

Company. Asked if he recalled the meeting of November 13, when the directors agreed to return the bonus stock, Mr. Ross said they did discuss the unloading of the lands, but he could not identify any particular meeting at which it came up. He remembered nothing of giving up the stock, and thought he would have remembered had he heard anything about it.

Mr. Shepley next questioned him in regard to the motion at the meeting of November 28, made by himself and seconded by Colonel Davidson, confirming the agreement by which the stock was given up.

Mr. Ross did not remember the resolution nor the agreement, but recollected other items of business transacted. He had no interest in the Great West Land Company, and after the mortgage was taken, the Union Trust Company sent a valuator over the lands with the idea of getting rid of them as early as possible. There was also an agreement made with Dr. Montague to dispose of a block of over 100,000 acres.

Hon. George E. Foster, M.P., was then recalled and confirmed two statements that Mr. Shepley had prepared, showing that the payments for Northwest lands had been made on an average basis. There was no cutting down of the stock interest, but the adjustments were made in cash. The land came to the Great West Land Company in two separate contracts, and prepayments were made, as on both accounts the company was paying 6 p.c. interest. The statements showed that the discount for prepayment to the C.P.R. had been \$5,197.20, and \$1,193.40 were still being retained for adjustments. On the Pope and Fowler contract there was \$5,475.50 discount for prepayment, and \$1,737.87 retained for adjustment, in addition to all the stock.

Mr. Shepley directed the attention of the witness to the evidence of Colonel Davidson, and Mr. Foster said it had shaken neither his recollection nor his view of the meetings held or the subjects discussed.

"Does it shake your impression in regard to the release of the bonus stock?" asked Mr. Shepley.

"It does not," replied Mr. Foster.

"My impression is just as strong. I would also like to point out that Col. Davidson was emphatic in saying that he did not discuss the question of stock with Mr. Stevenson outside of the board meetings. You will see that at the meetings previous to the 7th, and after the 28th of November, there was no motion made of any reversal of policy in changing from a shareholding partnership to a straight mortgage. If Col. Davidson is certain he did not discuss this matter outside of the board meetings they must have been taken up at these meetings."

"It might have been at the meeting of the 7th November," suggested Mr. Shepley.

"Yes, but the discussion then was very slight," said the witness.

Mr. Shepley then took up the matter of borrowing powers of the Union Trust Company, and Mr. Foster said it had an agreement with the Standard Bank, and the advances ran up to \$100,000, sometimes more than sometimes less, in addition to the standing loan of \$400,000. He thought the by-law of November, 1902, authorized the borrowing of \$200,000. The larger portion of the loan was for the purpose of investing in stocks. There was also a loan from the Traders' Bank of \$250,000. No money passed, but the Union Trust borrowed the money from the Traders' Bank to loan on the security of Crows' Nest Pass Coal Company's shares. This had all been straightened out with a profit to the Union Trust Company, as it was given bonus stock for its share in the transaction. Laidlaw and Drynan were the other parties to the loan. There was a full discussion of the propriety of this loan at the board meeting. They had also borrowed \$400,000 in New York to take the place of the Standard Bank loan, as the interest was lower there. This was arranged through the Standard Bank. In February, 1904, they had issued a call for the unpaid portion of the stock, 50 p.c., and in this way secured \$1,000,000, which was paid by the Foresters.

"You were speculating in Northwest lands and also in the Kamloops properties at this time?" asked Mr. Shepley.

"Yes, just about that time."

"And you wanted this money to pay your debts?"

"To pay our debts and to finance our operations."

"How much were you behind?"

"We needed it all, I suppose, or the call would not have been made."

Mr. Shepley then read a letter from Mr. Stevenson to Sir John Boyd on May 23, 1903, in which the former challenged the attention of the director as to the propriety or impropriety of allowing a profit by the manager or any member of the board. Mr. Stevenson had also written Mr. Foster on the same point.

Mr. Shepley and the witness again went into a lengthy argument as to the ethics of the borrowing of money by a director from the company to which he belonged. Mr. Foster argued that it was improper for one individual, or two or three, to borrow money, but he distinguished between individuals and corporations, saying that each transaction should be judged on its own merits at it came up. The corporation had a separate entry and the security was entirely different from that given by an individual.