conjunction with my friend Mr. Givvs, in the middle of 1843, and, for about a year before Mr. Mowatt was ever known or heard of in the concern, had been arduously engaged in the early struggles inseparable from the initiation of such an undertaking -.

In the month of March, 1844, the first-properly organised committee was formed, and I acted alone as its Secretary, until, by a fusion with another embryo company, its secretary, Mr. Pitman, was associated with me in the duties of that office - Thus matters stood until the 21st June - 1844 when, by a well-contrived trick of his brother which I forbear further to refer to, Mr. J. R. Mowatt obtained the appointment of secretary to the Company. -

He states, in page 3 of his pamphlet, that the late Mr. Astell, while chairman of the Company, "honoured him with his entire confidence." - I can only say that that respected gentleman declared to me, shortly after the process by which Mr. Mowatt obtained the secretaryship came to be understood, that it was a disgraceful piece of jobbery on the part of both the Mowatts, and that he would never be satisfied until it was undone. - The discovery of false and fraudulent signatures to the parliamentary deeds, which nearly cost the Company its bill, and which at the very eleventh hour of the session, 1845, were the subject of investigation by committees of both houses of parliament, is, probably, still fresh in the memory of some of the shareholders.-

Mr. Mowatt does not, in referring to his brother's retirement from the board, enter into any particulars of the part which they took in these matters, but contents himself with the bare statement "that in Nov. 1845, Mr. Francis Mowatt resigned his seat at the board." - I have no present intention of entering further into these old affairs, my object being not to attack Mr. Mowatt, or any one else, but to defend myself. - The arrogant and supercilious tone of Mr. Mowatt in speaking to me, may justify me, in asserting that, although after his appointment, I stood in rank, second to him in the service, he was absolutely and in fact my assistant in much of the work that had to be done for a considerable time. - In the early period of the Company's existence, I pulled the labouring oar, - he looked on, a dignified cypher, and I certainly never met a person less fitted for the position he occupied than Mr. Mowatt. - When I assumed the office of accountant, to the Company, I was allowed by the board to carry out my own views and plans in that department; and, in consequence of Mr. Mowatt's utter ignorance of the elemental principles of book-keeping, and of accounts; I found, by experience, that it was necessary to avoid going to him upon any subject until it was ripe for transmission, to the board, and then it was sent through him to be submitted. - So much I think it only right to state, in explanation of our respective positions, and of the animus of Mr. Mowatt's recent conduct towards me. -

I now proceed to deal with his personal character; and first, as to my knowledge of and connection with Redpath. I never knew or heard of Redpath until his marriage, in the year 1840, with the only daughter of the late Mayor Sherman, who had been a friend of my father for nearly half a century. - Shortly

after Redpath's marriage he failed, as always, till lately understood, in consequence of the mis-carriage of some speculations in Spain. - His wife returned to her parents, and he sought employment where he could. - About the middle of 1845, I received from his wife - not from Redpath - a note asking me to endeavour to find her husband permanent employment, and as from her and her parents I had heard for several years, of his energy & application and his praiseworthy efforts to re-establish himself. I did not hesitate to comply with her request, that I would certify my knowledge of him to the Brighton Company (where he was employed as temporary clerk,) and I accordingly wrote the note on the 17th September, 1845 which Mr. Mowatt has attempted to make so much of. - His insinuations that I was aware of dishonest or discreditable conduct on Redpath's part at that time or previously are simply the coinage of an unscrupulous invention. I knew nothing and had no reason to inquire, about Redpath's occupations at Yorkstone or elsewhere; but simply for the sake of his wife and her family, and in consequence of the excellent character they gave to him, I mentioned his name to Mr. Mowatt when a clerk was required who had had experience in registration business, and he (Mr. Mowatt) admits that accompanied by one of the Great Northern directors, he went to the Brighton office, and instituted inquiries respecting him. - This is referred to in the Report of the Great Northern Directors to the general meeting of the shareholders on the 12th March 1857, in the following words: -

"17 Redpath, after due inquiries made by a Great Northern Director and the
" Secretary, at the Brighton Railway office, where he had served as a
" Registration Clerk, was appointed a Clerk in the Registration Office
" of the Great Northern Railway Co., along with four or five other Clerks."-
Instead therefore of Redpath having been appointed on my recommendation as Mr. Mowatt states, the fact is, that he was appointed by Mr. Mowatt himself, on the strength of credentials given by those who had previously employed him. When Redpath first came to the office, he was harrassed by small debts, and, out of regard for his wife and her family, I gave or lent him at various times, trifling sums of money to relieve him; and, whatever Mr. Mowatt may say or think of the matter, I presume it will be admitted that there could be no possible objection to my doing so. - When afterwards Redpath became ostensibly affluent, he was in the habit of lending sums of money to the Great Northern Company on their debentures, and this necessarily became known to me after the board had agreed to accept them, which fact was of course communicated to me by Mr. Mowatt. Mr. Mowatt states that I borrowed of Redpath for my own purpose about £13,000. - This is wilful distortion of an ordinary business transaction, of which the particulars, are as follow. - An intimate friend of mine held a very large amount of Oxford Worcester & Wolverhampton Railway Debentures, and asked me to introduce him to Redpath, who, he had heard, was buying railway bonds in the market, with a view to the negotiation of either a sale of some of his or a loan on their security; I readily did so, believing, as all the world (including Mr. Mowatt,) believed that Redpath was a rich man, and was investing capital in that class of securities. - The whole of the transactions between this gentleman and Redpath were set forth by the former in a letter, with vouchers enclosed, which, accompanied by a full explanation by myself of every detail with which I was concerned, I sent to Mr. Mowatt, to lay before the board of the Great Northern Railway Company when the subject was first mooted;

and in addition to his letter, my friend offered viva voce evidence, and waited a whole day in the office at Kings Cross, expecting to be heard. - But the board were satisfied on the matter, and did not call for any further explanation. I therefore feel it unnecessary to trouble you, with copies of these documents, but they, as well as copies of every other document referred to herein, are at your service, should you desire to have them. - It follows that Mr. Mowatt knows perfectly well that I did not borrow £13000 of Redpath for my own purposes. - It so happened that Redpath made all his cheques in this transaction payable to me. - They were entered, therefore, in his bank pass-book in my name, and Mr. Mowatt, as assignee to Redpath's estate, seeing my name in the bank-book and finding among Redpath's papers a personal undertaking of mine for £500 which I gave on my friend's account, and of which he is now well aware, jumped at the conclusion, and followed it up by the assertion, that I had borrowed £12 or £13000 of Redpath for my own purposes; and, although he has had proof, from the letter and vouchers already referred to (which, as secretary, he had to read to the board) that he had made an unfounded statement, he basely continues to repeat what he well knows is untrue. - In page 6 of his pamphlet, Mr. Mowatt proceeds to state that the Redpath frauds went on "without meeting any check in the accountant's office. Mr. Reynolds was Redpath's friend. Mr. Reynolds had borrowed money of Redpath. - First it is obvious that this mode of putting the case can only have been dictated by a determination on Mr. Mowatt's part to distort the truth for the purpose of taking the blame off his own shoulders. The check on the registration office was not under the arrangement of the department, or with the accountant, because, on the 22nd May 1854 the following resolution, suggested by the executive committee, of which Mr. Mowatt was the secretary, was passed by the board, thereby making Mr. Mowatt responsible for the charge of the registration department - "Resolved, that it be a recommendation to the Board that the Registration Department be a branch of the office of the Secretary." &c. &c. Secondly, I was not Redpath's friend, I never visited him, nor entered his house, except to inquire for his wife during her illness. - I never associated with him out of the office, and very seldom spoke to him, except on business matters. - His style of living was far beyond mine, and I kept myself quite apart from him. By a well concerted plan, he continued to deceive me, as he did everybody else, including Mr. Mowatt himself, into the belief that he had made a fortune. - If there was anything wrong in being thus deceived, Mr. Mowatt was certainly equally culpable with others. - Thirdly Mr. Mowatt knows perfectly well that the £12 or £13000 was not a loan to me, as I have heretofore sufficiently explained. - And now with respect to the dividend accounts. - Mr. Mowatt stated, in answer to question No. 332 put to him by the Committee of Investigation, that he had no information of errors in the dividend accounts till April 1855. This is not true. It may be convenient to him to ignore everything but recorded written communications on the subject; but I spoke to him frequently about the matter during the year 1854 and Mr. W. H. Clark at that time Registrar of the Company, confirms this in his evidence before the committee where he states that in January or February, 1854 he had the information of the over payment of dividends from the Secretary. The following is an extract from Mr. Clarks' evidence:-

"3Y You found quite sufficient to prove to you that there was a mistake of some kind? I did not discover it myself; I was informed that the dividend had been overpaid to a limited extent."

"38 By the Accountant? I think it was the Secretary. The Secretary had it from the accountant in the regular process."

"39 Was it in January or February, 1854 that the Secretary informed you of this?

"Yes."

In addition to this evidence that Mr. Mowatt did know of the overpayment of dividend long before the date stated by him, I now most distinctly declare that every half year - as soon as the books were balanced he received from me, to lay before the board, the proper official balance-sheets (signed and certified by the auditors and by myself,) in which balance-sheets the dividend accounts that had been overdrawn, whether by reason of clerical errors or otherwise, were clearly and distinctly shown. These balance-sheets set forth each half year's operations of the Company, and, moreover, they were placed in Mr. Mowatt's hands within six weeks of the termination of the half-year to which they referred.- Thus, in December, 1852 appeared the first overdrawing of dividend account from any cause whatever. - In the early part of February, 1853, Mr. Mowatt received from me an official balance-sheet, showing that:-

"First dividend account was overdrawn £18-17-10 and that second dividend account was overdrawn... .. 76-12-9

In like manner, the balance-sheet to 30th June 1853 handed to Mr. Mowatt in August last in the same year showed that:

the "First dividend acct. was overdr. 60.3.10

" Second " " " " 188.5.6

" Third " " " " 234.5.4 and in February, 1854 Mr. Mowatt had

from me the balance-sheet to 31st. December 1853 which showed that the three first dividend accts. were overdrawn as follows:-

the First div.d. acct. was overdr.n. £68.7.4

" Second " " " " 203.8.10

" Third " " " " 237.18.11

Any Great Northern shareholder can I think, claim to see these original balance-sheets at Kings Cross. In these, as in that of every subsequent half-year, including that to 30th June, 1857, (the last I superintended the preparation of) he will find the figures standing to the debit of all the dividend accounts that were ever overdrawn.-

Mr. Mowatt, however, to whom all these official records were promptly handed, contends that he never knew "till April, 1855, "that the dividends were overdrawn, & that even then the information came to him from a clerk's in the accountants' department. The reliance to be placed on Mr. Mowatt's other statements may be estimated after seeing how thoroughly he is here convicted of untruth. - Up to December 1853, clerical and other errors committed in the registration office had been discovered by my clerks in writing off the paid warrants, sufficient to account for the overpayment up to that date, on the three first dividend accounts.- At the next balance, to June 1854 (completed in August) the fourth and fifth dividends accounts on the original capital were overdrawn to an extent which no clerical errors could account for, and this was therefore in reality the first date at which any actual overpayment of dividend manifested itself. -

Immediately on discovering this, viz. in August, 1854 I held consultation on the subject with Mr. Chapman, one of the auditors of the Company, who decided that, as large amounts still remained unclaimed on the accounts for interest on the preference stock of the same or nearly equal dates, a thorough re-examination of all the warrants, that had been paid from the commencement should be made, in order to ascertain if this state of things had been produced by any mispostings in the ledger. -

In the dividend accounts which it then became necessary to examine, there were about 6,000 warrants on each, making in all about 30,000 documents to go through - These warrants had passed out of my office and were again in the possession of the registrars. - They had to be borrowed from him, and were only obtained piece-meal, for which, as me now know, Redpath had reasons of his own.-

From the impediments which he threw in the way, great delay occurred. The work of examination was carried on regularly every night after business hours, till 10 o'clock in order that the current work of the office might go on regularly during the day; and, while, it was in progress, I frequently discussed the matter with the auditor. -

It was during this investigation, which I continued to press on to completion, in order that I might be in a position properly to report to the board that the ledger clerk Mr. Grinling, wrote me the letter dated 26th June, 1855, which Mr. Mowatt says I "withhold" from him. -

No man in his senses, engaged in a voluminous examination such as I then had in hand, would have thought of sending to the board scraps of information daily arising while the inquiry was going on. - It was the results alone, when fully brought to light, which I was bound to bring at the earliest possible period to the attention of the directors, and this I did in my letter to the Secretary of the 28th January, 1856. - Mr. Grinling's letter was simply one of thousands which it was my duty to receive and deal with every year as heard of the important department under my charge. -

I had just arrived at the end of the examination, and was in the act of preparing a formal report for the board when on the 27th November, 1855. I received from the secretary a requisition for a statement to be made out in a particular form, showing the state of the several dividend accounts. -

Immediately caused the details to be re-arranged in the manner required; but the half-yearly balance to 31st December, 1855, created some delay, and it was not till the 28th January following that I was enabled to hand to the secretary the information classified in the manner he required. -

The information thus supplied, and the additional statements obtained by the secretary from the Registration Department (which latter I have never to this day had the opportunity of examining or comparing with my returns,) showed that considerable overpayments of dividend had been made, and that an alarming excess of stock existed on the registers, and thus, both these facts were brought distinctly under the knowledge of Mr. Mowatt as early as January, 1856. -

At that moment, as appears by the appendix to the report of the committee of investigation, frauds to the extent of £185,232.10 had already been committed, and yet, notwithstanding the knowledge possessed by Mr. Mowatt in January, 1856, that the stock on the registers was greatly in excess of the capital of the Company, he neglected to take such steps for the protection of their property as would have prevented the registrar - who, by resolution of the board, had been placed under his orders and control - from continuing as he did for nine months longer, to carry on his frauds, which in that time were increased by £34,400, bringing the total amount up to £219632 10 shillings. -

Redpath began by small degrees. His first fraud, which was for £200 was committed in 1848: he found it passed undetected, no check upon the amount payable being instituted by the secretary, who signed just as many warrants as were brought to him. -

Redpath knew that it must be a very long time before all the warrants were presented for payment, and that, until they were paid, there was no possibility of discovery through the accountant's office, and so, emboldened by the success of his first effort and in the confidence of perfect immunity from discovery by the secretary, he proceeded systematically in the same course. -

The following extract from the Appendix No. 1 to the report of the Committee of Investigation shows the progress of the frauds from 1848 to 1856. The figures were furnished by Mr. Grinling, the present registrar, under Mr. Mowatt's own immediate supervision. -

Appendix No. 1

Report of the Committee of Investigation
Great Northern Railway Co.

Amount of Stock fraudulently issued by Leopold Redpath in ea. half-year, and the amounts accumulated at ea. of such periods respectively

<u>Half yearly periods</u>		Total Amount of Stock fraudulently issued ea. Half year	Accumulated Amount of all Stock at the end of ea. half yr. respectively	Remarks by Mr. Reynolds 20th Sept., 1858
From	To			
		£ S	£ S.	
Feb. 1848	Aug. 1848	200 0	200 0	Up to December, 1853, no overdrawings of Dividend Account, from any cause, occurred, and the frauds at that date amount to £6957.10S. Before the period to June, 1854 no overdrawn Dividend Account had been incapable of adjustment by correction of clerical & other errors; in Aug. 1854 it will be seen - the frauds amounted to - £152,732 - 10S. -
Aug. 1848	Feb. 1849	5,125 0	5,325 0	
24 Feb. 1849	27 July 1849	2,600 0	7,925 0	
11 Aug. 1849	7 Feb. 1850	750 0	8,675 0	
28 Feb. 1850	5 Aug. 1850	8,200 0	16,875 0	
29 Aug. 1850	13 Feb. 1851	7,000 0	23,875 0	
6 Mar. 1851	12 Aug. 1851	4,450 0	28,325 0	
26 Aug. 1851	6 Feb. 1852	8,100 0	36,425 0	
27 Feb. 1852	28 July 1852	17,462 10	53,887 10	
26 Aug. 1852	9 Feb. 1853	15,650 0	69,537 10	
25 Feb. 1853	1 Aug. 1853	14,125 0	83,662 10	
21 Aug. 1853	13 Feb. 1854	36,875 0	120,537 10	
25 Feb. 1854	11 Aug. 1854	32,195 0	152,732 10	
26 Aug. 1854	10 Feb. 1855	13,562 10	166,295 0	
28 Feb. 1855	1 Aug. 1855	9,892 10	176,184 10	
25 Aug. 1855	13 Feb. 1856	9,045 0	185,232 10	
22 Feb. 1856	26 Aug. 1856	29,150 0	214,382 10	
23 Aug. 1856	31 Jan. 1857	5,250 0	219,632 10	
		<u>£219,632 10</u>		

NOTE - The amounts of fraud assigned to each of the half-years, as shown above are arrived at from the dates of the transfers by which the stock was sold, where those documents exist; but in the cases where the deeds of transfers are wanting the date of sale has been ascertained as nearly as possible from such collateral evidence as could be obtained from the books and documents in the office. -

Registration Department
August 2nd, 1857

(Signed) W. Grinling
Acting registrar

Mr. Mowatt, states that after the general meeting, on the 25th August, 1856, he continued to urge an examination by one of the accounts: this is not so. No further examination in my department could throw any more light on the subject, and this I distinctly stated to him in my letter of 28th Jan. 1856, in the following words: -

The whole solution of the question must be sought for in the books of the registration department alone. It is there only that it can be cleared up, &c. &c.-

And as I had stated, so it ultimately turned out. - Mr. Mowatt's want of knowledge of the proper method of carrying on the duties he had undertaken, is only equalled by his want of consistency; for, in his over anxiety to absolve himself and fasten blame upon me, he quotes *in italics*, at page 11 of his pamphlet, the following judicious suggestion of Mr. Grinling, to show that it was my business to check the dividend warrants before they were issued, viz: -

"And to refer more particularly to dividend warrants, what can or ought to be more simple & effectual than for the registrar to prepare and certify the list of warrants and then for the accountant to examine and check them?" -

After quoting the above remarks of Mr. Grinling, he immediately proceeds to show that the course adopted by himself, as secretary to the Co. the only person who signed the dividend warrants - was totally at variance with the plan so pointed out by Mr. Grinling and so distinctly approved of by himself. - He says, a few lines lower down, on page 11, -

The following extract from a statement "drawn up by me (Mowatt.) 8th August, 1857, for the information of the Giesler Committee, puts the matter in a clear point of view. After describing the process (a most laborious one) by which the warrants were made out in the registration office, the statement thus proceeds -

The warrants, as ready, were then brought by the registrar, in person oftentimes, or sent to the secretary, to be signed for payment. As signed, each letter or parcel of warrants was returned to the registration office to be put into envelopes and sent to the post when all were complete."

This proves clearly that the facts are, as I have stated, viz, that the preparing and issuing of the warrants rested solely with Mr. Mowatt and his registration-office, & that I never saw either the list of warrants sent out or knew anything about them until they had been paid by the bankers, and were returned piecemeal to me in the ordinary course as vouchers for money paid on the Company's account. Among Mr. Mowatt's charges and insinuations, there is one to the effect, that I had wilfully given to the Committee of Investigation a false reply to a question put to me.

To enable you to judge of this matter, I subjoin a copy of the questions, with the answers, referred to, both being necessary to the correct appreciation of the case. They are as follows:

"1418. - Chairman. - Were you aware that Redpath was a great speculator? - No; I knew nothing whatever of his transactions. -

"1419. - You say that you never had any official communications with the registrar's office, with regard to the regulation itself, until the warrants came to be paid? - No. -

"1420. - You had no transactions with him? None whatever."

"1421. - Were you in the habit of looking over the Registry at times? - Never, I never looked into it."

These questions had no connection with any transactions but those to which they distinctly refer, and I so understood, and so replied to them. - I now come to that portion of Mr. Mowatt's malicious attack upon me which refers to my private affairs fifteen years ago, three years before the Great Northern Act of Incorporation was obtained (he says "just before I entered the service of the company,") and to my bankruptcy in the spring of 1843, which he has had the indelicacy now to obtrude upon the Great Northern directors and shareholders and the world, although the circumstance has nothing whatever to do with him or with Great Northern affairs. - It is, I trust, unnecessary for me to enter into any lengthened statement connected with that branch of the subject. - I will simply state that on my first entering into business I was offered a partnership by my wife's stepfather, who was a merchant at the Cape of Good Hope, and for whom, I had for some time acted as agent. - I believed him to be a man of substance, and readily entered into the arrangement. - He went to the Cape to conduct the business there, leaving me in England. - I assumed responsibilities on the faith of his promises to supply funds from the Cape, & continued to buffet with difficulties for two years, when he became insolvent at the Cape, and, as his debts began to come home upon me, I was advised by my solicitor that my only safe course was to get some friendly creditor to take out a fiat. - To this plan, I for a time strongly objected, but ultimately found it was the best course for all concerned, and it was finally adopted. -

Mr. Mowatt gloats over this; but I have the satisfaction to say that my misfortunes never cast me a friend, and that I was subsequently enabled to pay off every debt of honour, including that to my old friend Major Sherman, to which Mr. Mowatt, for a purpose of his own makes special allusion - at 20/- to the pound. - At page 8 of his pamphlet he insinuates, rather than dares to state, that my bankruptcy (in 1843) was connected with that of Redpath, which occurred in 1840, because Major Sherman was a creditor in both. - This is easily explained: - Major Sherman was Redpath's father-in-law, and it is not unreasonable, therefore, that he should lend him money. - The Major was my father's friend for half a century, and mine from my childhood, and the money he lent me during my struggle to maintain the business into which I had entered, I paid him in full; and how this fact can have anything to do with Redpath and his frauds on the Great Northern Rway. is more than can be conceived by any one but Mr. Mowatt, who is driven to such desperate efforts to divert the attention of the public from incontestable proofs of his incapacity for his position. - To what Mr. Mowatt calls the chairman's favouritism towards me must be attributed his gratuitous and malignant & impartation of strictly private irrelevant matter. - Jealousy alone can account for a reckless disregard of ordinary reserve and decency which I trust and believe is unexampled in railway records. -

In answer to his report that inaccuracies existed in the accounts kept in my department, which, he says, prevented the discovery, of some of Redpath's frauds, I cannot, I think, do better than refer to the following copy of the report on my department by the well-known accountant, Mr. W. W. Deloitte, together with that of the letter of Messrs. Cattley & Chapman, the auditors. - These documents were laid before the board and the shareholders of the Great Northern Rway. Company in February, 1857, and are as follows: -

The Great Northern Railway
London, February 11th, 1857

Gentlemen,- In consequence of the painful disclosures which have taken place in the Registration department, and at the special request of Mr. Reynolds, himself we have deemed it desirable that the books and accounts of the Accountant's Department, both as regards the income and expenditure of the Company, should be subjected to the examination of a professional auditor. - We have accordingly called in the aid of Mr. Deloitte, whose report we beg to enclose for the information of the shareholders.

We are Gentlemen,

Your faithful & obedt. Servants,

Signed John Chapman) Auditors
John Cattley)

The Chairman and Directors of the Great Northern Rway. -
- Company -

To the proprietors of the Great Northern Railway
4 Lothbury, London
February 11th 1857
Accountant's Department

Gentlemen. - Having at the request of your auditors assisted them in their very laborious duty of auditing these accounts, I have much pleasure in confirming their opinion as to the admirable and satisfactory manner in which they are arranged by joining them in certifying as to their correctness. The amounts standing in the Ledger to the credit of the various stocks consist, as stated in the published accounts, of all sums received on account thereof, and will therefore require adjustment when the investigation now proceeding in the registration department is complete. - After a careful examination of the register of mortgages which is kept in this department, I find the result corresponds with the ledger; also that the interest credited in the ledger as payable in respect thereof agrees with such register, and after charging the various payments made by the bankers in account thereof to the debit of such account, the balance remaining consists of the agreed outstanding coupons per the original lists, thus proving the accuracy of the whole account, and I am fully satisfied that the correct amount of interest payable per the register has been so audited and paid and no more. The books kept in the Audit Office relating to the different classes of traffic, together with the system of travelling audit adopted by this Company, effectually check the various accts. rendered from time to time by the Station clerks, and the method in operation of tabulating such accounts greatly facilitates that object, and economises labour to a considerable extent, notwithstanding that the amount of work involved in such enquiry is necessarily very great, and requires constant care and attention; and too much praise cannot be bestowed upon Mr. Reynolds, the accountant, for the manner in which the duties of this office are performed. -

The condition of the outstanding traffic and mineral balances owing at the Stations and by the public is very satisfactory, and proves that great diligence is used in regulating and collecting such balances. -

I am, gentlemen

Your obt. Servant,

(Signed) W. W. Deloitte -

In the case of the Company's mortgage or debenture bonds and the coupons, by means of which the half-yearly interest upon them was paid, and to which Mr. Deloitte refers in the foregoing report, I may mention that the preparation and issue of these securities, from the commencement were entrusted solely to me. - The bonds themselves, after I had prepared and recorded them, were sealed by the directors, and signed by the secretary, to whom a perfect list with all details of the bonds he was asked to sign and seal, was always sent by me with those securities, and, after being sealed and signed, they were returned to me to be issued. - The interest coupons, however, bore my initials only, and of these coupons, I prepared and issued during my tenure of office upwards of 40,000, involving payments to the extent of a million of money in interest alone. -

Mr. Deloitte, found, on examination, perfect accuracy in every respect in connection with these bonds and coupons; he found that the number and amount of each over-due coupon which had not been presented for payment were carefully registered; and he found also that the aggregate of these outstanding coupons, their payable, agreed to a fraction with the amount at the credit of the unclaimed interest account in the ledger. -

My system was to prepare each half-year for the bankers a complete list of the coupons then payable, setting forth every detail. - This list was made up carefully, and agreed with the records in my office, before it was forwarded to the bankers, who were instructed to pay, on presentation only those coupons of which the particulars were included in the said list. - With the same accuracy could the dividend warrants have been kept, if Mr. Mowatt, had understood and attended to his duty. -

The proper time to examine an account must be before paying it. It is too late to do so after issuing an unknown quantity of money documents in payment of it. - These, from a variety of causes, might remain unpresented for a considerable time, and until they were returned after payment by the bankers, no over-payment could be discovered.

Just so with the Great Northern Dividends. - The time to check was before signing and issuing the warrants; Mr. Mowatt says this, to him, was "physically impossible. - How then has Mr. Oakley, the successor to Mr. Mowatt at Kings Cross, actually adopted and carried out this terrible, this impossible operation, which, within my knowledge, has been accomplished by the secretaries of several other railways? - In conclusion I take leave to make the following general statements. - First - The registration department of the Great Northern Rway. Company was wholly separated and distinct from that over which I presided. - I had no control over it, nor right to interfere with its details. - I had to seek from it any information I required in the usual way, and to receive such information in the shape in which the registrar thought proper to give it. -

Second - I never in the whole period of my thirteen years' connection with the Company, had the right accorded to me to look into the registrar's books, and never did so until after Redpath's frauds were discovered. - I never entered the registration office except when business required me to do so. -

Third - I never had a list of the half-yearly dividend warrants open to me, although, in his evidence, before the committee of investigation, Mr. Mowatt several times stated that I did had. -

On that point the committee reported as follows: -

"As the accountant had no list of the warrants issued, he only knew the amount of those which had been paid by the bankers, either by the pass-book, or the cancelled warrants returned after payment." -

Fourth - The warrants were always made out in the registration office, taken thence direct to the secretary for signature, signed by him, as we have seen, without check of any kind, and then returned direct to the registration office, whence they were issued to the proprietors. - After payment, and being marked off in my office as so many money vouchers paid, they were claimed as registration office documents, and were given up by my clerks, as soon as the gross amount charged each day by the bankers had been checked. -

Fifth - The ex-parte evidence given by Mr. Mowatt at the trial of his cause at Chelvisford, was full of the grossest mis-statements, he well knowing that he might dare to utter, without fear of contradiction, before the jury had to deliver their verdict, whatever he chose to concoct about me, whilst I was three or four thousand miles from the spot. -

Before my contradiction could reach England, he calculated, no doubt, that the trial, with all his slanders, would be forgotten; that the effect on the meeting of the Great Northern shareholders would be secured; and that my refutation of his gross mis-statements would be too late to make their recoil on his own head. -

Mr. Baron Bramwell's views, arrived at upon Mr. Mowatt's ex-parte statements, which are so triumphantly referred to by Mr. Mowatt, would have been widely different if I had but had the opportunity of laying before the jury all the facts narrated in this letter. - I must now apologise for the great length to which these observations have run. - I might still greatly enlarge my defence; but I will not inflict further proofs and observations on those who are good enough to feel an interest in the matter. With this explanation of the facts, I must leave you to judge whether the successful carrying on by Redpath of his gigantic frauds for so long a period can be charged to any act or omission of mine, as the accountant, or whether they are to be attributed to incompetency, or neglect, or both, on the part of Mr. Mowatt, the secretary, who allowed two or more stamps of his signature to remain open for years in the registration office, affording any of the clerks unlimited opportunity of using them. -

I am, my dear Sir, faithfully yours,
(Signed) Thos. Reynolds. -